

SECTOR WATCH
TELECOMMUNICATIONS

No Indian telcos
in global list of
5G deployments

PRANAV MUKUL
NEW DELHI, MAY 15

DESPITE ASSERTIONS from the government that India “cannot afford to miss” the 5G bus indicating that the country will see rollout of the latest generation of mobile telephony along with the world, none of the Indian telecom companies figure in the list of 303 5G deployments by 20 operators in 294 locations across the globe.

“Currently, no limited or commercial deployments have been identified in India. Switzerland leads as the country with the most current 5G deployments in 217 cities, each with commercial availability,” said mobile and broadband network intelligence firm Ookla, which released a map on Wednesday, tracking 5G roll-out across the world.

In February last year, mobile company Airtel and Chinese equipment maker Huawei had conducted India’s first 5G trial, during which a user throughput of 3 Gbps was achieved. But not much has moved since.

A committee of the Telecom Ministry recently cleared the proposal to allow Bharti Airtel, Vodafone Idea and Reliance Jio to conduct 5G spectrum trial next month onwards for a period of three months. For these trials, equipment vendors Samsung, Nokia and Ericsson have been selected.

However, for a commercial rollout, industry executives have suggested, quick auction of spectrum necessary for 5G deployment. “In India, deliberations are still going on whether to give spectrum for 5G in the 26 GHz and

28 GHz bands. Department of Space does not want spectrum to be given in these bands,” a senior telecom industry official said.

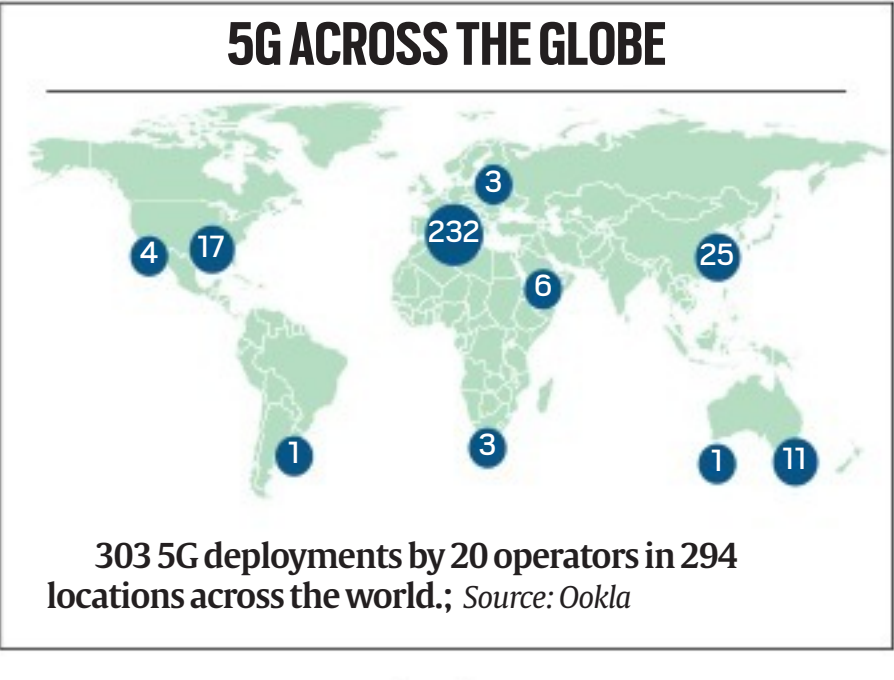
According to another executive, once the trials are concluded, telecom operators will be in a better position to decide on how to participate in the spectrum auctions that are expected to happen later this year. A report by GSM Association last month noted that \$13 trillion will be spent on mobile networks across all technology generations between 2019 and 2025 — and of this, 75 per cent will be invested on 5G networks.

Telecom companies have also raised red-flags over the pricing of the spectrum as recommended by the Telecom Regulatory Authority of India (TRAI).

The sector watchdog last August had recommended the auction of 20 MHz blocks of spectrum in the 3,300-3,600 MHz band — considered ideal for 5G — at Rs 492 crore per MHz. Whereas the same band was priced at around Rs 131 crore per MHz in auctions held in South Korea in June.

A panel set up by the Department of Telecommunications (DoT) in September 2017 to prepare a roadmap for rollout of 5G in India submitted its suggestions in August last year saying that it expected the technology to be operational in the country by 2020. The nine-member Steering Committee, headed by Aj Paulraj, also recommended releasing additional spectrum for 5G services.

The report prepared by the committee noted that 5G services would have cumulative economic impact of more than \$1 trillion by 2035.



‘PAYMENT AND SETTLEMENT SYSTEMS IN INDIA: VISION 2019-2021’

Reserve Bank proposes
24x7 NEFT money transfer

GEORGE MATHEW
MUMBAI, MAY 15

THE RESERVE Bank of India (RBI) has proposed to examine the possibility of extending availability of National Electronic Funds Transfer (NEFT) round-the-clock on all the seven days of the week — 24x7 basis — to facilitate beyond the banking hour fund transfer.

