ECONOMY

GOLD	RUPEE	OIL	SILVER
₹32,720	₹69.74	$72.85*	₹37,350

*Indian basket as on May 17, 2019

SENSEX: 39,352.67 ▲ 1421.90 **NIFTY:** 11,828.25 ▲ 421.10 **NIKKEI:** 21,301.73 ▲ 51.64 **HANG SENG:** 27,787.61 ▼ 158.85 **FTSE:** 7,276.57 ▼ 72.05 **DAX:** 12,026.88 ▼ 212.06

International market data till 1900 IST

INSURANCE PREMIUM ON GOODS CARRIERS ALSO TO RISE

IRDAI proposes 15% hike in third-party premium on small and medium vehicles

ENS ECONOMIC BUREAU
MUMBAI, MAY 20

A DAY after the Lok Sabha election process ended, the Insurance Regulatory and Development Authority of India (IRDAI) on Monday proposed a 15 per cent hike in third party (TP) motor insurance premium for small and medium private cars for the year 2019-20. It has also proposed a hike in third party insurance for two-wheelers and heavy vehicles for the current year. The insurance regulator had in March this year deferred the hike in third party insurance premium due to the elections.

IRDAI has proposed a 14.60 per cent hike in private cars below 1000 cc engine to Rs 2,120 and a 15.26 per cent increase to Rs 3,300 for cars with engine capacity of 1000-1500 cc. There is no change in the premium of Rs 7,890 for cars above 1500 cc capacity. In the case of two-wheelers (between 150 cc and 350 cc), it has proposed a 21.11 per cent increase to Rs 1,193. For two-wheelers between 75 cc and 150 cc, it proposed a 4.44 per cent rise in premium to Rs 752. The premium for two-wheelers above 350 cc remains at Rs 2,323.

In the case of goods carriers with gross vehicle weight (GVW) up to 7500 kg, it has proposed to increase the TP premium from Rs 14,390 to Rs 15,746, for vehicles with GVW between 7,500 kg to 12,000 kg, the rate will go up from Rs 24,190 to Rs 26,935 and for vehicles between 12,000 kg to 20,000 kg, the rate will rise from Rs 32,367 to Rs 33,418.

According to IRDAI, a discounted price of 50 per cent of the proposed rate based on the erstwhile Indian Motor Tariff (IMT) has been proposed for those private cars identified as vintage cars by the Vintage and Classic Car Club of India. It also proposed a discount of 15 per cent on motor TP premium rates for electric private cars and electric two wheelers. "This will be an incentive to use environment friendly vehicles," IRDAI said.

In March 2019, IRDAI had decided not to increase the annual premium for TP policies until further orders. Insurers were then expecting TP premium, currently regulated by IRDAI, to rise by 20-30 per cent going by last 6 years' trend. Over the last 6 years, third-party premiums increased by 29 per cent for car and 23 per cent for two-wheelers on an average.

Every year, the regulator decides the third party insurance premium that remains the same across all the insurers. The premium is evaluated considering the annual claims data of all insurers across different cubic/engine capacity of the vehicle. Under a motor insurance policy, there are two major components: Third-party insurance and Own Damage Insurance. As per The Motor Vehicles Act, 1988, it is mandatory to insure vehicles with at least third-party insurance.

Last year, IRDAI had reduced third-party premium for small cars not exceeding 1000 cc. However, it had increased rates for bikes with higher engine capacity. Third-party insurance insures the first party or the vehicle owner against damages caused by the vehicle to third parties. Third parties may include pedestrians, other vehicles, or even someone's property. TP insurance protects insured from any legal liability arising due to damages caused to third parties during road accident.

According to officials, insurers have sought the use of telematics for calculating premium. This means that the premium could vary for customers depending on the driving habits and behaviour. This is done based on the findings of the telematics or black box, which is fitted in the car to monitor the driving habits, quality and distance of roads travelled.

Last year, public sector general insurers led by New India Assurance (NIA) — except Oriental Insurance Company (OIC) — lost out heavily in their motor business to private sector companies which are offering higher commission above the cap set by the insurance regulator IRDAI. NIA, United India Insurance and National Insurance Company have seen de-growth in their motor business during the year and together the four companies have shed almost 5 per cent — from 45 per cent to 40 per cent — of motor business to their private sector rivals in 2018-19.

THIRD PARTY MOTOR INSURANCE PREMIUM

VEHICLE TYPE	EXISTING (₹) 2018-19	PROPOSED (₹) 2019-20
PRIVATE CARS		
Below 1000 cc	1,850	2,120
Between 1000 cc and 1500 cc	2,863	3,300
Above 1500 cc	7,890	7,890
TWO WHEELERS		
Below 75 cc	427	482
Between 75 cc and 150 cc	720	752
Between 150 cc and 350 cc	985	1,193
Above 350 cc	2,323	2,323

EXPLAINED

Rise likely in FY20 TP premium

THE MOTOR insurance business, one of the biggest revenue generators for the insurance industry is likely to witness a rise in third party premium in 2019-20 after a delay of almost two months.

