GOLD ₹32,680 | RUPEE ₹69.66 | OIL $71.88* | SILVER ₹37,200

*Indian basket as on May 21, 2019

SENSEX: 39,110.21 ▲ 140.41 NIFTY: 11,737.90 ▲ 28.80 NIKKEI: 21,283.37 ▲ 10.92 HANG SENG: 27,705.94 ▲ 48.70 FTSE: 7,338.00 ▲ 9.08 DAX: 12,107.32 ▼ 36.15

International market data till 1900 IST

POLICY WATCH
GOODS AND SERVICES TAX

Simplified return filing system: Prototype up for trial, feedback

ENS ECONOMIC BUREAU
NEW DELHI, MAY 22

A YEAR after the Goods and Services Tax (GST) Council approved the initial blueprint for a simplified returns filing system, the GST Network (GSTN) on Wednesday released a prototype of the proposed new return, which will be officially launched later this year.

The prototype of offline tool of new return is an interactive demo for stakeholders to see various functionalities and give their feedback on the same, before it goes live. "It is an interactive prototype, which allows users to navigate from page to page and use functionality such as drop down menus, invoice upload, upload of purchase register for matching with system created inward supplies etc," it said.

In the proposed system of new GST return filing, a normal taxpayer would have to file form GST RET-1 (Normal) or Form GST RET-2 (Sahaj) or Form GST RET-3 (Sugam) on either monthly or quarterly basis. Annexure of supplies (GST ANX-1) and Annexure of Inward Supplies (GST ANX-2) will be filed as part of these returns. All the outward supplies will be detailed in GST ANX-1 while GST ANX-2 will contain details of inward supplies auto-populated mainly from the suppliers' GST ANX-1.

Suppliers will have to file a detailed return in form GST RET-1. Businesses which make supplies to only consumers (B2C) have to file return form 'Sahaj'. It includes details of outward supplies and inward supplies attracting reverse charge as well as summary of inward supplies for claiming input tax credit (ITC). Businesses with supplies to both businesses (B2B) and consumers (B2C) have to file return form 'Sugam', which would include summary of supplies made and tax liability, summary of inward supplies for claiming ITC, along with details of interest due and tax payment.

INTERACTIVE DEMO

■ Prototype of offline tool of new return is an interactive demo for users to see functionalities and give feedback

GSTN said stakeholders can share their comments on 'feedback.newreturn@gstn.org.in'. Since it is a demo tool and not the real tool, users can enter data but it will not be saved.

EY India tax partner Abhishek Jain said, "With this prototype being released, implementation of the new simplified returns is expected to be a reality soon. The companies would now need to ensure appropriate modifications are executed to their ERPs, business processes, etc. for culling out information to be disclosed and eligibility of input tax credits ..."

The new return filing format will replace current requirement of filing final sales return GSTR-1 and summary sales return GSTR-3B. After approval for initial plan for simplified returns in May last year, the GST Council in July last year had decided that simplified GST return forms — Sahaj and Sugam — would be rolled out on a pilot basis from April 1, 2019, while mandatory filing across India would kick in from July. The pilot project, however, got delayed and is now expected to be introduced on a trial basis from July.

The new system under GST will be different from the existing system as it proposes an 'Upload–Lock–Pay' model for most taxpayers, wherein invoices can be uploaded continuously by the seller and can be continuously viewed and locked by the buyer for availing input tax credit. Input tax credit will be dependent on uploading of invoices by supplier within prescribed time limit, unlike current system where one avails ITC on a provisional basis.

MONEY LAUNDERING PROBE

ED searches offices, homes of 4 former IL&FS directors

ENS ECONOMIC BUREAU
MUMBAI, MAY 22

THE ENFORCEMENT Directorate (ED) on Wednesday conducted searches at the offices and residences of four former directors of the IL&FS Group, in connection with its money laundering probe into the defaults by the shadow lender.

The ED team in Mumbai, searched the offices and residences of Shahzaad Dalal, Rajesh Kotian, Manu Kochhar and Mukund Sapre at Nariman Point, Khar, Bandra and Goregaon in suburban Mumbai.