“Need to add more features to NEFT (faster settlements, staggered payments) will also be examined,” the RBI said in its document ‘Payment and Settlement Systems in India: Vision 2019 – 2021’. The central bank will also examine the possibility to extend the timings for customer transactions in RTGS (Real Time Gross Settlement), it said

It said the RBI would examine the need to consider uninterrupted and round-the-clock availability of various payment systems, gradual enhancement of limits, including differential day-night, holiday limits for transactions, subject to risk management and liquidity management.

As of now, banks are required to have different settlement accounts for settling card transactions with different card networks. “To bring in more efficiency in the system and making the process more graceful, the Reserve Bank will examine the feasibility of having a single national settlement account for all authorised card networks in consultation with the stakeholders,” the RBI document says.

Though money can be transferred through Immediate Payment Service (IMPS) round the clock, the maximum amount allowed is Rs 2 lakh. The RTGS window — used for transfer of big amounts — for customer transactions is available to banks from 8 am to 4.30 pm on a working day, for settlement at the RBI end.

IMPS TRANSFER IS ROUND THE CLOCK BUT UP TO ₹2L

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Though mobile internet speed has risen, connectivity issues remain unresolved in large areas. “Therefore, providing an option of offline payments through mobile devices for furthering the adoption of digital payments shall be a focus area during this vision period,” it said. The RBI document

says the Reserve Bank will require service providers to bring about transparency in pricing. “The RBI would consider a review of its instructions on customer charge for its payment systems and shift from transaction value-based pricing slabs to a fixed minimum transaction-based pricing. The approach to pricing should be towards recovery of marginal costs and to migrate to a low margin-high volume regime,” it said.

Given the current growth trend, it is expected to have 5 million active PoS (point of sale terminals) by end 2021. Digital PoS (QR code) is also expected to increase substantially and the total card acceptance infrastructure will be up-scaled to six times from the present levels by end 2021. “This is expected to support aim of cash-lite economy and also shift Cash on Delivery (CoD) transactions to digital modes for e-commerce. While no specific target is considered for cash in circulation, the enhanced availability of PoS infrastructure is expected to reduce demand for cash and thus

over time achieve reduction in Cash in Circulation (CIC) as a percentage of GDP,” the RBI vision document says.

According to the RBI, usage of debit cards at PoS transactions is expected to be at least 44 per cent of total debit card transactions (at PoS and ATM). In value terms, it is 15.2 per cent in 2018-19 (5.2 per cent in 2014-15) which is expected to be 22 per cent by end 2021. It also envisions increased deployment of card acceptance infrastructure across the country including at smaller centres with a substantial portion of the infrastructure taking care of processing contactless card payments.

According to the RBI, Payment Systems Vision 2021 has been formalised based on inputs from various stakeholders and guidance of the Board for Payment and Settlement Systems (BPSS). “It envisages to achieve a ‘highly digital’ and ‘cash-lite’ society through the goal posts of competition, cost-effectiveness, convenience and confidence (4Cs),” it said.

With concerted efforts and involvement of all stake holders, the Payment Systems Vision 2021, with its 36 specific action points and 12 specific outcomes, aspires to enhance customer experience, the RBI said. “The RBI will implement the approach outlined in this vision during the period 2019–2021. The previous vision document covered the period 2016-2018,” it said.

‘Market cap of agri-related sectors growing at 15.9% p.a. since 2016’

The Market capitalisation of various sectors related to agriculture has grown at a compound annual growth rate (CAGR) of 15.9% during the last three years, according to market data compiled by the Department of Commerce. There is currently no separate classification available with stock exchanges or the Sebi with regard to agri-export companies or agricultural sector

■ Department of Commerce has several schemes to promote exports, including exports of agricultural products —Trade Infrastructure for Export Scheme, Market Access Initiatives Scheme etc

■ In addition, assistance to exporters of agricultural products is also made available under Export Promotion Schemes of APEDA, MPEDA, Tea Board, Tobacco Board, Coffee Board and others

■ These organisations also seek to promote exports through participation in international fairs & exhibitions, taking initiatives to gain market access for different products in various markets etc

MARKET CAP FOR LAST THREE YEARS FOR COMPANIES LISTED ON BSE (INR CRORE)

Sectors	Market Cap as on 11 Feb 2016	Market Cap 2019 as on 11 Feb	CAGR 3Y (%)
Agrochemicals	57,311	99,866	20.3%
Auto Tyres & Rubber Products	36,731	62,716	19.5%
Breweries & Distilleries	59,103	83,746	12.3%
Cigarettes-Tobacco Products	247,754	349,664	12.2%
Edible Oils	2,117	2,115	0.0%
Fibres& Plastics	2,214	899	-25.9%
Forest Products	6,138	8,431	11.2%
Jute & Jute Products	404	1,159	42.0%
Other Agricultural Products	8,781	25,283	42.3%
Other Food Products	2,372	6,138	37.3%
Packaged Foods	129,604	260,665	26.2%
Sugar	11,815	16,196	11.1%
Tea & Coffee	16,683	28,863	20.0%
Textiles	70,797	69,339	-0.7%
Grand Total	6,51,824	10,15,078	15.9%

Source: SEBI/Dept of Commerce



‘IndiGo promoters
Bhatia, Gangwal
differ over airline’s
control, performance’

PRANAV MUKUL
NEW DELHI, MAY 15

PROMOTERS OF India’s largest airline IndiGo — Rahul Bhatia and Rakesh Gangwal — have appointed separate law firms to settle a dispute between the two pertaining to management control and appointment of key executives at the carrier, sources told *The Indian Express*. Bhatia and Gangwal did not respond to e-mail queries at the time of going to press.

