



**IRDAI for non-exclusion of critical illnesses**  
NEW DELHI Insurance regulator IRDAI is mulling barring insurers from excluding several critical illnesses such as mental problems and genetic diseases from health insurance policies. With the increase in the number of health insurance companies as well as products, IRDAI proposed that health insurers adopt a uniform approach while incorporating exclusions in the health insurance products. PTI

**Reliance Capital to raise ₹10,000 cr. via asset sale**  
NEW DELHI Cash-strapped Reliance Capital on Saturday said it expects to raise ₹10,000 crore by selling assets and cutting down its debt by about 50% in the current fiscal. The company said it had been working to ensure timely debt repayments. It is in the process of monetising its 42.88% stake in Reliance Nippon Life Asset Management which is valued at over ₹5,000 crore. PTI

**Fortis Healthcare arm to offload stake in MSCL**  
NEW DELHI Fortis Healthcare said its subsidiary Fortis Healthcare International will sell its entire stake in Medical and Surgical Centre Ltd. (MSCL). "Fortis Healthcare International Ltd. has entered into a share purchase agreement with CIEL Ltd., CIEL Healthcare Ltd. and MSCL, for sale of the entire shareholding (28.89%) held by FHIL in MSCL," it said in a filing. PTI

**IL&FS arm appoints Kazim Raza Khan as CEO**  
NEW DELHI IL&FS Engineering and Construction Company Ltd. said its board has appointed Kazim Raza Khan as its chief executive officer. "The board of directors have re-designated Mr. Khan as chief executive officer of the company effective May 16, 2019," the company said in a statement. Mr. Khan was appointed as the manager and key managerial personnel of the company on December 24, 2018. PTI

# Promoter Gangwal does not want more control, says Indigo

Budget carrier, however, acknowledges differences between promoters

**SPECIAL CORRESPONDENT  
NEW DELHI**  
Budget carrier IndiGo late Saturday evening acknowledged that there were differences between its promoters Rahul Bhatia and Rakesh Gangwal but unequivocally rejected the view that the latter wanted to acquire greater control in the company. The clarification was posted on the BSE's website and was issued by the airline's CEO Ronojoy Dutta. Mr. Dutta quoted Mr. Gangwal as saying, "there is no interest or desire whatsoever on the part of the RG (Mr. Rakesh Gangwal) group to take control of the company."

**SHA expires in Oct.**  
Referring to media reports about the two promoters approaching law firms over the shareholding agreement (SHA), Mr. Gangwal was quoted as saying, "I am placing on record that the RG Group stands by the current SHA



**Air pocket:** The differences between promoters are over making management appointments ■ V.V. KRISHNAN

which, in any case, expires this October." As per the shareholding pattern declared by Inter-globe Aviation Ltd., IndiGo's parent, as of March 31, Mr. Bhatia, his family and his holding company Interglobe Enterprises held about 38% stake, while Mr. Gangwal, his

signed at the time of the company's Initial Public Offering in October 2015 and is set to expire four years after it went public. The CEO tried to assure employees, shareholders and customers that the company would work towards bridging its internal fissures. "We all know, that in any strong and well-managed company, there will always be differences. "And, yes, there may be differences currently on certain matters but the company has a great track record of resolving issues and coming out ahead." The airline, which enjoys a market share of 47%, emphasised that it was committed to "a rapid build-up of airline connectivity within India and to international destinations." It quoted its board as saying, "IndiGo's strategy in terms of growth and cost leadership remains unchanged."

# RBI now uses divergence to compel banks to improve their loan-loss ratios

Delayed NPA recognition also amounts to under-reporting

**MANOJIT SAHA  
MUMBAI**  
At least three public sector banks that have reported earnings for the January-March quarter have mentioned 'divergence' in bad loan recognition and have made provisions for such loans. Divergence takes place when the Reserve Bank of India (RBI) finds that a lender has under-reported (or not reported at all) bad loans in a particular year and hence asks the lender to make disclosures if under-reporting is more than 10% of bad loans or the provisioning. Three state-run banks – Union Bank of India, Indian Bank and Central Bank of India – had reported divergence while announcing the results. In all these banks, divergence was spotted for the financial year 2017-18. Higher provisioning for di-

