

MACRO WATCH

INDEX OF INDUSTRIAL PRODUCTION

Industrial output contracts 0.1% in March 2019; hits lowest in 21 months

ENSE ECONOMIC BUREAU
NEW DELHI, MAY 10

CONTRACTING TO a 21-month low of 0.1 per cent, factory output for March continued to slide for the third consecutive month as investment and consumption demand recorded a slowdown. Out of the nine sectors represented in Index of Industrial Production (IIP), output of manufacturing, capital goods, intermediate goods and consumer durables recorded a contraction in March, data released by Central Statistics Office (CSO) on Friday showed.

This is the first time IIP growth has contracted after posting a contraction of 0.3 per cent in June 2017. IIP growth had slipped to a 20-month low of 0.1 per cent in February and had stood at 5.3 per cent in March 2018. For the 2018-19 financial year as a whole, IIP growth stood at 3.6 per cent, much lower than 4.4 per cent recorded in previous financial year.

Manufacturing output, which carries weight of 77.63 per cent in IIP, remained in the negative territory for the second month in a row, contracting 0.4 per cent in March as against a growth of 5.7 per cent in the year-ago period and contraction of 0.4 per cent growth in previous month. Capital goods output, an indicator of investment activity, also posted a contraction for the third consecutive month at 8.7 per cent in March as against a contraction of 3.1 per cent in the year-ago period and (-)8.9 per cent in February 2019.

Economists said this slowing trend for industrial output mirrors the slowdown in economic growth. In the near-term, industrial activities are expected to remain fragile, they said.

"On yearly basis, FY19 IIP growth at 3.6 per cent has been the lowest in last three years and its trajectory mirrors the trajectory of GDP growth. FY19 IIP growth was supported by infrastructure/construction goods and consumer durables. However, on quarterly basis both of these sectors are also witnessing growth slowdown and consumer durable even contracted in 4QFY19. Declining growth of primary goods and

SLIDES FOR 3RD STRAIGHT MONTH

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deepening contraction of intermediate goods, and weakness in both investment and consumption activities suggests very fragile industrial activities in near-term," Devendra Kumar Pant, chief economist, India Ratings & Research said.

Sector-wise data showed that the growth in intermediate goods contracted for the fifth month in a row at 2.5 per cent in March as against 5.0 per cent contraction in February and 2.5 per cent growth in same period last year. Consumer durables output recorded contraction of 5.1 per cent as against a growth of 6.2 per cent in year-ago period.

Mining sector output grew 0.8 per cent in March from 2.2 per cent previous month and 3.1 per cent in March last year, while electricity output grew 2.2 per cent in March as against 5.9 per cent in the year-ago period.

Going ahead, economists said consumer spending will increase only gradually and therefore, growth will be subdued in first few months of this fiscal.

"Consumer spending will increase only gradually and hence there would be a tendency for growth to be subdued in the first few months of FY20. The important part will be government expenditure and the decision taken on capex before the main budget is introduced would need attention," Madan Sabnavis, chief economist, CARE Ratings said.

DEADLINE FOR SUBMISSION OF BIDS END

Etihad Airways submits conditional bid for Jet

‘Lenders also receive three unsolicited bids including one from its employees’

ENSE ECONOMIC BUREAU
MUMBAI, MAY 10

THERE'S HOPE for the revival of crippled Jet Airways with Etihad Airways submitting a conditional bid to acquire the airline as the deadline for the submission of bids ended on Friday.

The lenders also received three unsolicited bids including one from its employees, banking sources said. "Lenders are expected to meet next week to consider the bids submitted by the suitors. Details of the bids are not known," said an official.

"Two unsolicited bidders have submitted EoI (expression of interest) for Jet and we are expecting one more bid by the end of the day," State Bank of India (SBI) Chairman Rajnish Kumar had said at a press conference earlier in the day. Lenders are expected to take legal opinion on the unsolicited bids as they had not submitted the initial EoIs earlier, Kumar said.

However, Etihad's bid to SBICAPs — which is acting on behalf of the lenders — is subject to certain conditions.

"Etihad re-emphasises that it cannot be expected to be the sole investor, and that, amongst other requirements, additional suitable investors would need to provide the majority of Jet Airways' required recapitalisation," the airline said. In April, Etihad which already owns 24 per cent stake in Jet Airways, had refused to bail out the airline and instead offered its stake to the lenders.

On April 17, Jet Airways, India's

EXPLAINED

Taking the airline to bankruptcy court remains an option

DESPITE "DISPROPORTIONATE" efforts being made by SBI to keep Jet Airways flying, the airline going belly up will not have a significant impact on the books of country's largest lender. The bank's Chairman Rajnish Kumar said on Friday that in the loan book of Rs 23 lakh crore, Jet's account adds only 7 basis points to the gross non-performing assets.