While Dalal and Kochhar were the former directors of IL&FS Financial Services Ltd (IFIN), Kotian was the executive director of IFIN and Sapre was the managing director of IL&FS Engineering and Construction Company.

Earlier in February, ED had searched Ravi Parthasarthy, former chairman of IL&FS and former managing director Hari Sankaran and a few top officials of IL&FS Rail in connection with the money laundering case registered by the agency on February 19.

The ED case so far, is based on an FIR registered by the Economic Offences Wing of the Delhi Police against IL&FS Rail.

IL&FS Rail is a subsidiary of IL&FS Transportation Networks Ltd. The IL&FS Group that has total liabilities of Rs 94,000 crore has also come under the scanner of the Serious Fraud Investigation Office (SFIO). The SFIO has found several irregularities across corporate governance and financial parameters that led to a default crisis at IL&FS. Sources said the ED is likely to widen its probe to include other IL&FS group companies apart from IL&FS Rail.

Last month, ED restrained Shahzaad Dalal from selling his South Mumbai property, as a part of its probe.

In a separate development, sources said that the new IL&FS board which had earlier sent notices to the 14 former directors of IFIN for "facilitating money laundering," sanctioning loans without any security and "conspiracy and getting unlawful gains," is contemplating to register a FIR with the police against some of the IL&FS Group companies and their former directors.

In April, the SFIO arrested IFIN's former MD and CEO Ramesh C Bawa and Hari Sankaran, former chairman and managing director of IL&FS, for alleged fraud in granting loans. The fraud office has alleged that these two officials were involved in mismanagement, fudging of accounts and non-disclosure of NPAs. Both are currently in judicial custody.

An interim report of the SFIO said it has found multiple instances of evergreening of loans at IL&FS Financial Services Ltd which helped it "deflate" its provisioning of non-performing assets (NPAs), project a "strong balance sheet" and "inflate its financial performance".

The alleged financial irregularities at IL&FS came to light last September, after some group entities started defaulting on debt repayments.

The entire group has been defaulting on repayments since then.

The government subsequently superseded the company's board, and appointed a new management to work on a resolution plan.

EXPLAINED E.

Probe agencies expanding the investigation

THE SEARCH by Enforcement Directorate (ED) at offices and residences of four former directors of IL&FS group after arrests of Hari Sankaran, former chairman and managing director of IL&FS and Ramesh C Bawa former MD and chief executive officer of IL&FS Financial Service Limited (IFIN) by the Serious Fraud Investigation Office (SFIO) in April, indicates that the investigating agencies are expanding the probe.

The role of other directors and executives, who may have played a role in the alleged cases of impropriety in the affairs of IL&FS Group, are now being investigated.

CO-LOCATION CASE

Transfer ₹625 crore to Sebi within two weeks: SAT to NSE

ENS ECONOMIC BUREAU
MUMBAI, MAY 22

Tribunal is hearing NSE's petitions challenging orders of Sebi, which imposed a regulatory fine on the exchange

THE SECURITIES Appellate Tribunal (SAT) on Wednesday asked National Stock Exchange (NSE) to transfer Rs 625 crore to Securities and Exchange Board of India (Sebi) within two weeks, in connection with the alleged lapses in the algorithmic trading systems and co-location facilities of NSE. This money will remain in an account managed by Sebi till SAT decides the case.

The tribunal was hearing NSE's petitions challenging the co-location orders of Sebi, which imposed a regulatory fine on the stock exchange for allegedly giving unfair access to its network servers. In April, Sebi directed exchange to disgorge profits worth over Rs 1,000 crore and imposed a six-month ban on launching new derivative products besides action against other entities, including some current and former officials, after finding that NSE had failed to ensure equal access for all brokers to its network servers.

Sebi had passed five separate orders, together running into 400 pages, related to the co-location case, and said NSE had failed to ensure equal and fair access to all members when they were using its algorithmic trading platform and co-location services.