As of March 31, Rahul Bhatia held 38 per cent stake in Interglobe Aviation, the parent company of IndiGo, while Gangwal held 37 per cent share in the company. The airline was founded by Bhatia and Gangwal in 2006, and at the time of the company’s listing in 2013, both of them held 99 per cent stake in the IndiGo.

According to one source, the tension between the two promoters have been simmering since exit announcement of the airline’s CEO Aditya Ghosh in April last year and the consequent appointment of expatriates in management positions. A chunk of the expatriate executives at IndiGo, the source said, were handpicked by Gangwal from his former employer — United Airlines. Announcing Ghosh’s resignation last year, IndiGo had earmarked Gregory Taylor to eventually become CEO, while Rahul Bhatia had taken charge as interim chief of the airline. However, in January this year, Rono Dutta, a former United president took over the executive reins of the budget carrier.

Over a period of two years leading to Ghosh’s exit, expatriates had joined the airline across various roles including Wolfgang Prock-Schauer as chief operating officer, Willy Boulter as chief strategy officer, Michael Swiatek as chief planning officer and Jason Herter, vice-president, operations control centre and dispatch. Currently, Dutta who is the CEO and Rohit Philip, the chief fi-

AIRLINE FOUNDED
BY BOTH IN 2006

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nancial officer of IndiGo are former United executives among the top management positions at the airline.

In addition to the appointment of management personnel, it is learnt that the IndiGo’s recent financial performance has also been one of the points of contention between Gangwal and Bhatia. For the December-quarter of 2018-19, IndiGo reported a 75 per cent fall in net profit at Rs 190.90 crore.

The company had attributed the fall in profit to high fuel prices and currency depreciation during the quarter. In the preceding three-month period, the airline posted a loss of Rs 652.13 crore, its first time being in the red since IndiGo went public. Interglobe Aviation is expected to declare its results for the March-quarter and full-year 2018-19 on May 27.

Industry experts have also pointed out how recently IndiGo, despite having a significant capacity, was not able to make the best of Jet Airways’ collapse and lost the race in acquiring some of the prime slots across the country to its rival SpiceJet.

On Wednesday, shares of Interglobe Aviation ended trading at Rs 1608.55, up 2.93 per cent from its previous close on the BSE.

Export growth slides
to 4-month low in Apr

ENS ECONOMIC BUREAU
NEW DELHI, MAY 15

MERCHANDISE EXPORTS grew just 0.64 per cent in April, the slowest since December 2018, while imports inched up 4.48 per cent, inflating trade deficit to a five-month peak of \$15.33 billion. Excluding petroleum and gems & jewellery, exports contracted 1.3 per cent in April and non-oil and non-gold imports shrank 2.2 per cent.

Official data released Wednesday showed, Imports increased by 4.48 per cent, the highest growth in the last six months as crude oil and gold shipments shot up in the month.

Merchandise exports stood at \$26 billion in April while imports at \$41.4 billion, leading to a trade gap of \$15.33 billion, the widest deficit since November 2018, the trade data showed.

The country’s merchandise exports were down because of the negative growth in key sectors such as engineering, gems and jewellery, leather, carpet, plastic, marine products, rice and coffee during the month under review. Previously, exports

March services
export rise 6.6%
to \$17.94 billion

New Delhi: India’s services exports rose by 6.6 per cent to \$17.94 billion in March, according to the data released by the Reserve Bank of India (RBI) on Wednesday.

Services imports in March too grew by 10.55 per cent to \$11.37 billion.