Even as the lenders have received bids, including one from Jet's existing investor Etihad, taking the airline to bankruptcy court remains an option if the stake sale process does not work out.

largest private airline at one point of time, decided to shut down its operations as the consortium of lenders, led by SBI, refused to consider extending Rs 400 crore emergency funding to keep the airline flying.

However, none of the four bidders, including IndiGo Partners, TPG, sovereign wealth fund NIIIF, who submitted the initial EoIs, submitted the financial bids on Friday. Jet Airways founder Naresh Goyal, who was forced to step down from the airline on March 25 as part of a deal with lenders, had earlier partnered with Future Trend Capital to submit a bid for investing in the airline. But later he reportedly withdrew the offer, as others threatened to walk away.

The lenders are offering over 31 per cent stake in the company on a fully diluted basis with man-

agement control.

The lenders, led by State Bank which now owns 51 per cent in the airline, had invited EoIs between April 8 and 12 and had received four preliminary bids. Friday was the last day to submit financial bids. Currently, the airline owes over Rs 8,000 crore to its lenders. As leader of the consortium, SBI has made disproportionate effort to keep the airline flying in the larger interest of the aviation sector and economy, Kumar said. "When we put any money, commitments are on the basis of prevailing situation. If conditions are not met, money cannot be lent," he said.

If a deal fails to materialise, the airline is likely to be dragged into the bankruptcy court by creditors, putting at stake the jobs of nearly 20,000 employees. However, experts said it will be a tough task to

‘European Commission to block Tata Steel-ThyssenKrupp JV’

ENSE ECONOMIC BUREAU
MUMBAI, MAY 10

TATA STEEL and Germany's ThyssenKrupp said on Friday they have given up hope of their planned 50:50 joint venture (JV) in Europe, anticipating the European Commission's rejection. Had the deal been cleared, it would have been the largest European steel deal since 2006 when Arcelor was taken over by industrialist Lakshmi Mittal.

In a statement on Friday, Tata Steel said, "The commission today discussed the proposed JV with both ThyssenKrupp and Tata Steel. Based on the feedback received, it is increasingly clear that the Commission is not intending to clear the proposed JV as it expects substantial remedies in the form of sale of assets of the proposed venture." The transaction was

aimed at extracting synergy benefits in an anaemic market and creating a "sustainable" steel enterprise. The two had inked the JV agreement to combine their steel businesses in June last year.

The proposed JV would have resulted in a significant deleveraging for Tata Steel as it would have transferred 2.5 billion euros to the JV company, which represents nearly 35-40 per cent of debt in its European business. At the end of March 2019, Tata Steel's gross debt stood at about Rs 1 lakh crore, having reduced it by Rs 18,000 crore in the last six months.

Last month, Tata Steel had said it was working with ThyssenKrupp to secure the required regulatory approvals for the proposed 50:50 JV. The European Commission, it said, had issued its 'Statement of Objection' for which both firms had recently submitted a comprehensive package of solutions.



A power plant steams behind the steel unit of German steelmaker ThyssenKrupp in Duisburg, Germany. AP

It further said that "commitments or improvements to the remedy package would adversely affect the basic foundation of the

proposed joint venture and the intended synergies from the merger to such an extent that the economic logic of the joint venture

GROSS NPAs DECLINE IN Q4

SBI net at ₹838 cr; ‘shadow of the past’ won’t affect: Kumar

ENSE ECONOMIC BUREAU
MUMBAI, MAY 10

STATE BANK of India (SBI) on Friday reported a net profit of Rs 838.40 crore in fourth quarter of 2018-19 as against a net loss of Rs 7,718.17 crore during the corresponding January-March quarter of 2017-18, as the bank made higher provisions against non-performing assets (NPAs).

Income (standalone) during the March quarter of 2018-19 rose by nearly 11 per cent to Rs 75,670.50 crore as against Rs 68,436.06 crore in the same period of the preceding fiscal, the bank said. For the full year 2018-19, SBI reported a consolidated net profit of Rs 3,069.07 crore as against a loss of Rs 4,187.41 crore in the entire 2017-18 fiscal.

Income (consolidated) grew to Rs 3.30 lakh crore for the fiscal year compared to Rs 3.01 lakh crore in 2017-18.

The bank witnessed improvement in its asset quality as gross NPAs reduced to 7.53 per cent of gross advances at end March 2019, as against 10.91 per cent by end of March 2018. In absolute numbers, gross NPAs were down at Rs 172,750 crore as of March 2019 as against Rs 223,427 crore last year. SBI Chairman Rajnish Kumar said the balance sheet of the bank has been fully repaired and that the "shadow of the past" will not affect the bank's financials. "I had earlier said this year would be the year of hope. I have lived up to the promise," he said at a press conference.