Algorithmic trading, or "algo" in market parlance, refers to orders generated at superfast speed by the use of advanced mathematical models that involve automated execution of trade. Even a split-second faster access is considered capable of bringing huge gains to a trader. On Wednesday, SAT while granting interim relief to NSE in the case, directed Sebi to file its reply to NSE's petition challenging the order of the watchdog within six weeks. NSE has informed SAT that it has no intention of pursuing any fund raising or public offer plans for the next six months. The NSE had planned an initial public offering in 2017 but it has been delayed due to the Sebi's investigation into the co-location case.

The appellate tribunal also directed NSE to continue to maintain the revenue generated through co-location services in an escrow account. SAT will now hear the case on July 22.

'IL&FS crisis may lead to consolidation in NBFC sector'

The debt crisis in IL&FS has adversely impacted growth of the NBFC sector in India and might lead to its consolidation, according to a report by Fitch Ratings

IL&FS DEFAULT: The Indian shadow banking industry's rapid growth and reliance on short-term funding sources "bubbled over" in 2018, most evident by the default of Infrastructure Leasing and Financial Services (IL&FS) in September last year

SHADOW BANKING: Non-banking financial companies (NBFCs) are commonly referred to as the shadow banking sector

RBI SPECIALISED CADRE: The report comes against the backdrop of the Reserve Bank of India's decision to create a specialised cadre to supervise and regulate the financial sector, including banks and NBFCs

HIGHER BORROWING COSTS: Default by IL&FS, it said, translated into higher borrowing costs and reduced market access for other non-bank financial institutions, leading to domestic regulators to re-examine liquidity norms for the sector and prod banks to increase their lending to, and asset purchases from such entities

INDUSTRY CONSOLIDATION: Agency believes these dynamics will weigh on growth prospects for sector and likely lead to consolidation, the report said

₹94,000 crore The cash-strapped IL&FS group is sitting on a debt of about Rs 94,000 crore

SPIKE IN 2017: The report also noted that the Indian shadow banking system has grown rapidly over the last decade, with a particular spike in 2017 driven by finance companies providing asset finance and home loans and funds investing in infrastructure loans

DHFL plunges 9% after curbs on deposit renewals

ENS ECONOMIC BUREAU
MUMBAI, MAY 22

Care Ratings recently downgraded DHFL's fixed deposit programme worth Rs 20K cr from 'A' to 'BBB-'

SHARES OF housing finance company DHFL on Wednesday plunged by around 9.43 per cent to Rs 117.65 after the firm said that it will not accept new deposits and stop renewals of existing ones with immediate effect. The share plunged close to 18 per cent intraday on heavy selling.

The DHFL decision on deposit curbs came after the home financer witnessed another downgrade on its debt instrument in recent months. The latest in the series of downgrades was from Care Ratings, which downgraded DHFL's fixed deposit programme worth Rs 20,000 crore from 'A' to 'BBB-'. Care A signifies 'low' credit risk, while CARE BBB signifies 'moderate' credit risk.

"The company has stopped acceptance and renewal of fixed deposits due to the recent revision in the credit rating of fixed deposits programme of the company, which is below the minimum rating prescribed under NHB guidelines for acceptance or renewals of the fixed deposits," DHFL said in a statement.

"The said revision in the credit rating of the company has been informed to the stock exchanges within the stipulated time and the aforesaid decision to stop acceptance or renewal of fixed deposits is a consequence of such revision in the credit ratings. The company has sent communication in this regard to its fixed deposit brokers on Tuesday evening and was in the process of intimating the same within the time prescribed under Regulation 30 of the SEBI Listing Regulations i.e. within 24 hours of such communication," DHFL said.

"Apart from this, as per our knowledge there is no other price sensitive information under Regulation 30 of the SEBI Listing Regulations which could have bearing on the share price of the company," it said.

Fitch Ratings said the debt crisis in IL&FS has adversely impacted the growth of the NBFC sector in India and might lead to its consolidation. The report comes against the backdrop of the Reserve Bank of India's decision to create a specialised cadre to supervise and regulate the financial sector, including banks and NBFCs.