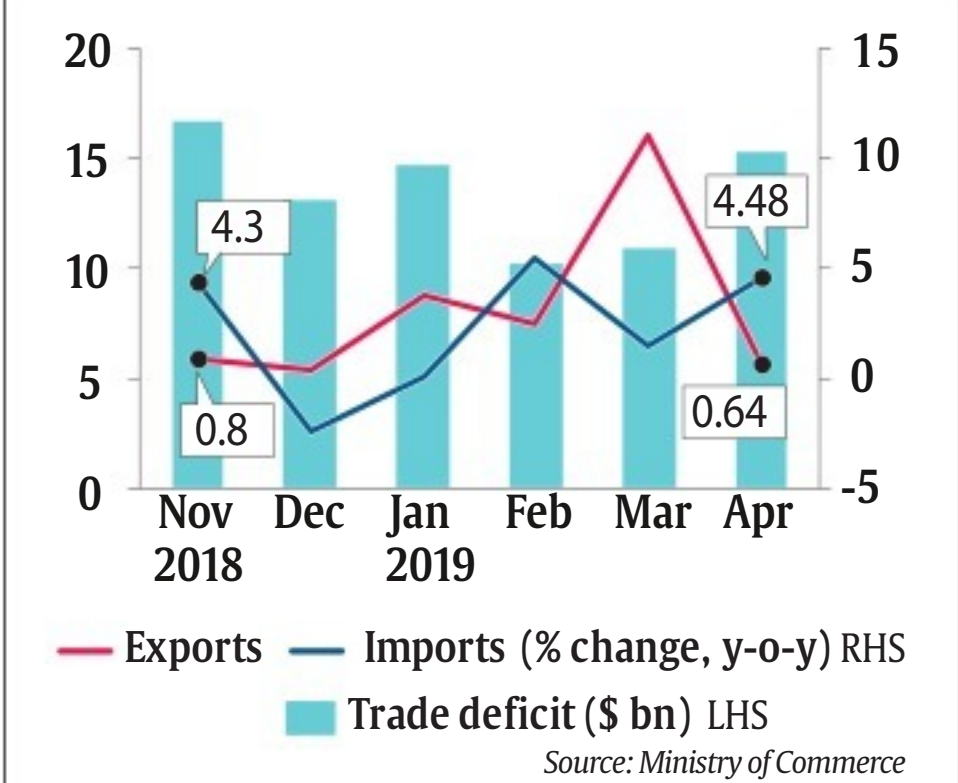
The trade balance in services for the month under review is estimated at \$6.58 billion. PTI

had recorded a low growth rate of 0.34 per cent in December 2018. Oil imports grew by 9.26 per cent to \$11.38 billion and non-oil imports expanded by 2.78 per cent.

Gold imports rose by 54 per cent to \$3.97 billion in April.

Certain exports sectors which recorded positive growth include petroleum, handicrafts, ready-made garments, and pharmaceuticals. FE & PTI

TRADE DEFICIT HITS 5-MONTH HIGH



China trade talks to continue in
Beijing: US Treasury Secretary

REUTERS

WASHINGTON/BEIJING, MAY 15

US TREASURY Secretary Steven Mnuchin said on Wednesday he will likely travel to Beijing soon to continue negotiations with Chinese counterparts as the world’s two biggest economies try to salvage talks aimed at ending their months-long trade war.

Mnuchin did not elaborate on the timing of future negotiations, but told lawmakers at a Senate Appropriation subcommittee hearing that recent discussions with Chinese officials in Washington were constructive.

“My expectation is that we will go to Beijing at some point in the near future to continue those discussions,” he said. “We’re continuing discussions. There’s still a lot of work to do.”

US President Donald Trump has denied that trade talks with China had broken down even as he imposed more tariffs on Chinese imports and both sides prepared for another round of further tariffs, roiling global markets in recent days.

But Trump softened his tone somewhat on Tuesday, praising his relationship with Chinese President Xi Jinping, appealing to Beijing to purchase US farm prod-

‘Trump likely to delay auto
tariffs by up to six months’

Washington: US President Donald Trump is expected to delay a decision on imposing tariffs on imported cars and parts by up to six months, three Trump administration officials said, avoiding opening yet another front in his global trade battles.

A formal announcement

is expected by Saturday, the due date for Trump to make a decision on recommendations by the Commerce Department to protect the US auto industry from imports on national security grounds, the officials said. A White House spokesman declined to comment. REUTERS

‘US close to resolving
Canada, Mexico row’

The US is close to resolving a dispute over steel and aluminum tariffs with Canada and Mexico, Mnuchin said as high-level American and Canadian officials prepared to meet to discuss trade issues. “I think we are close to an understanding with Mexico and Canada,” on resolving the tariffs, Mnuchin said at a US Senate Appropriations subcommittee hearing. He not provide any details about the potential agreement.

US Trade Representative Robert Lighthizer was scheduled to meet with Canadian Foreign Minister Chrystia Freeland in Washington later on Wednesday.

Jet Airways’
overseas
rights to be
allotted to
other airlines

ENS ECONOMIC BUREAU
NEW DELHI, MAY 15

JET AIRWAYS is now close to losing its international flying rights as the ministry of civil aviation is set to allot its overseas routes to other carriers.

According to a senior government official, all major scheduled airlines, except AirAsia India, have requested the ministry to allot the international routes among them so that the capacity lying idle since April 17 can be utilised. AirAsia is yet to receive a nod to fly overseas, therefore, it is not part of this airline grouping.

Bilateral flying rights are an agreement between two countries that allow the airlines of the respective countries to operate services with a specific number of seats. IndiGo, SpiceJet, GoAir, Air India and Vistara are eligible Indian carriers to take up overseas rights as they ramp up their international operations across routes.

So far, only Air India has been awarded rights over foreign routes from Jet’s quota, the official said. FE

Jet: SBI Caps meets
unsolicited bidder

ENS ECONOMIC BUREAU
MUMBAI, MAY 15

DARWIN PLATFORM Group, one of the unsolicited bidders for Jet Airways, on Wednesday said it has offered Rs 14,000-crore deal to the lenders for acquiring the grounded airline and sought more financial details about the airline that were not publicly available. The offer came amid speculation that lenders were trying to rope in big corporate groups, including the Hinduja group, for the revival of the airline.