The proposed hike is at a time when public sector companies have cited the "unfair market practices and undisciplined market" for losing market share after the insurance regulator unveiled new MISP (motor insurance service providers) norms that limited the percentage of commissions that can be paid to the authorised dealers.

₹ posts biggest single-day gain in 2 months after exit poll results

ENS ECONOMIC BUREAU
MUMBAI, MAY 20

POSTING ITS biggest single-day gain in two months, the rupee on Monday surged by 49 paise to close at 69.74 against the US dollar following sharp gains in the equity market and foreign capital inflows after exit polls predicted another term for the ruling NDA government.

Forex traders said investors welcomed exit poll results that predicted a comfortable majority for the BJP-led government. "Most exit polls are indicating a clear majority for the NDA. Domestic assets are set to rally unless exit polls have got it terribly wrong. Actual results should be more or less in line," said an analyst with IFA Global.

According to WGC Wealth chief investment officer Rajesh Cheruvu, India saw a remarkable strengthening in its currency after exit polls and some de-coupling of the INR from other emerging currencies could be seen over the next few trading sessions.

On Friday, the rupee had settled at 70.23 against the US dollar. This is the biggest single-day for the rupee since March 18 when the currency had zoomed by 57 paise or 0.82 per cent.

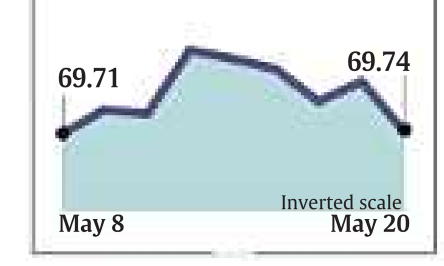
"Most of the exit polls have projected thumping majority for the NDA government. The government has taken bold steps in the last five years. This ensures policy continuity and required stability. Hence it will attract long term investors. So if the exit polls match the actual outcome then the rupee may head towards 68 levels in coming sessions," said Rushabh Maru, research analyst — currency and commodity, Anand Rathi Shares and Stock Brokers.

However, rising crude oil prices weighed on the domestic currency.

"If the rupee is not a worry after May 23, we may see the Reserve Bank of India cutting rates another 25 basis points in its June policy as core inflation is softening and growth is weak. It may also likely announce some liquidity infusion measures, maybe open market operations (OMOs) or another forex swap depending on FPI inflows post actual results," IFA Global said.

Though the rupee may remain decoupled from its Asian and emerging market counterparts for a few sessions, it will continue to be at risk from weaker Yuan and higher crude prices once the euphoria settles. "We expect the central bank to smoothen volatility and prevent the market from positioning in either direction. It may be present at lower levels to absorb inflows today," it said.

RUPEE/USD MOVEMENT



Oil at multi-week highs as OPEC signals it may extend cuts

REUTERS
NEW YORK, MAY 20

OIL PRICES on Monday rose to multi-week highs before easing later in the session as OPEC indicated it was likely to maintain production cuts that have helped boost prices this year, while escalating Middle East tensions provided further support.

US West Texas Intermediate crude futures gained 21 cents to $62.97 a barrel by 1715 GMT, after hitting $63.81, the highest price since May 1. Brent crude futures fell 11 cents to $72.10 a barrel, having earlier touched $73.40, their highest since April 26.

Saudi Energy Minister Khalid al-Falih said there was consensus among the Organization of the Petroleum Exporting Countries (OPEC) and allied oil producers to drive down crude inventories "gently" but he would remain responsive to the needs of what he called a fragile market. The comments gave an early boost to oil prices on Monday, but futures pared gains throughout the session. OPEC, Russia and other non-member producers, known as OPEC+, agreed to cut output by 1.2 million barrels per day (bpd) from January 1 for six months to try to prevent inventories from increasing and weakening prices.

ArcelorMittal to NCLAT: Will pay ₹42K crore for Essar Steel

ENS ECONOMIC BUREAU
NEW DELHI, MAY 20

REFUTING CLAIMS by Standard Chartered Bank that it was only paying Rs 39,500 crore for taking over the debt-ridden Essar Steel, ArcelorMittal on Monday informed the National Company Law Appellate Tribunal (NCLAT) that its resolution plan involves Rs 42,000-crore cash payment, which includes Rs 2,500-crore working capital.

"We are paying Rs 42,000 crore in cash. A wrong impression is being given that it is not. We are also paying a minimum guarantee of Rs 2,500 crore as working capital. Only for accounting purposes, we say Rs 2,500 crore as working capital. It is an accounting thing," senior counsel Harish Salve, appearing on behalf of ArcelorMittal, said.

Salve also accused the former promoters of Essar Steel — the Ruias — of creating hurdles in the resolution process of the bankrupt steelmaker.

According to the counsel, issues related to alleged non-performing assets of the companies of Lakshmi Mittal's brother have already been dealt with and rejected by the Supreme Court.

Salve further submitted that NCLT and lenders would decide over the distribution of funds among the creditors of Essar Steel. He added that the distribution should be "equitable" between financial creditors and operational creditors.