vergence was one of the reasons for them to report losses for the quarter. Interestingly, divergence was identified not because these banks hadn't classified the loan as non-performing assets (NPA) but because they were late in classifying them. **NPA classification** Since the date of classification as NPA had been pushed back, the banks had to make higher provisioning due to the ageing factor. In the first stage of NPA, which is the 'sub-standard' category, 15-20% provision is required and for next category, which is 'doubtful', a 40% provision is required. "During the annual inspection, RBI supervisors pointed out that if one bank has identified an account as NPA six months earlier, for example, then why have oth-



er banks delayed in recognising the same. So, banks have been asked to classify the account as NPA on an earlier date, which means, increase in provisioning requirement due to ageing factor," a top official from a public sector bank said. Some bankers said the identification was pushed back by two years in some cases. Since banks had to increase their provisioning,

this resulted in higher provision coverage ratios (PCR). Central Bank of India's provision coverage ratio had improved to 76.6% as on March 31, 2019, from 63.31% a year earlier, while Union Bank's improved to 66.24% from 57.18%. Indian Bank's provision coverage ratio was 65.72%. In 2009, RBI had mandated a 70% provision coverage ratio, which resulted in banks increasing their coverage. However, in April 2011, the mandate was withdrawn. **Provision coverage ratio** With the asset quality of banks starting to worsen from about 2013-2014, the PCR level of banks has fallen sharply. Now, the banking regulator has found a way to increase the loan-loss ratio without mandating any particular level.

INTERVIEW | ARUNA SUNDARARAJAN

# 'U.S. curbs on Huawei may not delay the roll-out of 5G'

5G roll-out to be priority for new govt.: Telecom Secretary

**MINI TEJASWI**  
When the new government assumes office, it will have a plethora of issues to handle on a priority basis. Spectrum allocation for 5G figures prominently in the list, says **Aruna Sundararajan**, Telecom Secretary and Chairman of the Telecom Commission. Excerpts:

**Will the U.S. ban on Huawei delay global roll-out of 5G?**  
■ I don't believe it will. The U.S. is already well advanced in terms of 5G readiness, and so are countries like Japan, Korea and Sweden which are leading the 5G rollout. Each country, including India, will, of course, have to evaluate and assess what is required from their own security perspective and plan their roadmaps accordingly.

**Will the spectrum allocation for 5G be a priority topic for the new government?**  
■ Yes, spectrum allocation is an important area for the government to enable new technologies such as 5G, which are estimated to have significant positive impact on cross-cutting industry verticals and services. Considering the positioning of 5G as a general purpose technology (GPT), it is indeed an immediate priority to provide necessary enabling environment, including spectrum, to enable early adoption of new technologies to drive the 'digital agenda' in the country.

**Can India meet its own 2020 roll-out deadline for 5G?**  
■ India has been a prudent and cautious market. The 3G and 4G standards entered India as matured technologies. Telecom service providers in the country are closely watching the 5G rollout preparedness in global markets. They are also assessing the demand-pull factors in terms of usage cases. The operators are giving priority for technology trials in partnership with OEMs to enable them to learn network planning and usage-case business

**It is a matter of time before we start seeing 5G networks in the country**  
models.

**What could be the immediate 5G-related market opportunities?**  
■ It is estimated that the immediate opportunity would be for roll-out of eMBB (enhanced mobile broadband) capability to deliver high-speed services as standards for other capabilities such as uRLLC (ultra-reliable low latency communication), MMTC (massive machine type communication) that are likely to be ready only by the end of 2020. There will be a significant learning on 5G rollout and technology aspects by 2020. Current offerings of OEMs on 5G are only candidate technologies as 5G standards are yet to get finalised for all capabilities.

**Does India have the right ecosystem and pricing yet for 5G roll-out?**  
■ We are in a much better position than we were during 4G introduction in terms of data appetite, usage of apps, ICT literacy, broadband penetration etc. The 5G high level task force (HLTF) has been constituted to strengthen the digital communication ecosystem in the country. Despite the fact that the telecom network deployment is capital-intensive in nature, the Indian market has always demonstrated cost leadership.



By very nature of the need to provide ubiquitous connectivity in a telecom network, the aim is always to make the subscriber base as large as possible. India's large market is a key factor that will drive 5G. **What kind of newer digital opportunities will 5G bring?**  
■ From the forecasts and successful trials abroad, 5G technology is proclaimed to have the potential of a general purpose technology considering its high throughput, near real-time and high quality services. Health, education, industrial automation, transportation, assisted-driving, security and surveillance, consumer experience and entertainment are quoted as potential sectors for 5G. New kinds of services, businesses, new streams of revenues are projected for both operators and enterprises in the years to come as per market reports.