Kumar said by March 2020, all of the past bad loan mess would be cleaned up and provided for. Net interest income, which grew by 14.92 per cent in Q4 FY19, was

SBI reduces MCLR by 5 bps

Mumbai: SBI has slashed its marginal cost-based lending rate (MCLR) by 5 bps across all tenors with 1 year MCLR coming down from 8.50 per cent to 8.45 per cent. As a result, rates on all loans linked to MCLR stand reduced by 5 bps with effect from May 10, 2019. This is the second rate cut by SBI in one month. After April Monetary Policy, the MCLR was reduced by 5 bps. With Friday's MCLR cut, the reduction in home loan rates since April 10, 2019 till date is 15 bps. **ENS**

attributed mainly to growth in domestic credit, improved spreads and lower slippages. As a result, the domestic net interest margins increased to 3.02 per cent in the fourth quarter. The bank's provisioning coverage ratio moved up to 79 per cent from 66 per cent a year ago.

Accounts such as Essar Steel, Alok Industries and Bhushan Steel have been provided fully and will get the bank decent recoveries, the bank said. "We have about Rs 16,000 crore recoveries in our pocket," Kumar said. These accounts are at various stages of resolution under insolvency proceedings. SBI's shares rose 2.94 per cent to Rs 308.05 on the BSE on Friday. SBI's loan slippages came down to Rs 7961 crore. The revenue of the bank's retail banking business surged by 15.3 per cent. Provisions towards bad loans were at Rs 17,335 crore as of March 2019 as against Rs 24,080 crore a year ago.

would no longer be valid".

Had the JV been formed it would have also realised synergies of 400-500 million euro. This, the management had said, would have improved the credit profile in the next 2-3 years. The management at Tata Steel had also said that, on a pro-forma basis, the turnover of the JV firm as on last reporting date would be around 17 billion euro and pre-synergy Ebitda (earnings before interest, tax, depreciation and amortisation) about 1.5 billion euro.

Meanwhile, ThyssenKrupp was expected to transfer about 3.6 billion euro of its pension liabilities to the JV. The transaction was subject to merger control clearance in several jurisdictions, including the European Union.

The company had expected that about a third of synergies would be in procurement and can be realised as soon as the JV is

formed. Synergies on network optimisation, which is another 20 per cent can be realised in the first 12 months itself, they had said.

As part of the deal, the two sides had agreed to combine the flat steel businesses of the two companies in Europe and the steel mill services of the ThyssenKrupp group through a 50:50 JV — a move that would have led to formation of a new player at the second position in the European steel market, having a combined turnover of 17 billion euro per annum and around 48,000 workers.

Tata Steel reiterated it remains committed to the strategy and will explore all options to achieve similar outcomes in the future.

Meanwhile, Tata Steel shares tumbled 6.10 per cent to close at Rs 487.30 on the BSE, while it dropped 6.20 per cent to close at Rs 486.95 on the NSE, according to a *PTI* report. **FE**

US hikes China tariffs; Trump says no rush on deal

Tariff increase on \$200 bn of Chinese goods takes effect; Both holding last-ditch talks in Washington

REUTERS

WASHINGTON/BEIJING, MAY 10

US PRESIDENT Donald Trump on Friday said he was in no hurry to sign a trade deal with China as Washington imposed a new set of tariffs on Chinese goods and negotiators ended a second day of talks to try to salvage an agreement.

The United States early on Friday increased its tariffs on \$200 billion in Chinese goods to 25 per cent from 10 per cent, rattling financial markets already worried the 10-month trade war between the world's two largest economies could spiral out of control. China is expected to retaliate.

The tariffs went into effect just hours before US Trade Representative Robert Lighthizer, US Treasury Secretary Steven Mnuchin and Chinese Vice Premier Liu He held a second day of talks in Washington. The session ended after about 90 minutes. "They were constructive discussions," Mnuchin told reporters as he left Lighthizer's offices near midday. Mnuchin said the negotiations were done for the day, *CNBC* reported.

Liu, the lead Chinese negotiator, told reporters at his hotel in Washington that the talks had gone "fairly well," Bloomberg re-



US Treasury Secretary Steve Mnuchin (2nd from left) and US Trade Representative Robert Lighthizer (right) with Chinese Vice Premier Liu He (left) outside the Office of the United States Trade Representative in Washington on Friday. AP

ported. In a series of morning tweets, Trump defended the tariff hike and said he was in "absolutely no rush" to finalise a deal, adding that the US economy would gain more from the levies than any agreement.

"Tariffs will bring in FAR MORE wealth to our country than even a phenomenal deal of the traditional kind," Trump said in one of

the tweets.

Despite Trump's insistence that China will absorb the cost of the tariffs, US businesses will pay them and likely pass them on to consumers. Consumer spending accounts for more than two-thirds of US economic activity.