Officials of Darwin Group met the SBI Caps team to discuss its proposal to take control of the crippled airline. SBI Caps has asked the group to provide details about the funding. “They (SBI Caps) had called us. We wanted to understand the liability and assets of Jet Airways,” Darwin Group CEO Rahul Ganpule said, according to a PTI report.

Darwin Platform Group of Companies claims it has investments across various sectors including oil and gas, hospitality and realty, among others. “Ajay Harinath Singh launched Darwin Group which now operates in 11 countries. The group operates in London, the Netherlands, Italy, Spain, Russia, Germany, Hong

Kong, USA, Dubai, China and India,” says its website.

Ganpule said the company had submitted its bid on May 8. The consortium of SBI-led seven lenders, which owns 51 per cent in the airline, has offered to sell up to 75 per cent stake in the airline, which stopped flying around mid last month. The ailing carrier owes over Rs 9,000 crore to the lenders.

Ganpule said though the group had done due diligence before submitting the financial bid, it wanted some more financial details that were not publicly available. He said there is limited information available about the airline in Registrar of Companies and other public sources, and has requested SBI Caps to provide more details about the actual liability of the airline.

Ganpule said the Rs 14,000 crore offer made by Darwin the Group is to take over the entire liabilities of the grounded airline.

Meanwhile, shares of Jet Airways continued to fall for the third straight session on Wednesday and fell over 5 per cent, after four senior executives, including chief executive Vinay Dube and CFO Amit Agarwal quit the ailing airline. The scrip declined 4.18 per cent to close at Rs 123.70 on the BSE. WITHPTI

Tata Chemicals to transfer food biz to Tata Global Beverages

Transaction will create a focused consumer products company with a combined turnover of ₹9,099 crore

ENSECONOMICBUREAU
MUMBAI, MAY 15

AS PART of a strategy to bring its consumer businesses under one unit, the Tata group on Wednesday said Tata Chemicals Ltd (TCL) will demerge its food business to Tata Global Beverages Ltd (TGBL), one of the biggest makers of branded tea and the owner of Tetley.

TGBL will buy the business of selling edible salt, spices, and lentils and give shares in return to Tata Chemicals, and TGBL will rename itself after the deal as Tata Consumer Products Ltd.

The boards of TGBL and TCL, at their respective meetings on Wednesday, approved the demerger of the consumer products business of TCL into TGBL, the company said in a statement.

Each shareholder of TCL will get 114 new equity shares of TGBL for every 100 equity shares held. The proposed transaction will create a focused consumer products company with a combined turnover of Rs 9,099 crore and an Ebitda of Rs 1,154 crore.

"The combination of the two consumer-focused businesses will benefit both sets of share-

holders who will be able to participate in a larger business poised to grow their share of the foods and beverages market with a broader exposure to the attractive and fast growing FMCG sector," the statement said.

TGBL sells tea under Tetley and Tata Tea brands as also coffee under Eight O'Clock brand and bottled water. TCL, the world's third-largest producer of soda ash, will focus on its core chemicals business after this deal.

The statement said TCL shareholders will retain their ownership of a focused science-led chemistry solutions and specialty products company with a leading portfolio of products in basic and specialty chemicals and strong cash flows to support future growth. The transaction is subject to necessary statutory and regulatory approvals, including those of National Company Law Tribunal, stock exchanges, Sebi, and respective shareholders.

Speaking on the decision, N Chandrasekaran, Chairman, Tata Sons said: "Tata Consumer Products consolidates our current presence in food and beverages in the fast-growing consumer sector. Through this combination, we have created a strong growth plat-

form to meet growing aspirations of Indian consumers."

TGBL Managing Director and CEO Ajay Misra said the transaction is consistent with the strategy to deepen the firm's India presence and transform into a broader FMCG player. "Existing TGBL shareholders will benefit significantly as the consumer products business increases our exposure to high growth product categories and provides a strong platform to seize new opportunities in this sector. We will also continue to nurture and grow our global brands," he said.

R Mukundan, Managing Director and CEO, TCL said: "This combination provides significant benefits to our shareholders by unlocking the value of our consumer products business. In line with its strategy to be a leading science-based solutions company, Tata Chemicals will aggressively grow its specialty chemistry business in the areas of agro-science, nutrition science, material science and energy storage science. In addition, the basic chemistry business of Tata Chemicals will be the global partner of choice for soda ash, salt and bicarbonate to leading brands of food, pharma, detergents and glass."

Grofers raises \$200 million from SoftBank among others

ENSECONOMICBUREAU
NEW DELHI/MUMBAI, MAY 15

GROFERS HAS said it raised \$200 million in series F funding led by SoftBank Vision Fund, with the Gurgaon-based company saying it will use the funds to expand into new markets, widen its portfolio of private label offerings and build its supply chain and warehousing infrastructure.