NCLAT would continue to hear the Essar Steel insolvency case on May 21. **FE**

'CERC tariff relief for IPPs positive for power gencos'

Power regulator CERC allowing a tariff relief to independent power projects (IPP) affected by domestic coal shortfall is positive for the power generation segment, rating agency ICRA said

TARIFF RELIEF: Central Electricity Regulatory Commission on May 16 approved a tariff relief for coal-based power project of GMR Warora Energy arising from the use of imported / e-auction coal in lieu of shortfall in supply of domestic linkage coal under the fuel supply agreement (FSA) signed with Coal India

14-15 GW: This order would enable resolution for affected domestic coal-based IPPs aggregating to 14-15 GW having long-term PPAs with state distribution utilities and facing coal supply shortfall from domestic linkage sources

75% SHAKTI policy notified by Centre in May 2017, continued the supply rate at 75 per cent of annual contracted quantity (ACQ), thus continuing dependence on imported coal

COMPENSATION: The CERC order clarifies that projects using coal under the SHAKTI scheme are also entitled for compensation for any shortfall in supply of annual contracted quantities by Coal India Ltd

MARRED BY DELAYS: While the Centre approved the use of imported coal because of the shortfall in supply of domestic coal, the implementation of tariff pass-through was marred by significant delays

REDUCING SUPPLY RATE: The CERC has considered the modifications to New Coal Distribution Policy (NCDP) approved by government in July 2013, reducing the supply rate of coal from linkage sources as a change in law event

'PATENT VIOLATION'

Flash Electronics sues Royal Enfield in US

ENS ECONOMIC BUREAU
NEW DELHI, MAY 20

AUTO COMPONENT maker Flash Electronics has filed a lawsuit against Royal Enfield in the US, alleging patent violation of a component — regulator rectifier device — and has sought up to three times the amount of compensatory damages found. The complaint has been filed at the US District Court of Wisconsin, eastern region.

As per the complaint, Royal Enfield had first sought to buy regulator-rectifiers from Flash, but when the parties could not agree on the price, the company secretly reverse-engineered its products and copied its patented technology. The complaint has been filed against Royal Enfield and its arm Royal Enfield North America.

> **"... like to clarify that the said component is supplied to us by an external, proprietary supplier, which independently develops and owns the IP rights in the said component. The supplier denies plaintiff's claims vehemently ..."**
> ROYAL ENFIELD

When contacted, the Eicher Motors-owned company said, "We are in receipt of the said notice, and our teams in USA are reviewing the complaint."

Meanwhile, Royal Enfield was quoted by *PTI* as saying that though it has received no official communication, it has learnt of a lawsuit filed in the US by Flash Electronics Pvt Ltd. that alleges that one of the components used in some of our motorcycle models sold in the USA infringe on the plaintiff's registered patent.

"We would like to clarify that the said component is supplied to us by an external, proprietary supplier, which independently develops and owns the IP rights in the said component. The supplier denies plaintiff's claims vehemently," it said in a statement.

Sanjeev Vasdev, founder and MD, Flash Electronics India, alleged that when the companies did not agree on the price, RE appointed an Indian firm to copy the design. "We reminded them on multiple occasions about the infringement and also issued a cease and desist letter last year, for which we received a very standard reply stating that they are not violating any rights," he said.

A regulator rectifier device converts the AC (alternating current) voltage produced in motorcycle engines into DC (direct current) voltage to charge batteries, power the headlights and light up the instrument panel. **FE & PTI**

TRADE DEAL

US & China bicker over 'extravagant expectations'

REUTERS
BEIJING/WASHINGTON, MAY 20

CHINA ACCUSED the United States on Monday of harbouring "extravagant expectations" for a trade deal, underlining the gulf between the two sides as US action against China's technology giant Huawei began hitting the global tech sector.

In an interview with *Fox News* Channel recorded last week and aired on Sunday night, Trump said the United States and China "had a very strong deal, we had a good deal, and they changed it. And I said 'that's OK, we're going to tariff their products'." In Beijing, Chinese Foreign Ministry spokesman Lu Kang said he didn't know what Trump was talking about.

"We don't know what this agreement is the United States is talking about. Perhaps the United States has an agreement they all along had extravagant expectations for, but it's certainly not a so-called agreement that China agreed to," he told a daily news briefing.

The reason the last round of China-US talks did not reach an agreement is because the United States tried "to achieve unreasonable interests through extreme pressure," Lu said. "From the start this wouldn't work."

China went into the last round of talks with a sincere and constructive attitude, he said.

"I would like to reiterate once again that China-US economic and trade consultation can only follow the correct track of mutual respect, equality and mutual benefit for there to be hope of success." No further trade talks between top Chinese and US negotiators have been scheduled since the last round ended on May 10 - the same day Trump raised the tariff rate on $200 billion worth of Chinese products from 10 per cent.

Trump took the step after the United States said China backtracked on commitments in a draft deal that had been largely agreed. Since then, China has struck a sterner tone, suggesting that a resumption of talks aimed at ending the 10-month trade war between the world's two largest economies was unlikely to happen soon.