Global stocks, which have fallen this week on the increased US-China tensions, came under

renewed pressure on Friday. Major US stock indexes opened sharply lower but pared losses after the comments by Mnuchin and Liu. Prices of US government debt rose while the US dollar slipped against a basket of currencies.

Trump, who has adopted protectionist policies as part of his "America First" agenda and railed

against China for trade practices he labels unfair, said the trade talks, originally due to end on Friday, could drag on beyond this week.

"We will continue to negotiate with China in the hopes that they do not again try to redo deal!" said Trump, who has accused Beijing of renegeing on commitments it made during months of negotiations.

Following the US tariff hike, China's Commerce Ministry said it would take countermeasures but did not elaborate.

China's central bank said it was fully able to cope with any external uncertainty.

China responded to Trump's tariffs last year with levies on a range of US goods including soybeans and pork, which has hurt US farmers at a time when their debt has spiked to the highest level in decades.

US Agriculture Secretary Sonny Perdue said on Friday that Trump had asked him to create a plan to support the farmers. The US Department of Agriculture already has rolled out up to \$12 billion to help offset farmers' China-related losses.

"While China may backtrack, @POTUS is steadfast in his support for US farmers and directed @USDA to work on a plan quickly," Perdue said on Twitter on Friday.



Uber Technologies CEO Dara Khosrowshahi (2nd from right) and co-founder Ryan Graves (right) ring a bell on the trading floor of the NYSE during the company's IPO. Reuters

Uber shares struggle at launch

REUTERS

NEW YORK, MAY 10

UBER TECHNOLOGIES Inc's shares fell nearly 9 per cent in their New York Stock Exchange debut on Friday, marking a rocky start for one of the most high-profile US companies to go public since Facebook Inc seven years ago.

The fall in shares undermined Uber's strategy of pricing its oversubscribed IPO conservatively at \$45 per share to avoid a repeat of rival Lyft Inc's stock market struggles following a strong debut in

March. Uber's shares opened at \$42 and touched a low of \$41.06 in early trading before recovering most of their losses to trade down 2 per cent at \$44.17 by 1610 GMT. Lyft was down 4 per cent, well below its IPO price.

The lackluster market response comes against the backdrop of a spike in trade tensions between the United States and China and increased investor skepticism about Uber's ability to turn profitable soon enough. The IPO marks a landmark moment for the decade-old company, which was started after its founders struggled

to find a cab on a snowy night and grown into the world's largest ride-hailing company, making more than 10 billion trips.

The company's road to IPO was marred by several hurdles including increased regulations in several countries and fights with its drivers over wages. Uber has said that it has the potential to grow not just in the cab hailing business, but also as a "superapp" to provide a variety of logistic services, such as grocery and food delivery, organizing freight transportation, and even financial services, much like Grab.

NCLT orders liquidation of Sterling Biotech

PRESS TRUST OF INDIA
MUMBAI, MAY 10

IN A major setback to banks, the NCLT Friday sent Sterling Biotech for liquidation, rejecting the lenders' led by Andhra Bank, plea to withdraw the insolvency process and allow a one-time settlement with the absconding promoters, the Sandesara brothers.

A National Company Law Tribunal (NCLT) bench of judges VP Singh and Ravikumar Duraisamy said as they have not received a resolution plan within the time, leaving them with no other option but to order liquidation. Further, the order stated that the amount deposited by the absconding promoters for the one-time settlement shall not be released to the applicant.

The lenders have already got a little over 5 per cent of the default amount of Rs 179.67 crore from the outstanding amount on the day of default. The lenders, led by Andhra Bank, had sought the tribunal's approval after accepting the one-time settlement from the Sandesara brothers, the fugitive promoters of Sterling Biotech.

The banks had approved a one-time settlement offer from the Sandesaras of around Rs 3,945 crore out of the Rs 7,500 crore they owe to the lenders. Apart from defaults, the promoters are also accused of fraud and are being investigated by the CBI, the ED and the Serious Frauds Investigation Office for money laundering.

High international order intake sees L&T Q4 net rise 8% y-o-y

ENS ECONOMIC BUREAU
MUMBAI, MAY 10

LARSEN AND Toubro (L&T) on Friday reported an 8 per cent year-on-year (y-o-y) rise in its consolidated net profit for Q4FY19 at Rs 3,400 crore. The engineering major's revenue from operations rose 10 per cent y-o-y to Rs 44,900 crore. Both the revenue and the net profit were slightly better than analysts' estimates.

Earnings before interest, tax, depreciation, and amortisation (Ebitda) grew 3 per cent y-o-y to Rs 5,600 crore while the Ebitda margin contracted by 80 basis points y-o-y to 12.5 per cent.