Meanwhile, sources said the RBI is not in favour of providing special credit window to the NBFC sector to tide over the liquidity crunch as the cash crunch phenomenon is not systemic. Industry players and NITI Aayog made a case for giving special credit window for non-banking financial companies (NBFCs) facing liquidity crunch following default by group of companies of IL&FS since September 2018.

Many NBFCs came under severe liquidity pressure compelling them to bring down their reliance on commercial papers.

BoB Q4 loss at ₹991 crore

Provisions for non-performing assets at over ₹5,550 crore

ENS ECONOMIC BUREAU
MUMBAI, MAY 22

BANK OF Baroda on Wednesday posted a net loss of Rs 991 crore in the March 2019 quarter as against a loss of Rs 3,102.34 crore in the same January-March period of fiscal 2017-18. However, compared sequentially, there was a net profit of Rs 471.25 crore during the third quarter ended December 2018.

On the asset quality front, the bank's gross non-performing assets (NPAs) fell to 9.61 per cent of the gross advances at the end of March 2019, against 12.26 per cent by March 2018. In absolute numbers, gross NPAs were Rs 48,233 crore as on March 31, 2019 compared to Rs 53,184 crore as on December 31, 2018.

Net NPAs were 3.33 per cent, down from 5.49 per cent. Absolute amount of net NPAs also declined by Rs 3,521 crore to Rs 15,609 crore, the lowest in eight quarters, the bank said. The bank said it has provided Rs 5,550.10 crore as provisioning towards bad loans and diminution value of all restructured accounts. In the year-ago period, provisions had stood at Rs 7,052.53 crore.

"The bank recorded loss on a standalone basis of Rs 991 crore for fourth (quarter of) 2018-19 due to acceleration in provisions," it said in a regulatory filing. For the whole year, standalone and consolidated profit stood at Rs 433 crore and Rs 1,100 crore respectively. There were losses of Rs 2,431.81 crore and Rs 1,887.10 crore on standalone and consolidated basis in the year-ago period.

Net interest income (NII) increased to Rs 4,863 crore. Net interest margin (NIM) improved to 2.90 per cent in March 2019 from 2.69 per cent in December 2018. Total income in the March quarter of 2018-19 rose to Rs 15,284.59 crore, against Rs 12,735.16 crore a year.

AS PROVISIONS SWELL

IndusInd Bank Q4 net dips 62%

ENS ECONOMIC BUREAU
MUMBAI, MAY 22

PRIVATE SECTOR lender IndusInd Bank on Wednesday posted a 62 per cent year-on-year (y-o-y) decline in its net profit to Rs 360 crore in Q4FY19. The plunge in the profit can be attributed to higher provisions made by the bank on account of its exposure to IL&FS. However, operationally, the bank reasonably fared well with total advances going up 29 per cent y-o-y to Rs 1.8 lakh crore.

The IL&FS account has been now classified as a non-performing asset (NPA) and the total provisions against the exposure so far are of the order of Rs 1,650 crore. In Q4FY19, the provisions were Rs 1,273 crore. The bank has now provided for 55 per cent of its Rs 3,000-crore exposure to the infrastructure lender.

"We have good reasons to believe there can be a recovery of 90-100% from IL&FS SPV accounts as resolution process is under way"

ROMESH SOBTI, MD & CEO, INDUSIND BANK

Provisions and contingencies surged 365 per cent y-o-y to Rs 1,560 crore in the quarter and 157.3 per cent quarter-on-quarter (q-o-q), primarily due to the provisions for IL&FS. "We have good reasons to believe there can be a recovery of nearly 90-100 per cent from the IL&FS SPV accounts as the resolution process is under way," Romesh Sobti, MD & CEO of IndusInd Bank said.

Operationally, the private-sector lender's pre-provisioning profit improved by 17 per cent y-o-y to Rs 2,067 crore in the reporting quarter, led by a rise of 29 per cent in total income. The net interest income (NII) — the difference between interest earned and interest paid by the bank — grew 11 per cent y-o-y to Rs 2,232 crore. **FE**

DOOR TO TALKS STILL OPEN, CHINESE AMBASSADOR TO US SAYS

As trade war simmers, Xi urges China to prepare for difficult times

REUTERS
BEIJING/WASHINGTON, MAY 22

CHINA MUST prepare for difficult times as the international situation is increasingly complex, Chinese President Xi Jinping said in comments carried by state media on Wednesday, as the US-China trade war took a mounting toll on tech giant Huawei.