Beijing has said it will take "necessary measures" to defend the rights of Chinese companies but has not said whether or how it will retaliate over the US actions against Huawei.

Later on Monday, the official China Daily also lambasted the latest US actions in a strongly worded editorial, saying that with its treatment of Huawei, the US government had revealed all its ugliness in its dealings with other countries.

"It seems as if the US takes it for granted that it has the absolute say over everything in its dealings with the rest of the world, which has to take whatever the US dishes out no matter how arbitrary and despotic that is," China Daily said. "But China will not take it and neither will Huawei."

Trump, who said the interview with *Fox News* host Steve Hilton had taken place two days after he raised the tariffs, said he would be happy to simply keep tariffs on Chinese goods, but that he believed China would eventually make a deal with the United States "because they're getting killed with the tariffs".

But he said he had told Chinese President Xi Jinping before the most recent rounds of talks that any deal could not be "50-50" between the two countries and had to be more in favour of the United States because of past trade practices by China.

'US unlikely to suffer big damages'

Frankfurt: Trade tensions with China need to linger for an extended period to cause real damage to the United States economy, St. Louis Fed President James Bullard said in remarks published on Monday.

"I think the US is such a big and diversified economy that the impact compared to the size of the entire economy would be relatively small," Bullard, a voting member of the Federal Open Market Committee, was quoted as saying in the online edition of *Handelsblatt*.

"In order to do real damage to the United States it would have to go on for some time." **REUTERS**

THE CHINESE FIRM HAS BEEN ADDED TO TRADE BLACKLIST BY US GOVERNMENT

'Huawei to continue providing updates, sales services post Google Android bar'

REUTERS
LONDON, MAY 20

HUAWEI WILL support its smartphones and tablets by providing security updates and services, it said, after Google barred it from updates to the Android operating system.

But the Chinese technology firm did not say on Monday what would happen with phones it sells in the future, which are unlikely to have access to Google's popular services, including Gmail, YouTube and maps unless a special licence is obtained.

Huawei's devices in its home market use a custom operating system based on open source Android but do not include access to any Google services, which are banned in China. But Google's curbs will hugely damage Huawei's global appeal.

"Huawei will continue to provide security updates and after-sales services to all existing Huawei and Honor smartphone and tablet products, covering those that have been sold and that are still in stock globally," a Huawei spokesman said by email.

"We will continue to build a safe and sustainable software ecosystem," Huawei, which aspires to leap-frog Samsung to be the world's biggest smartphone maker, said.

"As one of Android's key global partners, we have worked closely with their open-source platform to develop an ecosystem that has benefitted both users and the industry," it added.

Almost half of the 208 million phones Huawei shipped in 2018 went outside mainland China, and Europe is the most important overseas market where its devices had a 29 per cent market share in the first quarter of 2019, technology research firm IDC says.

The Google loss was likely to cost Huawei all of its smartphone sales outside China as "device purchasing is now almost entirely driven by the ecosystem," industry analyst Richard Windsor said.

"Huawei will not lose access to Android itself, which is open source, but Android devices outside of China must offer access to Google services in order to have any prospect of being sold," Windsor added. Google, owned by Alphabet Inc, said it would enact restrictions on Android updates after US President Donald Trump added Huawei to a trade blacklist, making it extremely difficult for it to do business with US counterparts. "We are complying with the order and reviewing the implications," a Google spokesman said. Google said its Google Play app store and security protections from Google Play Protect would continue to function on existing Huawei devices.

As well as restrictions on the software running its devices, Huawei faces the prospect of losing access to some of the US hardware suppliers it needs to produce its technology. Chipmakers including Intel Corp, Qualcomm Inc, Xilinx Inc and Broadcom Inc have told their employees they will not supply critical software and components to Huawei until further notice, *Bloomberg* reported.

Lumentum Holdings Inc followed Google on Monday in clamping down on the business it does with Huawei Technologies.

Lumentum, seen in the industry as a major supplier of Apple Inc's Face ID technology, said it was halting shipments to Huawei and cannot predict when it would be able to resume them.

'APPs TO FUNCTION'

- Its Google Play app store and security protections from Google Play Protect would continue to function on existing Huawei devices
- "We are complying with the order and reviewing the implications," Google said

'Up to govt to take call on Huawei issue'

New Delhi: Trai said issue of whether India needs to take a stand on Huawei is a "larger question" and that it is up to government to take a call on the matter. On a query on whether India needs to take position on Huawei, Trai Chairman R S Sharma said, "This is a larger question and the government will have to take a call." **PTI**

Tata Motors posts consolidated net profit of ₹1,109 cr in Jan-Mar

ENS ECONOMIC BUREAU
MUMBAI, MAY 20

REPORTING ITS first profit for financial year 2018-2019, Tata Motors on Monday recorded a consolidated net profit of Rs 1,108.86 crore for the three months of January-March 2019.

However, the origin market for the company's cash cow, Jaguar Land Rover (JLR), meant it came in almost half of what it was in the quarter ended March 31, 2018. The net profit was, however, much above the *Bloomberg* consensus estimates of Rs 570 crore.