The order intake for the quarter ended March stood at Rs 56,538 crore, up by 14 per cent y-o-y. The international order inflow during the quarter stood at Rs 17,680 crore and constituted 31 per cent of the total.

"The domestic orders have been disappointing in the context of the fourth quarter. However, it was more than made up by the international order intake. Overall, the quarter ended on a happy note," chief financial officer R Shankar Raman said.

The revenue growth was primarily led by infra, hydrocarbon,

'CCI orders antitrust probe of Google for alleged Android abuse'

ADITYA KALRA
NEW DELHI, MAY 10

INDIA'S ANTITRUST watchdog has ordered an investigation into Alphabet Inc's unit Google for allegedly abusing the dominant position of its popular Android mobile operating system to block rivals, two sources aware of the matter told *Reuters*.

The Competition Commission of India (CCI) last year started looking into the complaint, which is similar to the one Google faced in Europe that resulted in a 4.34 billion euro (\$5 billion) fine on the company. *Reuters* had reported in February. In mid-April, the CCI decided there was merit in the accusations made in the complaint and ordered its investigation unit to launch a full probe, one of the sources with direct knowledge of the matter said.

That decision, which was confirmed by the second source, has not been previously reported and the order calling the full investigation was not made public.

"It is a strong case for the CCI, given the EU precedent," said the first source. "The CCI has (preliminarily) found Google abused its dominant position." The probe would be completed in about a year and Google executives would likely be summoned to appear before the CCI in coming months, the source said. The CCI did not respond to a request for comment.

A Google spokesperson said Android has enabled millions of Indians to connect to the internet

A source said "it is a strong case for the CCI, given the EU precedent," referring to a similar antitrust case Google faces in Europe

by making mobile devices more affordable. Google looked forward to working with the CCI "to demonstrate how Android has led to more competition and innovation, not less", the spokesman said in a statement.

Reuters could not establish who filed the complaint, which involves more than one person.

The precise details of the complaint against Google in India could not be determined, but sources told *Reuters* it is on the exact same lines as the case filed against the company in Europe.

In the European Union (EU) case, regulators said Google forced manufacturers to pre-install Google Search and its Chrome browser, together with its Google Play app store, on Android devices, giving it an unfair advantage.

Google has appealed the order but, in a bid to quell EU antitrust concerns, last month said its Android device users in Europe would be able to choose rival browsers and search engines. Once a user downloads a rival search app, Google also prompts them to change their default search engine in their Chrome browser, if they wish. **REUTERS**

22 NATIONS TO ATTEND TWO-DAY MEET STARTING MONDAY

WTO ministerial meet to take up 'serious and grave' challenges

Discussion on smooth functioning of disputes settlements body to take place too

ENS ECONOMIC BUREAU
NEW DELHI, MAY 10

DEVELOPING COUNTRIES participating in the World Trade Organization (WTO) ministerial meeting in New Delhi on Monday are expected to prioritise discussions on measures to ensure the smooth functioning of the organization's appellate body for dispute settlements, according to senior officials in the Commerce Ministry.

Apart from this, other "serious and grave" challenges faced by the multilateral rule-based trading system will also be taken up as part of the agenda of the two-day meet.

So far, ministers of Bangladesh, the Central African Republic and South Africa have confirmed their presence at the meet, while ministerial-level officials will represent the remaining 19 developing and least developed countries.

"Increasing" unilateral measures and counter-measures by member countries, as well as deadlock in key areas of negotiations and the impasse in WTO's appellate body has given rise to demands to reform the organization, according to the Ministry.

WTO's appellate body, a

WTO'S APPELLATE BODY SHRINKING IN SIZE

■ WTO's appellate body, a standing body that hears appeals from reports issued by panels in disputes brought by the organization's members, has shrunk over the last two years from its required strength of seven members to three

■ While unilateral measures taken by some countries against others are a matter of concern for "most" of the members meeting on Monday, country-specific issues will not be a part of the agenda, Commerce Secretary Anup Wadhawan said on Friday

standing body that hears appeals from reports issued by panels in disputes brought by the organization's members, has shrunk over the last two years from its required strength of seven members to three.

This is because the United States has been blocking appointments of the body's members. By December 2019, the body is expected to have two more vacancies, leaving it with only one member from China.

According to the Ministry, such issues "threaten the very existence" of WTO's dispute settlement mechanism.

"As India has also been articulating, the first priority is to resolve the impasse in the appellate body," said Commerce Secretary Anup Wadhawan during a briefing Friday. "Without

this, the body will cease to be functional," he added.

According to India's permanent representative to WTO, J S Deepak, leaving this issue unresolved has already caused some cracks in the organization's dispute settlement mechanism.

"Even if, at present, there is one panel of three members, it is taking a year for appeals to be heard, whereas the time is to dispose it (the appeal) off in 90 days," he said.