New investor KTB and existing investors Sequoia Capital and Tiger Global Management also took part in the funding round. "This represents the largest primary financing round in the on-line grocery sector in India," Grofers said. The company has so far raised about \$441.8 million, as per data from Crunchbase. **FE**

NCLAT admits HUDCO's intervention plea claiming ₹195 cr dues from Bakshi

PRESS TRUST OF INDIA
NEW DELHI, MAY 15

THE NATIONAL company Law Appellate Tribunal (NCLAT) Wednesday admitted the intervention plea filed by state-owned HUDCO claiming dues of Rs 195 crore from Vikram Bakshi, the estranged India partner of US-based McDonald's. A two-member bench headed by Chairman Justice S J Mukhopadhyaya accepted the plea filed by the House Urban Development Corporation (HUDCO) and suggested the parties to settle the issue.

"HUDCO intervention is accepted," said the NCLAT.

The bench has listed the matter on May 27 for next hearing.

Fast food chain McDonald's has reached an out-of-court set-

tlement with Bakshi, buying out Connaught Plaza Restaurants Ltd, which runs the restaurants chain of US-based fast food major in north and east India, from their joint venture.

HUDCO has filed an intervention application before the NCLAT, seeking its dues from Bakshi, before the deal with McDonald's is over. During the proceedings, Solicitor General Tushar Mehta, for HUDCO, informed the appellate tribunal that a matter related dues of Rs 195 crore is going at Debt Recovery Tribunal.

"There can not be a settlement... the matter is still pending there (DRT)... How can they do it," said Mehta adding that Bakshi would first have to clear HUDCO's dues before disposing his stake in CPRL.

MG Motor unveils first SUV 'internet car' Hector



Rajeev Chaba (left), president and MD, MG Motor India, unveiling MG Hector in Mumbai, Wednesday. Amit Chakravarty

Mumbai: British automaker MG Motor Wednesday unveiled its first internet car Hector in the country, slated for the launch next month. The MG Motor India, which is a wholly-owned subsidiary of China's SAIC Motor Corp, plans to expand its portfolio in India to four products, including an electric SUV by next year-end,

company's president and managing director Rajeev Chaba said after unveiling the vehicle.

"We have got approval for four product launches in the next 18 months. We have already announced our second product, which will be an electric SUV and which we plan to launch by this year," Chaba told reporters. **PTI**

US FAA chief defends handling of Boeing 737 Max safety approval

ASSOCIATEDPRESS
WASHINGTON, MAY 15

THE ACTING head of the Federal Aviation Administration (FAA) said Wednesday that Boeing should have done more to explain an automated flight-control system on its 737 Max aircraft before two deadly crashes, but he defended his agency's safety certification of the plane and its decision not to ground the jet until other regulators around the world had already done so.

The FAA official, Daniel Elwell, said he expects Boeing to submit a fix to the plane's flight-control software "in the next week or so." The FAA will analyze the changes, conduct test flights and determine what additional pilot training is needed before letting the planes fly again, he said. "In the U.S., the 737 Max will return to service only when the FAA's analysis of the facts and technical data indicate

MOST OF THESE LENDERS REPORTED LOSSES FOR THE MARCH QUARTER

13 public sector banks set aside over ₹52,000 crore as loan loss provisions

For Q4FY19, loan loss provisions were sharply higher than the figures in the year-ago quarter

MITALI SALIAN &
VINAYAK AGGARWAL
MUMBAI, MAY 15

STUNG BY the collapse of IL&FS and Jet Airways, a clutch of state-owned banks has put aside a staggering Rs 50,000 crore in the March quarter for existing and potential loan losses. How much of this would be written off and how much can be put to use again is hard to say. But the sheer size of the provisions suggests the NPAs (non-performing assets) cycle hasn't quite turned.

Loan loss provisions across 13 public-sector banks stood at Rs 52,739.39 crore for Q4FY19, sharply higher than the Rs 29,625.25 crore in Q3FY19.

Most of these lenders reported losses for the March quarter with total losses of eight banks at Rs 15,192 crore.

At the post-earnings press conference last week, State Bank of India Chairman Rajnish Kumar clarified that the bank has classified Rs 1,125 crore of its total IL&FS exposure of Rs 3,487 crore, as an

NET INTEREST INCOME – PROVISIONS				
(₹ crore)	NII	Net profit/Loss	Provisions	
			Q4	Q3
UCO Bank	1,292	-1,552	2,243	1,400
IOB	1,479	-1,985	4,502	2,075
Allahabad Bank	1,258	-3,834	5,284	1,495
Andhra Bank	1,821	-1,234	2,512	1,653
Union Bank	2,602	-3,369	5,766	1,677
Canara Bank	3,500	-552	5,524	1,977
United Bank	607	95	1,688	1,967
SBI	22,954	838	16,502	6,006
Indian Bank	1,763	-190	1,639	924
Oriental Bank	1,473	202	1,052	3,720
Syndicate Bank	1,952	128	881	497
Bank of Maharashtra	1,000	72	415	4,422
Central Bank of India	1,602	-2,477	4,734	1,812
TOTAL			52,739	29,625