The profit, Tata Motors management said, was on the back of a substantial correction in inventory of JLR in the company's Chinese business and stringent cost control measures under its programme 'Charge'. The changes in inventories of finished goods, work-in-progress and products for sale rose to over Rs 10,670 crore during the quarter, up from Rs 1,888-odd crore in Q4FY18.

JLR, which contributes around 78 per cent of the company's overall revenues, has been going through problems during the year with falling sales owing to a decline in demand of diesel-fuelled vehicles, slowing business in a key market like China and uncertainties over Brexit.

"A year ago, we sold 150,000 vehicles in China. This year we sold only 100,000. China is the most profitable business within JLR portfolio. For us China needs to turnaround and that is why we are doing everything possible"

P B BALAJI,
CHIEF FINANCIAL OFFICER, TATA MOTORS

In the previous quarter ended December 31, 2018, too, Tata Motors had posted a surprise and its biggest consolidated net loss at Rs 26,961 crore on the back of a non-cash asset impairment of Rs 27,838 crore for JLR. In Q4FY18 as well, the company had recorded a one-time impairment of Rs 1,641 crore related to provision for impairment of certain intangibles under development and capital work-in-progress.

Tata Motors chief financial officer P B Balaji said the company is banking on a turnaround in JLR's China business as the market is showing some signs of recovery, and expects the growth to be back for the luxury car in the quarter ended September 2019.

"It is undeniable that the global operating environment is not easy in terms of Brexit and the trade wars with China. A year ago, we sold 150,000 vehicles in China. This year we sold only 100,000. China is the most profitable business within JLR portfolio. For us China needs to turnaround and that is why we are doing everything possible," Balaji told newspersons at a post-earnings conference.

However, he said, in the meanwhile, the US and UK markets are doing very well for the company. "In UK, despite Brexit challenges, we grew 8.7 per cent and gained market share and same is the case with US, where the profitability is in line with overall JLR profitability," he said. The unit posted a loss of over £119 million during the quarter with revenues falling by 5.6 per cent y-o-y at £7,134 million. JLR retail sales during quarter were down by 8 per cent year-on-year at 1,72,700 units. **FE**

NET PROFIT IN JANUARY-MARCH RECORDED AT ₹2,970 CRORE

Hindustan Petroleum Q4 net rises 70% on inventory gains

Firm had currency exchange gain of ₹248 cr as against forex loss of ₹84 cr year ago

ENS ECONOMIC BUREAU
NEW DELHI, MAY 20

DESPITE A fall in refinery margins, state-run Hindustan Petroleum Corporation (HPCL) on Monday reported a 70 per cent year-on-year (y-o-y) increase in its net profit for the fourth quarter of FY19, on the back of inventory gains and rupee appreciation.

The net profit for the quarter under review stood at Rs 2,970 crore against Rs 1,748 crore in the same period a year ago.

"Profits increased mainly due to increased sales, improved logistics, efficiency, inventory gains and rupee appreciation during Q4 of financial year ending March 31, 2019," said M K Surana, CMD, HPCL.

The oil marketing company's inventory gain was Rs 916 crore during Q4 of FY19, compared with Rs 157 crore a year ago.

The company also had a currency exchange gain of Rs 248 crore during Q4 of fiscal 2018-19, as compared with forex loss of Rs 84 crore a year ago.

The company's gross refining margin (GRM) for the quarter under consideration stood at \$4.51 per barrel compared with \$7.07 per barrel a year ago.

Surana said HPCL sales rose 6.5 per cent to 10.03 million tonnes. "The sales of petrol increased 8.5 per cent, diesel by 3 per cent, LPG by 12.9 per cent, ATF by 17 per cent," he stated.

Turnover rose to Rs 72,840 crore in January-March from Rs 66,351 crore in the year-ago period. During financial year 2018-19, net profit was lower at Rs 6,029 crore when compared with Rs 6,357 crore in FY18.

The GRM for the full year stood at \$5.01 per barrel compared with \$7.40 in the previous financial year.

Surana attributed the lower refinery margins to increased crude price and exchange rate variation loss due to rupee depreciation.

However, inventory gains in FY19 was up to Rs 1,366 crore as compared with Rs 851 crore in the preceding fiscal.

The CMD said that the company's borrowings went up by over Rs 7,000 crore to Rs 27,240 crore as about Rs 8,000 crore of fuel subsidy bill remained unpaid by the government.

While inventory gains rose to Rs 1,366 crore from Rs 851 crore 2017-18, the company suffered a currency exchange loss of Rs 579 crore as compared to a gain of Rs 322 crore a year back, Surana further said.