**Industry experts and telcos such as Vodafone Idea argue that India has a serious shortage of capex and therefore, it should postpone 5G roll-out for some years. What are your views?**  
■ Yes, Vodafone-Idea has a view on its readiness on 5G roll-out. Operators may be assessing the demand for capital investment in light of 5G roll-outs announced in other countries and also taking note of the plans of other operators in the market. New technology roll-out in a telecom market is contagious and I expect the launch by one player will see others roll it out as well. As you may see, the gap in adoption from generation to generation, that is, 2G to 3G and 3G to 4G has been decreasing and it is a matter of time before we start seeing 5G networks in the country. The 5G HLTF's objective is to enable the process and the ecosystem in the country.

# 'New U.S. immigration rules to benefit Indian professionals with special skills'

However, visa applicants must be properly screened, says Kumar of IAICC

**MINI TEJASWI  
BENGALURU**  
Indian professionals with specialised skills will be the biggest beneficiaries of U.S. President Donald Trump's proposed immigration policy, said K.V. Kumar, chairman and CEO, Indian American International Chamber of Commerce (IAICC). The IAICC represents over six lakh small and medium Indian or Indian-origin enterprises around the globe. He insisted that the proposed immigration scheme, which will focus on a points-based system that prioritises the admission of immigrants with certain education and employment qualifications, would definitely help Indian professionals who are seeking U.S. visas/green cards. "It proposes to consider 57% of immigrants for skill-



K.V. Kumar

based green cards. That's over a fourfold increase from the existing 12%. A large population of Indians, who are currently on H-1B visas are going to benefit from it," said Mr. Kumar who has worked with all U.S. Presidents starting with Ronald Reagan to Mr. Trump. Though family visas may be cut to 33% from 66% now,

under the new scheme, visa processing for spouses and parents will be done at a fast pace. Based on his interaction with the SMB (small and medium business) community, Mr. Kumar further said, the Indian business community in the U.S. was quite upbeat about the proposed changes as it would increase the scope for talent transfer between the U.S. and India. "India already is a huge beneficiary of U.S. visas and green cards. The U.S. will only be more gracious and willing to offer visas to eligible Indians. The fake Michigan University kind of incidents have spoilt the reputation of India. So, it is critical that governments, companies and educational institutions here do a proper screening of visa applicants to avoid embar-

assments," he cautioned. As per a Washington DC-based fact tank, Pew Research Center, during fiscal 2017, some 748,746 people were granted family-based permanent residency in the U.S. Under employment based immigration (12%), 1,37,855 people were given residency, 1,20,356 came under refugees (11%), under others (6%) came 68,618 asylees and parolees and another 51,592 people were given permanent residency under diversity (5%). "These new proposals, if approved by the Congress, have the potential to dramatically alter the immigration landscape of the U.S. It is encouraging that talent, skills and expertise will be given preference over family," said Sajai Singh, senior partner at J. Sagar Associates.

# Baring PE Asia buys 30.5% in NIIT Tech

**PRESS TRUST OF INDIA  
NEW DELHI**  
Baring Private Equity Asia (BPEA) has acquired 30.5% stake in NIIT Technologies Ltd. for about ₹2,627 crore. Last month, funds affiliated to BPEA had signed pacts to buy 30.5% in NIIT Technologies from NIIT Ltd. and other promoter entities at ₹1,394 per share.

# U.S.-China trade tension may hit emerging markets, says Ind-Ra

**SPECIAL CORRESPONDENT  
MUMBAI**  
The rise in trade tension between the U.S. and China could lead the latter to divert its exports to emerging markets (EMs), including India, according to Indian Ratings and Research (Ind-Ra). In the past, China has shown such a tendency and dumped its products at predatory rates in many mar-

kets, including India. This could potentially disrupt the demand-supply dynamics in the Indian markets, especially for products such as electronic goods, iron and steel and organic chemicals. A fall in Chinese exports to the U.S. could potentially put downward pressure on the Chinese yuan (RMB). A likely devaluation in the RMB could stimulate a com-

pulsive depreciation in the Indian rupee, failing which the competitiveness of Indian exports could be affected, Ind-Ra said in a statement. Chinese exports accounted about 18% of total U.S. imports in 2018, representing 2.34% of the U.S. GDP. Lower imports or a rise in the cost of imported goods could stimulate inflationary pressures in the U.S.