The world's two largest economies have escalated tariff increases on each other's imports after talks broke down to resolve their dispute, and the acrimony has intensified since Washington last week blacklisted Chinese telecom equipment company Huawei Technologies.

During a three-day trip this week to the southern province of Jiangxi, a cradle of China's Communist revolution, Xi urged people to learn the lessons of the hardships of the past.

"Today, on the new Long March, we must overcome various major risks and challenges from home and abroad," state news agency Xinhua paraphrased Xi as saying. "Our country is still in a period of important strategic opportunities for development, but the international situation is increasingly complicated," he said.

"We must be conscious of the long-term and complex nature of various unfavourable factors at home and abroad, and appropriately prepare for various difficult situations." The report did not elaborate on those difficulties, and did not directly mention the trade war or of the United States.

Chinese President Xi Jinping. *Reuters file photo*

No further trade talks between top Chinese and US negotiators have been scheduled since the last round ended on May 10, the same day US President Donald Trump increased tariffs on $200 billion worth of Chinese goods and took steps to levy duties on all remaining Chinese imports. However, Chinese Ambassador to the US Cui Tiankai, speaking to the *Fox News* Channel, said on Tuesday that Beijing was still open for talks.

Repercussions of the blacklisting mounted for Huawei, with some mobile operators, including the Ymobile unit of Japan's Softbank Corp and rival KDDI Corp putting launch plans for Huawei's new P30 Lite smartphone on hold.

Another big Chinese tech firm, video surveillance equipment maker Hikvision Digital Technology Co Ltd, could also face limits on its ability to buy US technology, the *New York Times* reported, citing sources.

More US tariffs a month away: Mnuchin

REUTERS
WASHINGTON/BEIJING, MAY 22

THE UNITED States is at least a month from enacting its proposed tariffs on $300 billion in Chinese imports as it studies the impact on consumers, US Treasury Secretary Steven Mnuchin said.

US this month hiked existing tariffs on $200 billion in Chinese goods to 25 per cent from 10 per cent, prompting Beijing to retaliate with its own levies on US imports, as talks to end the trade war stalled. "There won't be any decision probably for another 30 to 45 days," Mnuchin said in a hearing before the US House of Representatives Financial Services Committee. A 30-day window would represent an accelerated schedule compared to previous rounds of US tariffs and would mean that the next batch of levies would be ready when US President Donald Trump meets Chinese President Xi Jinping at a G20 leaders summit in Japan on June 28-29.

"I'm still hopeful we can get back to the table. The two presidents will likely see each other at the end of June," Mnuchin said, adding that the impact of tariffs on American consumers was a key consideration in the US trade strategy.

US Treasury Secretary Steven Mnuchin testifies before the House Financial Services Committee hearing in Washington, US on Wednesday. *Reuters*

High-level panel pitches for 'Elephant Bonds' for infra projects, investing undisclosed income

PRESS TRUST OF INDIA
NEW DELHI, MAY 22

A GOVERNMENT-appointed advisory group has suggested issuance of 'Elephant Bonds' wherein people declaring undisclosed income will have to mandatorily invest half of that amount in these securities.

The high-level panel also recommended a host of other measures that include a road map for doubling India's exports of goods and services to over $1,000 billion by 2025. These recommendations are part of a report prepared by the 12-member group, set up by the commerce ministry in September last year. The group submitted the report to Commerce and Industry Minister Suresh Prabhu Wednesday, an official said. Suggesting amnesty-like scheme, the panel asked the government to create "Elephant Bonds" (25-year sovereign bonds) in which people declaring undisclosed income will be bound to invest 50 per cent.

The fund will be utilised only for infrastructure projects, the report said. The other key recommendations include lowering effective corporate tax rate, bringing down cost of capital and simplifying regulatory and tax framework for foreign investment funds. These are aimed at increasing India's exports of goods and services from $500 billion in 2018 to over $1000 billion in 2025.