During FY19, HPCL achieved the highest ever sales of 38.7 million tonnes. HPCL declared a final dividend of Rs 9.40 per share for FY19. **FE & PTI**

INCREASED SALES, LOGISTICS BOOST PROFITS

- **Increase in profits was mainly attributable to increased sales, improved logistics, efficiency, inventory gains and rupee appreciation during Q4 of financial year ending March 31, 2019**
- **Turnover rose to ₹72,840 crore in January-March from ₹66,351 crore in the year-ago period. During FY19, net profit was lower at ₹6,029 crore when compared with ₹6,357 crore in FY18**

BRIEFLY

ICICI Bank to buy stake in BSE arm INX

New Delhi: ICICI Bank Monday said it has entered into an agreement with the BSE to buy stake in its subsidiary INX - located at GIFT City Gujarat - for nearly Rs 31 crore. India International Exchange (INX) - a wholly owned subsidiary of the BSE - is India's first international exchange at International Financial Services Centre (IFSC) in GIFT City.

IKEA partner Ingka invests in India's Livspace

New Delhi: Home design and renovation platform Livspace said IKEA's strategic partner Ingka Group has invested an undisclosed sum in the India-based company. "Ingka Investments, the investment arm of Ingka Group (Ingka Holding B.V and its controlled entities), has made a minority investment in the company. Ingka Group is a strategic partner in the IKEA franchise system, representing 90 per cent of the total IKEA retail sales through 367 stores in 30 markets including India," Livspace said in a statement.

L&T buys 73,953 shares of Mindtree

New Delhi: Infrastructure major Larsen and Toubro (L&T) on Monday acquired 73,953 shares of Mindtree from open market, taking its shareholding in the IT services firm to 26.53 per cent, as per a filing. "Larsen and Toubro Ltd has acquired 73,953 equity shares (with a face value of Rs 10 each) of Mindtree Ltd on May 20, 2019," a Mindtree filing said.

₹10 banknotes bearing sign of Guv Das soon

Mumbai: The Reserve Bank of India on Monday said it will issue Rs 10 denomination banknotes bearing signature of Governor Shaktikanta Das. The Reserve Bank will shortly issue Rs 10 denomination banknotes in Mahatma Gandhi (new) series bearing the signature of Shaktikanta Das, Governor, RBI said in a release. The design of these notes is similar in all respect to Rs 10 banknotes in Mahatma Gandhi (new) series. All banknotes in the denomination of Rs 10 issued by the Reserve Bank in the past will continue to be legal tender, it said. **PTI**

Amul increases milk prices by ₹2/lt from today

EXPRESS NEWS SERVICE
AHMEDABAD, MAY 20

With the latest hike, a 500 ml pack of Amul Gold will cost Rs 27, Amul Shakti Rs 25, Amul Taaza Rs 21 and Amul Diamond Rs 28

CITING RISE in cost of milk production, Amul has increased milk prices by Rs 2 per litre in major markets of Delhi-NCR, Gujarat, West Bengal, Kolkata, Uttarakhand, Maharashtra, among others. The revised prices will be effective from Tuesday.

The Gujarat Cooperative Milk Marketing Federation (GCMMF), which markets dairy products under Amul brand, said that milk prices were last revised two years ago in March 2017.

"Considering increase in the cost of milk production, all member milk unions of Gujarat have increased milk purchase price by a minimum of Rs 30-50 per kg fat (5-8 per cent) over the last few months," the federation said in a statement issued on Monday, adding that hike will motivate milk producers to keep inducting new animals and to keep producing milk and support their livelihood.

Defending its decision which comes immediately after the conclusion of Lok Sabha polls in the country, the GCMMF said the increase in price of cattle feed ingredients such as de-oiled rice bran by 61 per cent, rice polish fine by 22 per cent, molasses by 82 per cent, maize by 63 per cent has resulted in increase in the cattle feed price by more than 15 per cent.

With the latest hike, a 500 ml pack of Amul Gold will cost Rs 27, Amul Shakti Rs 25, Amul Taaza Rs 21 and Amul Diamond Rs 28.

Stating that national and international dairy markets have witnessed adverse conditions in the last two years, the GCMMF said there has been a steep decline in prices of commodities such as skimmed milk produce and butter oil.

"This had resulted in decline in producer prices of milk across India leading to adverse impact on milk producers. However, the milk cooperatives of Gujarat continued to pay remunerative prices of milk to its producers and the average final price of milk paid to our producers has increased from Rs 710 per kg fat in 2017-18 to Rs 730 per kg fat in 2018-19," GCMMF added.

Amul, as a cooperative, passes on almost 80 paise of every rupee paid by consumers to the milk producers, the GCMMF added.

Govt to divest 25% in RailTel, invites bids for managing IPO

PRESS TRUST OF INDIA
NEW DELHI, MAY 20

THE GOVERNMENT is looking to divest up to 25 per cent stake in RailTel Corporation, and is scouting for merchant bankers to manage the listing process.

The Centre will appoint up to three merchant bankers to manage the listing process and has invited bids from them by June 11.

The paid up share capital of the Railway PSU stands at Rs 320.93 crore and Profit After Tax for 2017-18 was Rs 156 crore. As on March 31, 2018, RailTel Net worth stood at Rs 1,249 crore.

"The Government of India is considering to divest up to 25 per cent paid up equity share capital in RailTel out of its 100 per cent in the domestic market through initial public offer (IPO)," the Department of Investment and Public Asset Management (DIPAM) said while inviting bids from merchant bankers.