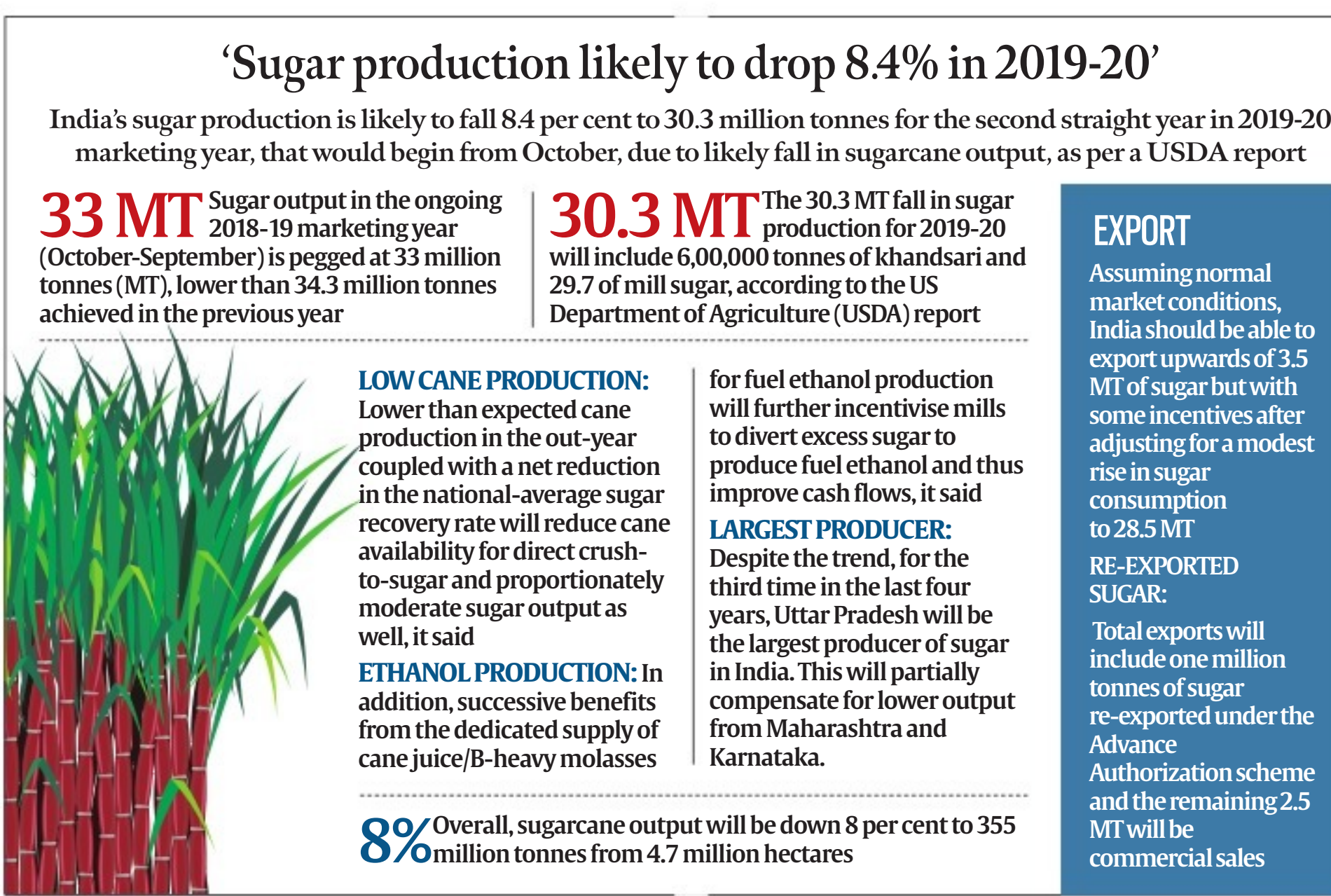
non-performing asset.

"Now whatever happens, the remaining legacy credit cost will be done by March 2020. From 1 April, 2020, there will be no legacy cost as far as corporate book is concerned," he said.

The bank also classified a

Rs 1,200-crore exposure to Jet Airways as an NPA, against which "more than required provisions" have been made. SBI's loan loss provisions for Q4FY19 stood at Rs 16,501.89 crore, a four-fold jump over the Rs 6,006.22 in Q3FY19.

In the case of eight of 13 PSBs,



Better communication needed over credit risks, says Kotak Mahindra AMC

PRESS TRUST OF INDIA
MUMBAI, MAY 15

KOTAK MAHINDRA Asset Management Company (AMC) Wednesday admitted it should have had better communicated about the credit risks to its investors in certain debt funds which have come under pressure.

The comments come against the backdrop of the fund house seeking more time for payouts with respect to Fixed Maturity Plans (FMPs). "We probably did not convey to investors as much about the credit risks as we should have had conveyed," Shah said, speaking during an industry event at the BSE here.

Otherwise, investors thought that credit risk funds are akin to a "free lunch", which will deliver up

to 2 percentage points extra without exposing themselves to any volatilities. "There is a disconnect between investors' perception of credit risk fund and the fund houses way of communicating the risk," he said.