Key recommendations include lowering effective corporate tax rate, bringing down cost of capital, simplifying regulatory and tax framework for foreign investment funds

The report argued that India's competitors have less than 20 per cent effective tax rates. Besides, the group recommended increasing capital base of EXIM Bank by another Rs 20,000 crore by 2022, setting up of empowered investment promotion agency and seeking inputs from industry and MSMEs before signing free trade agreements (FTAs) and sensitising them of its benefits.

POWER MINISTRY NOTE ON PERFORMANCE OF DISCOMS UNDER UDAY SCHEME

'Fears of debt rising to pre-UDAY levels, missed targets unfounded'

Losses of state-run electricity distribution companies 'would not get wiped out overnight', it states

ENS ECONOMIC BUREAU
NEW DELHI, MAY 22

THE MINISTRY of Power has termed fears about the Ujwal Discom Assurance Yojana (UDAY) missing its targets and debt levels rising to pre-UDAY levels "unfounded", claiming in an internal note that losses of state-run electricity distribution companies (discoms) "would not get wiped out overnight". The note comes as the NDA government ends its current term and attempts to refute issues raised with UDAY's performance and arguments that it has worsened state finances.

"UDAY MoUs have a predefined trajectory of turnaround of discoms ranging from three to five years," stated the note, adding that the loss reduction would take place over the times specified in the memoranda of understanding (MoUs). "In the intervening period, the annual losses would have to be funded. Therefore, the debt levels of discoms would rise to the extent of these losses during the turnaround period, apart from other debts raised for capex expenditure," it added.

ARGUMENT ON WORSENING STATE FINANCES

- ■ The note comes as the NDA government ends its term and attempts to refute issues raised with Ujwal Discom Assurance Yojana's (UDAY) performance and arguments that it has worsened state finances
- ■ UDAY was introduced in November 2015 by the current government to help turn around the poor financial state of state discoms; however, analysts have said it has failed to achieve its goals

UDAY was introduced in November 2015 by the current government to help turn around the poor financial situation of state discoms. However, analysts have said it has failed to achieve its goals. Discom losses increased 43 per cent to over Rs 21,500 crore at the end of the 2018-19 financial year from around Rs 15,100 crore in the previous financial year. The scheme also missed its FY19 target for reducing aggregate technical and commercial (AT&C) losses to 15 per cent. Instead, AT&C losses were recorded at over 19 per cent.

Earlier this month, ratings agency Crisil also stated that discom debt was set to rise to the levels that existed before the scheme was implemented. According to the Ministry's latest note, States had taken over 75 per cent discom debt amounting to almost Rs 2.09 lakh crore. Yet, the note argues that neither has the debt increased to pre-UDAY levels, nor has the discom performance become unsustainable.

"In fact, preliminary assessments indicate that the discoms have managed their finances by reducing their borrowings by as much as Rs 40,000 crore as compared to what would have been permitted under UDAY. Further, adequate tariff recoveries projected by regulators in future would further reduce the discom debt levels," it stated.

According to Crisil, analysts have also not taken into account plans by States and discoms to convert the monies transferred to the States into grants in a phased manner over three-five years.

"This essentially means that some amount of monies, existing in discom books today as debts, are still to be converted to Grants as per the UDAY trajectory. As per last estimates, this amount was to the tune of Rs 85,000 Crore. Several analysts commit errors of not accounting for these debts to be converted into grant while making the debt analysis of discoms," it stated. It added that analysts were considering quarterly AT&C losses to determine that these losses were on the rise, whereas there has been a "consistent decrease" in aggregate AT&C loss levels on a year-on-year basis.

The note further argues that over 50 per cent of reduction in revenue gaps (ACS-ARR gap) of discoms have come through "operational improvements".

It also stated that inflationary pressures of increased power costs were "largely contained" in FY17 and FY18 due to coal reforms, generation efficiency improvements and adherence to merit order dispatches.