The Miniratna PSU is one of the largest neutral telecom infrastructure providers in the country owning an optic fiber network on exclusive Right of Way (RoW) along railway track.

The telecom company provides broadband telecom and multimedia network across the country.

In December, the Cabinet Committee on Economic Affairs approved a plan to list six public sector companies, including RailTel Corp.

'LOAN DISBURSEMENTS SLOWDOWN TO IMPACT HOME LOAN BORROWERS'

A continued slowdown in loan disbursements by housing finance companies (HFCs) could have a spillover impact on retail home loan borrowers and property developers, India Ratings and Research said

₹13,500 cr/month
Following September 2018, per month average disbursement fell to Rs 13,500 crore as few large HFCs faced serious

Difficulty for homebuyers
Tight funding in the housing finance industry has not only impacted fresh loan disbursement, but also loans where disbursements are linked to construction, which may make it difficult for many homebuyers to service their commitments to property developers

Impact on construction progress: If funding tightening continues, there could be a material impact on construction progress,

₹25,000 cr/month
Loan disbursement in the four quarters till September 2018 averaged Rs 25,000 crore per month for large six housing finance companies

thereby putting asset quality pressure on housing finance firms in the medium term

Double whammy for HFCs: There could be a double whammy if HFCs have dual exposure to developers and home loan borrowers with common exposure to underlying projects

Affect on housing loan business: The systemic rise in market borrowings rate has affected the housing loan business and the borrowing cost for some large HFCs could be upwards of banks marginal cost of funds-based lending rate (MCLR)

Runwal Group, Warburg Pincus form JV for retail mall platform, to invest over ₹2,794 cr

ENS ECONOMIC BUREAU
MUMBAI, MAY 20

RUNWAL GROUP on Monday signed a joint venture deal with an affiliate of global private equity firm Warburg Pincus to launch a retail mall platform across tier 1, tier 2 and tier 3 cities in India.

An investment of Rs 2,794.24 crore is committed with an equal contribution by both partners to develop institutional grade shopping malls. The parties would further raise around Rs 4,191 crore as debt to create a corpus of nearly Rs 6,986 crore (\$1 billion).

Warburg Pincus India managing director Anish Saraf said, "With growing middle class and expansion of branded retail, shopping malls present a meaningful opportunity to participate in India's consumption story. Along with Runwal group, which has strong retail knowledge and operational experience, and our ability to support the creation of leading enterprises in the market, this JV will enable us to benefit from India's long term growth potential".

This investment would mark the first mall asset being backed by Warburg in India.

According to a report by Anarock Capital, the private equity inflow in retail jumped to over \$1.2 billion (about Rs 7,735.2 crore) between 2017 and 2018, and \$600 million (about Rs 3,927 crore) between 2015 and 2016.

Anarock Capital MD and CEO Shobbit Agarwal said that unlike the commercial office sector, retail is geography-agnostic to some extent as its success depends on the spending power of the target audience. As a result, shopping malls in tier 2 and tier 3 cities have led to an increase in rentals and profitability of developers and caused PE investors to consider investments options other than tier 1 cities, he added. **FE**

WTO quarterly trade growth indicator remains at 9-year low

REUTERS
GENEVA, MAY 20

THE WORLD Trade Organization's (WTO) quarterly outlook indicator showed on Monday that global goods trade growth was likely to remain weak, with a reading of 96.3, unchanged from February, the lowest since 2010.

"The outlook for trade could worsen further if heightened trade tensions are not resolved or if macroeconomic policy fails to adjust to changing circumstances," the WTO said, adding that the latest indicator did not reflect major trade moves in the last few days. A score of below 100 in the indicator, a composite measure of seven drivers of trade, signals below-trend growth in global goods trade, which the WTO's April forecast estimated at 2.6 per cent this year, the mid-point of a forecast range from 1.3 per cent to 4.0 per cent.

But WTO economists warned that there were several scenarios that could pull trade growth towards the bottom end of that range, including worsening trade tensions between the United States and China, or Britain leaving the European Union without a deal on their future relationship.

Since April there has been no resolution to the Brexit impasse and US President Donald Trump has ordered a massive increase in tariffs on Chinese goods and said car imports are a national security threat, although he postponed a tariff he had threatened to impose on cars from around the world.

The quarterly indicator is based on merchandise trade volume in the previous quarter, export orders, international air freight, container port throughput, car production and sales, electronic components and agricultural raw materials.

INDIA'S ICT PRODUCTS TARIFF

Chinese Taipei seeks to join WTO consultations

PRESS TRUST OF INDIA
NEW DELHI, MAY 20

CHINESE TAIPEI on Monday expressed interest in joining consultations in a case filed by Japan in the World Trade Organization's (WTO) dispute settlement body against India's import duties on certain information communications technology (ICT) products, including mobile phones.

According to a communication of the WTO, Chinese Taipei said that the separate customs territory of Taiwan, Penghu, Kinmen and Matsu has a substantial trade interest in ICT goods.