Another core issue that will be discussed is special and differential treatment for developing countries, which allow them to be treated more favourably by other members.

However, countries like the US have sought guidelines to prevent some countries from enjoying the mechanism's ben-

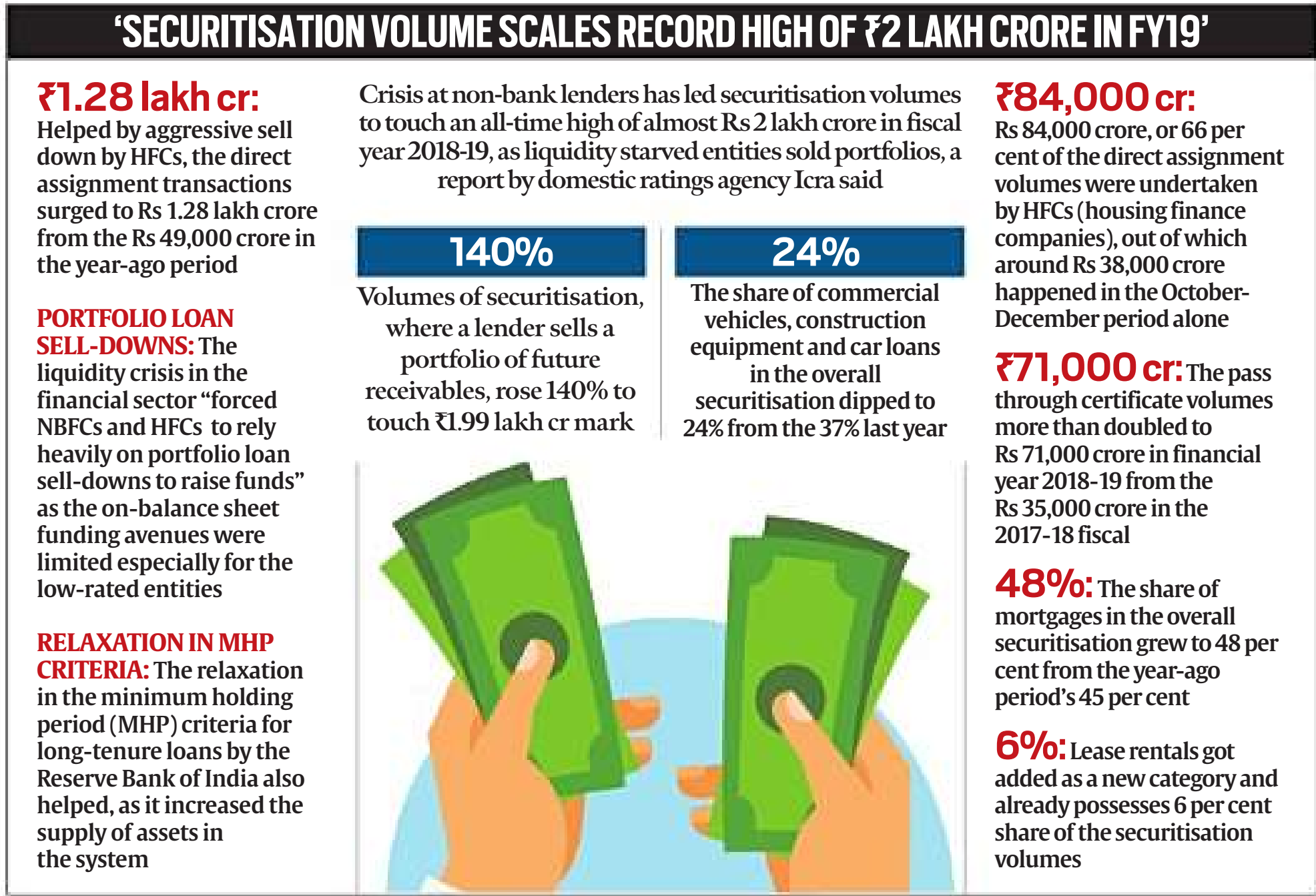
efits, including longer time periods for implementing agreements and commitments and provisions that require all WTO members to safeguard their trade interests.

"The discussion is on some new proposals that are somewhat alarming for developing countries, such as this whole issue of differentiation," said Wadhawan.

While unilateral measures taken by some countries against others are a matter of concern for "most" of the members meeting on Monday, country-specific issues will not be a part of the agenda, according to him. This includes rising imposition of tariffs by countries like the US in its ongoing trade war with China.

"We are discussing everything in context of functioning of WTO in the context of ensuring that WTO remains an effective, functional body ... It is not a question of discussing any country specific (issue) or anything specific to a set of countries," he further said.

"To the extent that the unilateralism may curtail or undermine the right of countries which is legitimately provided by the WTO, this as a systemic issue may come up for general discussion," Wadhawan added.