"Since these were one-time measures, power purchase costs have increased 5 per cent in the first nine months of FY19. The Government is keenly looking at further structural changes in the power purchase transactions so that the cost of power can be contained at acceptable levels," it said.

"Taking over of liabilities of the discoms was bound to have an effect on the state finances due to repayment liabilities against the bonds raised. This would have happened whether UDAY was launched or not," it said. "Further, with UDAY, quality of borrowed assets has improved, and interest costs have come down."

BRIEFLY

Oil drops more than 2% on demand worries

London: Oil futures tumbled more than 2 per cent Wednesday as an unexpected build in US crude stockpiles compounded investor worries that a prolonged trade fight between US and China could dent crude demand. Brent futures shed $1.58 a barrel, or 2.2 per cent, to $70.60 a barrel by 1718 GMT. U.S. West Texas Intermediate (WTI) crude futures dropped $2.03 a barrel, or 3.2 per cent, to $61.10 a barrel. **REUTERS**

'Qualcomm violated antitrust law'

Bengaluru: Qualcomm Inc illegally suppressed competition in the market for smartphone chips by threatening to cut off supplies and extracting excessive licensing fees, US District Judge Lucy Koh in San Jose, California, ruled Tuesday night. The decision could force the company to overhaul its business practices. **REUTERS**

GroupM South Asia appoints new CEO

Mumbai/Hong Kong: GroupM South Asia COO Prasanth Kumar has been promoted to CEO with immediate effect, with current CEO Sam Singh set to leave GroupM in June, GroupM Asia Pacific announced on Tuesday. GroupM India is a data-centric, digitally charged marketing services conglomerate. **ENS**

'Sebi approval to Emami Cement IPO'

Kolkata: Emami Cement Ltd's IPO could hit the market in the next six months with SEBI approving the issue, company sources said on Wednesday.

New compact truck Intra by Tata Motors

New Delhi: Tata Motors Wednesday launched compact truck 'Intra' with a starting price of Rs 5.35 lakh (ex-showroom).

'Database inadvertently exposed'

New Delhi: Mumbai-based marketing agency Chtrbox, which was allegedly responsible for leaking data of millions of Instagram users, has said database for a limited number of influencers was inadvertently exposed but that did not include any sensitive personal data. **PTI**

Airbus & SAS Scandinavian Airlines to research hybrid, electric aircraft

PRANAV MUKUL
TOULOUSE, MAY 22

FRENCH AEROSPACE company Airbus has signed a memorandum of understanding (MoU) with SAS Scandinavian Airlines to undertake joint research on operational and infrastructural opportunities and challenges involved with the large-scale introduction of hybrid and full electric aircraft to airlines modus operandi.

Speaking at Airbus Innovation Days 2019 here Wednesday, the company's chief technology officer Grazia Vittadini pointed out that full scale jet propulsion using electric is not feasible. "If electric energy capabilities are 20 times denser than today, an aircraft can operate at half the load for one-fifth of its current range. So the way to go is hybrid," she said.

The scope of project under the MoU includes five work packages, which focus on analysing the impact of ground infrastructure and charging on range, resources, time and availability at airports.

"If electric energy capabilities are 20 times denser than today, an aircraft can operate at half the load for one-fifth of its current range. So the way to go is hybrid."

GRAZIA VITTADINI
CHIEF TECHNOLOGY OFFICER, AIRBUS

"The collaboration also includes a plan to involve a renewable energy supplier to ensure genuine zero carbon dioxide emissions operations are assessed. This multidisciplinary approach—from energy to infrastructure — aims to address the entire aircraft operations ecosystem in order to better support the aviation industry's transition to sustainable energy," Airbus said.

It added that aircraft are roughly 80 per cent more fuel efficient per passenger kilometre than they were 50 years ago. However, with air traffic growth estimated to more than double over the next 20 years, reducing aviation's impact on the environment remains the industry's aim.

Airbus is also in partnership with Rolls Royce and Siemens to develop a hybrid-electric aircraft demonstrator E-Fan X that is expected to fly next year.