On May 14, Japan dragged India to the WTO over import duties imposed on certain electronic goods such as telephones for cellular networks; machines for reception, conversion and transmission or regeneration of voice, images or other data; and parts of telephone sets.

They have alleged that imposition of import duties on these products by India infringes WTO norms as India has committed zero per cent bound tariffs on these products.

Global restructuring: Ford Motor to cut 10% of white-collar jobs

REUTERS
DETROIT, MAY 20

FORD MOTOR said on Monday it will eliminate about 10 per cent of its global salaried workforce, cutting about 7,000 jobs by the end of August as part of its larger restructuring in a move that will save the number 2 automaker \$600 million annually.

Ford Chief Executive Officer Jim Hackett said in an email to employees that the cuts include both voluntary buyouts and layoffs, and a spokesman added it freezes open positions as well. About 2,300 of the affected people are employed in the United States, the spokesman said.

"To succeed in our competitive industry, and position Ford to win in a fast-changing future, we must reduce bureaucracy, empower managers, speed decision making, focus on the most valuable work and cut costs," Hackett said in the email. Ford has been restructuring its operations globally to improve profitability and speed product development, making or announcing cuts in Europe, South America and Russia.

The automaker also has signed a deal with Germany's Volkswagen AG to join forces on commercial vans and pickup trucks. The firms are also negotiating a broader alliance for electric and self-driving vehicle development. US President Donald Trump has pushed boosting auto sector employment, harshly criticizing automakers, especially General Motors Co for cutting jobs, but has focused primarily on blue-collar cuts at factories rather than white-collar reductions. The White House did not immediately comment about Ford's salaried cuts.

Restructuring work continues in Europe, China, South America and the International Markets Group and the company expects to complete the process in those markets by end of August, he said.

Municipal bonds issuance: Sebi proposes norms change

PRESS TRUST OF INDIA
NEW DELHI, MAY 20

SEBI MONDAY proposed changes to regulations for issuance of municipal bonds as part of efforts to enable fund raising by bodies similar to municipalities.

Besides, the minimum subscription amount for municipal bonds on a private placement basis be reduced to Rs 10 lakh from the current Rs 25 lakh in a bid to align it with corporate bonds.

Currently, minimum subscription for corporate bond on private placement is Rs 10 lakh. While urban development bodies and other agencies carry out functions similar to municipalities, they are not defined as municipalities under constitution, thereby making them ineligible to raise funds via issue of debt securities under the ILDM (Issue and Listing of Debt Securities by Municipalities) regulations, Sebi said.

Accordingly, it is proposed to widen the scope of issuer to include any statutory body or authority, trust or agency established under an Act of Parliament or an Act of the State Legislature or any SPVs notified by state government or central government, Sebi said in a consultation paper.

Apart from specified agencies, any structure set up by the state government under the pooled finance development fund (PFDF) scheme of the central government is proposed to include under scope of issuer, the market watchdog said. PFDFs are structures wherein a group of municipalities pool their resources together to jointly raise funds through issuance of bonds.

However, the inclusion is subject to the condition that these entities perform one or more functions listed in twelfth schedule of constitution which includes town planning, urban poverty alleviation and other various functions.

Sebi also came out with a framework for Innovation Sandbox that will help provide financial technology (fintech) firms and unregulated market participants an environment to test their new solutions with markets data. The framework can be utilised by any entity that intends to innovate on the products, services, and solutions for the securities and commodities market in India.

The entities would have access to markets data but not live data to test their solutions. "Sebi feels that fintech firms should have access to market related data, particularly, trading and holding data, which is otherwise not readily available to them," a circular by the regulator said.

Norms to shift firms on IGP to regular trade

New Delhi: Sebi on Monday released draft norms for allowing companies listed on innovators growth platform (IGP) to trade under regular category of the main board.

The IGP, earlier known as 'Institutional Trading Platform', was created to facilitate listing of start-ups or new age ventures in sectors like e-commerce and data analytics. **PTI**

T-Mobile's \$26 bn deal for Sprint gets big boost from USFCC chief

REUTERS
WASHINGTON, MAY 20

Ajit Pai said he will recommend that the other four commissioners vote to approve the merger

T-MOBILE US Inc's \$26 billion acquisition of rival Sprint Corp won the support of the head of the Federal Communications Commission on Monday, in a big step toward the deal's approval.

FCC Chairman Ajit Pai, a Republican, came out in favor of the combination after the companies offered concessions including selling Sprint's Boost Mobile prepaid cell service. Pai said on Monday he will recommend that the other four commissioners vote to approve the merger.

A second member of the five-person FCC, Commissioner Brendan Carr, a Republican, also said he will vote to approve the deal. Sprint shares surged 23.2 per cent while T-Mobile shares rose 5.1 per cent. If okayed by the FCC, the deal would still need approval from the US Justice Department's antitrust division.

If the deal is completed, the number of US wireless carriers would drop to three from four, with Verizon Communications Inc and AT&T Inc leading the pack.

Some telecommunications experts have predicted that prices for cell phone service would rise as a result, and Democratic US Senator Richard Blumenthal agreed.