AMID NSSO REPORT CONTROVERSY

Extent of overestimation of GDP in all likelihood marginal: FinMin

PRESS TRUST OF INDIA
NEW DELHI, MAY 10

AMID CONCERNS raised over growth numbers in the wake of an NSSO report, the finance ministry Friday said the extent of overestimation of GDP "in all likelihood is marginal" as the proportion of closed and non-traceable enterprises in the Corporate Affairs Ministry's database is falling.

The statement comes against the backdrop of a Technical Report of Services Sector Enterprises in India released by the National Sample Survey Office (NSSO) which said that as much as 36 per cent units forming part of MCA21 database, used in computing GDP, were either not identifiable or traceable in the field. MCA21 is an electronic repository of corporate filings and is maintained by the Ministry of Corporate Affairs. This is the second time in three

days that the government has come out with a release regarding the NSSO report. On Wednesday, the Ministry of Statistics and Programme Implementation had issued a release.

The Finance Ministry Friday said the technical report has stated that 38.7 per cent of the sample of 35,456 enterprises comprised out-of-survey units.

"Some sections of the media have misinterpreted these out-of-survey enterprises (as classified

for the purposes of surveying the services sector) to be enterprises that do not exist in the economy.

"On the basis of this interpretation, the suggestion has emerged that by not removing out-of-survey enterprises from the MCA database, Central Statistics Office (CSO) over-estimates the Gross Domestic Product of the country," the finance ministry said in a release.

The ministry also noted that the release is intended to clarify

misconceptions. According to the release, in the 38.7 per cent out-of-survey enterprises in the NSSO report, out-of-coverage enterprises comprise 21.4 per cent.

The out-of-coverage enterprises are simply those enterprises that are not engaged in activities intended for inclusion in the service sector survey. However, these enterprises are engaged in some economic activity, possibly in the manufacturing sector for instance, it added.

Allahabad Bank Q4 net loss widens to ₹3,834 cr

ENS ECONOMIC BUREAU
KOLKATA, MAY 10

ALLAHABAD BANK on Friday reported widening of its net loss to Rs 3,834.07 crore for the quarter ended March 31, 2019, against a net loss of Rs 3,509.63 crore for the same period a year ago, due to a rise in provisions to cover bad loans.

The Kolkata-headquartered lender, which came out of the prompt corrective action (PCA) framework of the Reserve Bank of India in February, had reported a net loss of Rs 732.81 crore for the third quarter of the last fiscal.

The state-owned bank's operating profit during the March quarter last fiscal witnessed over five-fold year-on-year jump to Rs 634.26 crore from Rs 122.90 crore in the corresponding quarter of the 2017-18 fiscal, as total income rose more than 8 per cent y-o-y to Rs 4,602.86 crore compared with Rs 4,259.37 crore in the year-ago period.

Its net interest income (NII) also grew 41.61 per cent y-o-y at Rs 1,257.98 crore for the period under review, according to a stock exchange filing by the bank. Net interest margin (NIM) as on March 31, 2019 stood at 2.58 per cent.

During the January-March period this year, gross non-performing assets (NPAs) in absolute

Allahabad Bank MD and CEO S Mallikarjuna Rao said the bank was hopeful of registering a net profit in the first quarter of this fiscal

terms increased 1.72 per cent quarter-on-quarter to Rs 28,704.78 crore from Rs 28,218.79 crore in the October-December period last year, according to the filing.

Gross NPA as a percentage of total loans fell 26 basis points (bps) to 17.55 per cent from 17.81 per cent during the previous quarter. During the period under review, net NPA ratio also decreased 248 bps sequentially at 5.22 per cent.

Provisions and contingencies rose 10.56 per cent y-o-y to Rs 5,283.70 crore for the March quarter of FY19 from Rs 4,783.42 crore in the corresponding period of FY18.

Talking to the media on Friday, S S Mallikarjuna Rao, Allahabad Bank MD and CEO, said the bank was hopeful of registering a net profit in the first quarter of this fiscal. "We are planning to raise close to Rs 1,200 crore through Qualified Institutional Placement (QIP) this fiscal," he said. **FE**

Canara Bank narrows Q4 loss to ₹551 cr

Bengaluru/New Delhi: Canara Bank Friday said its standalone net loss narrowed multi-fold to Rs 551.53 crore for the fourth quarter of fiscal 2018-19, mainly driven by lower provisioning for bad loans.

The state-owned bank had posted a net loss of Rs 4,859.77 crore during the corresponding January-March period of the preceding fiscal. Total income of the bank during the March quarter rose to Rs 14,000.43 crore, compared to Rs 11,555.11 crore in the year-ago period. Canara Bank said in a regulatory filing. **PTI**

IDFC First Bank posts Q4 loss of ₹218 cr

New Delhi: IDFC First Bank Friday reported a loss of Rs 218.03 crore for the quarter ended March 2019 against a profit of Rs 41.93 crore in the corresponding period of the last fiscal on account of higher provisioning. On an annual basis, it reported a loss of Rs 1,944.17 crore against a profit of Rs 859.3 crore during 2017-18, the bank said in a stock exchange filing.