Shah said only 5 per cent of the funds carry credit risk, where some "incidents" have happened, resulting in a drop in the net asset value. He added that so far, funds have very limited credit risks and hoped that enforced of the securities "will still give better return to the investors". Fund houses' exposure to the financially struggling promoters Essel Group through loans against shares is at the centre of the current problems. There was a rapid correction in the share prices of the group's flagship Zee Entertainment, which was the underlying security held.

Central Bank of India Q4 net loss at ₹2,477 cr

ENSECONOMICBUREAU
MUMBAI, MAY 15

CENTRAL BANK of India on Wednesday reported a net loss of Rs 2,477 crore in the March quarter of FY19, owing to a high provisioning burden of Rs 4,734 crore.

In its notes to accounts, the bank said that it had to make additional provisions of Rs 1,142 crore during the quarter as the Reserve Bank of India identified divergences in asset classification at the bank and made it recognise additional gross non-performing assets (NPAs) worth Rs 636 crore for the year ended March 31, 2018. The bank reported a total income of Rs 6,621 crore, up 5 per cent year-on-year (y-o-y). Net interest income stood at Rs 1,602 crore, up 7 per cent y-o-y.

The bank turned in a mixed show in terms of asset quality,

with provisions remaining high even as NPAs ratios improved.

Gross NPAs (GNPAs) as a percentage of total advances fell 135 basis points (bps) on a sequential basis to 19.29 per cent and the net NPA ratio decreased 259 bps to 7.73 per cent.

In absolute terms, GNPAs stood at Rs 32,356 crore, down 15 per cent y-o-y, while net NPAs stood at Rs 11,333 crore in Q4FY19.

The bank has not recognised as NPA loans to the micro, small and medium enterprises (MSMEs) worth Rs 242 crore, following a June 2018 dispensation offered by the Reserve Bank which allows banks to not recognise unrealised interest on some accounts and maintain standard-asset provisioning against them.

The state-owned lender has provided Rs 12 crore as standard-asset provisions for such accounts. **FE**

Pakistan's airspace to remain shut for Indian flights till May 30

PRESS TRUST OF INDIA
LAHORE, MAY 15

PAKISTAN ON Wednesday decided not to lift its airspace ban for Indian flights till May 30, as Islamabad is awaiting the outcome of the Lok Sabha polls in India.

Pakistan fully closed its airspace after an Indian Air Force strike on a Jaish-e-Mohammed (JeM) terror camp in Balakot on February 26. However, Pakistan opened its airspace for all flights except for New Delhi, Bangkok and Kuala Lumpur on March 27.

"The top officials of defence and aviation ministries held a meeting on Wednesday to reconsider opening its airspace for Indian flights. They decided that Pakistan's airspace will remain banned for the Indian flights till May 30," a senior government of-

ficial told PTI after the meeting.

He said the Civil Aviation Authority has also notified the decision to the airmen. The authority issued a notification (Notam) after the meeting to pilots, advising them of circumstances relating to the state of flying.

The official said the government will now consider lifting of the ban on Pakistan's airspace for Indian flights on May 30. Pakistan's Science and Technology Minister Fawad Chaudhry early this week said that the status quo will remain till the conclusion of elections in India.

"Status quo will remain till the elections are over in India. I don't see any improvement in relations between Pakistan and India till the elections are over and a new government is installed. The ban on airspace by each other I think will also continue till Indian polls," Chaudhry told PTI.

BRIEFLY

Rules on incorporation of firms amended

New Delhi: The Corporate Affairs Ministry has amended the rules pertaining to incorporation of companies to provide more clarity and uniformity in choosing names for the companies, according to an official. The ministry has brought in amendments to the Companies (Incorporation) Rules, 2014. The move also comes against the backdrop of instances where applications by companies for registering their names have been rejected due to various reasons, including trademark issues and proposed names being too general.

Burman gains Taco Bell's India franchise

New Delhi: Mexican cuisine chain Taco Bell, a part of Yum Brands Inc, on Wednesday announced Burman Hospitality as its master franchise partner in India, with plans to open 600 outlets by 2029.

'ArcelorMittal resolution plan violative of IBC'

New Delhi: Prashant Ruita, the promoter of debt-ridden Essar Steel, Wednesday submitted before the National Company Law Appellate Tribunal that the resolution plan moved by ArcelorMittal is in violation of the Insolvency & Bankruptcy Code (IBC).

Govt plans to sell 15% in RITES via OFS

New Delhi: The Centre is planning to divest up to 15 per cent stake in railway PSU RITES through an offer for sale (OFS), which could fetch around Rs 700 crore to the exchequer. Railways consultancy firm RITES got listed on the bourse in July 2018 after it raised about Rs 466 crore through an initial public offering (IPO), which got subscribed 67 times.

Jet among 250 companies fined by NSE

New Delhi: The NSE Wednesday said it has penalised 250 firms, including two IL&FS group firms and Jet Airways, for non-compliance with various listing regulations for the quarter ended March 31, 2019. The total penalty imposed on the non-compliant companies is little over Rs 8.84 crore, as per NSE data. **PTI**