The bank's gross NPAs stood at 2.43 per cent of the gross advances during the January-March quarter of 2018-19. **PTI**



Facebook CEO Mark Zuckerberg (left) and French President Emmanuel Macron at the Elysee Palace, Paris, Friday. AP

ASSOCIATED PRESS
PARIS, MAY 10

FRANCE WELCOMED Facebook's Mark Zuckerberg on Friday with a threat of sweeping new regulation. With Facebook under fire on multiple fronts, Zuckerberg is in Paris to show that his social media giant is working hard to limit violent extremism and hate speech shared online.

However, a group of French regulators and experts who spent weeks inside Facebook facilities in Paris, Dublin and Barcelona say the company isn't

working hard enough.

Just before Zuckerberg met French President Emmanuel Macron in Paris, the 10 officials released a report calling for laws allowing the government to investigate and fine social networks that don't take responsibility for content that makes them money.

The French government wants the legislation to serve as a model for Europe-wide management of social networks.

Several countries have introduced similar legislation, some tougher than what France is currently proposing.

BRIEFLY

Markets fall, rupee rises 2p

Mumbai: Benchmark indices buckled under selling pressure for the eighth straight session Friday — marking their longest losing streak since February — with the BSE Sensex closing 95.92 points down at 37,462.99 and the broader NSE Nifty shed 22.90 points to settle at 11,278.90. During the week, the Sensex lost a hefty 1,500.27 points, while the Nifty dived 433.35 points. The rupee, however, snapped its four-session losing run, to tick higher by 2 paise to finish at 69.92 against the US dollar.

HCL Tech to absorb 4 arms

New Delhi: IT company HCL Technologies on Thursday said its board has approved the scheme for merger of four of its subsidiaries with itself. The proposal to merge HCL Comnet, HCL Technologies Solutions, HCL Eagle and Concept2silicon Systems into HCL Technologies was approved by the latter's board.

Icra looking into IL&FS rating

New Delhi: ICRA, in a regulatory filing on Thursday, said it is working on addressing issues pertaining to credit rating of crisis-hit Infrastructure Leasing and Financial Services (IL&FS) and its subsidiaries and has sought help from external experts in the matter.

Iffco elects new chairman

New Delhi: Cooperative major Iffco on Friday elected Balvinder Singh Nakai as its Chairman and Dileep Sanghani as Vice Chairman. The election was held at the 48th Annual General Body meeting of the Indian farmers fertiliser Cooperative (Iffco) here.

Ford launches Aspire Blu

New Delhi: Automaker Ford India on Friday said it has launched a new variant of compact sedan Aspire, with price starting at Rs 7.51 lakh (ex-showroom Delhi). Available in the manual transmission of Titanium variant, the petrol Aspire Blu is priced at Rs 7.51 lakh. **PTI**

Oil set for weekly fall as US, China trade tensions weigh

REUTERS
HOUSTON, MAY 10

OIL PRICES edged up on Friday on tightened global supplies and expectations of rising US refining demand but were set to end the week slightly lower due to trade tensions stoked by a US move to hike tariffs on Chinese goods.

Brent crude oil was up 41 cents at \$70.80 a barrel by 12:44 a.m. CST (1744 GMT), having touched a peak of \$71.23. US West Texas Intermediate (WTI) crude futures were up 15 cents at \$61.85, having earlier hit \$62.49.

Both contracts were on track for weekly losses of about 0.1%, after a volatile week with investors worried over the possibility of a protracted and bitter US-China trade war, despite last-minute efforts to salvage a deal.

US President Donald Trump on Friday said he was in no hurry to sign a trade deal with China as Washington imposed a new set of tariffs on Chinese goods and negotiators ended a second day of talks.

Growing trade tensions between the world's two largest oil consumers could affect oil demand. The United States and China together accounted for 34% of global oil consumption in the first quarter of 2019, data from the International Energy Agency showed.

Prices gained on Friday as investors anticipated US Gulf Coast and Midwestern refineries, which are coming out of seasonal maintenance periods, to boost oil demand ahead of the US summer driving season.

"Crude oil has more potential for upside," said Tom Kloza, chief oil analyst at the Oil Price Information Service. "With Gulf refineries starting up, demand is going to be significantly above supply for the next 100 days or so."

Investors also focused on tightened supplies following OPEC-led production cuts since the start of the year. Investors believe the Organization of Petroleum Exporting Countries (OPEC) and its producer allies will extend the six-month output-cut agreement in coming weeks.