Elsewhere, Washington-headquartered Zunum Aero — backed by Airbus' rival Boeing and US-based airline JetBlue — is also working on a range of 10-50 seater hybrid electric planes. The company announced development of a six-to-12 seat aircraft with its powertrain installed on a testbed to be flown this year. Zunum Aero aims to deliver its aircraft in 2022 and expects lower operating costs by 40-80 per cent.

British budget airline EasyJet is also looking to develop a fleet of electric planes to be operational on some of its short-haul routes by the end of next decade. For this, it has partnered with Wright Electric, which was founded in 2016, and already has two-seater electric planes with plans to fly a nine-seater this year. The manufacturing startup has also applied for a patent on a motor for an electric airplane.

(The correspondent was in Toulouse at the invite of Airbus)

'M&A DEAL VALUE PLUMMETS 96% Y-O-Y TO $735 MN IN APRIL'

The value of merger and acquisition (M&A) deals announced in April stood at $735 million (over Rs 5,100 cr), a decline of 96 per cent from the year-ago period, as per a report by Grant Thornton

35 M&A DEALS: The total number of merger and acquisition deals announced in April stood at 35, of which:

■ **2** deals were worth around a billion dollars

92% FALL IN TRANSACTION VALUE: As against March, April merger and acquisition transactions value plummeted 92 per cent despite a 17 per cent increase in the deal volumes

3 TRANSACTIONS WORTH OVER $100 MN: In April, there were only three transactions worth more than $100 million, as compared to eight such deals in March

43% BY RETAIL AND CONSUMER SECTOR: Of the total M&A value, 43 per cent was contributed by retail and consumer sector, boosted by compliance with latest foreign direct investment (FDI) norms on e-commerce

MAJOR DEAL: Amazon's strategic stake acquisition in Witzig Advisory Services, in order to acquire Aditya Birla Group's More

OTHER MAJOR SECTORS: IT-solutions and data analytics, information technology, pharma, e-commerce

Sebi allows portfolio managers to invest in commodity derivatives segment

PRESS TRUST OF INDIA
NEW DELHI, MAY 22

MARKETS REGULATOR Sebi Wednesday allowed portfolio managers to invest in exchange traded commodity derivatives (ETCDs) on behalf of their clients with an aim to deepen the participation in the segment. The move comes after the regulator Tuesday permitted mutual funds to participate in the same segment.

The participation of portfolio managers however is subject to certain conditions, Sebi said.

"Portfolio managers may participate in ETCDs on behalf of their clients and such participation shall be in compliance with all rules, regulations including Sebi (Portfolio Managers) regulations, 1993 and circulars/guidelines and position limit norms as may be applicable to clients, issued by Sebi and exchanges from time to time," the regulator said in a circular. It would be mandatory for portfolio managers to appoint Sebi-registered custodian before dealing in ETCDs, it added.

Meanwhile, Sebi's Primary Markets Advisory Committee (PMAC) proposed changes to share buyback norms for companies having non-banking financial companies and housing finance companies as subsidiaries. A discussion paper has been issued to seek suggestions relating to review of conditions for buyback of securities. According to the discussion paper, the committee has proposed that post buyback debt to capital and free reserves ratio of 2:1 should be considered on consolidated basis, excluding subsidiaries that are regulated and have AAA ratings.

Such subsidiaries should not have a debt to equity ratio of more than 5:1 on standalone basis, as per the paper. "Further, PMAC suggested that infrastructure companies are not separately regulated and have better use of money and therefore no such exclusion may be considered for infrastructure companies," Sebi said.

Sebi lays out framework to invest in startups

New Delhi: Sebi has come out with framework for accreditation of investors seeking to invest in startups that would be listed on Innovators Growth Platform (IGP).

The IGP, has been created to facilitate listing of start-ups or new-age ventures in sectors such as e-commerce, biotechnology and data analytics. **PTI**

Air passenger traffic falls by 4.5% in April

ENS ECONOMIC BUREAU
NEW DELHI, MAY 22

DOMESTIC AIR traffic in April dipped 4.5 per cent year-on-year — the sharpest decline in at least five years — owing to complete grounding of Jet Airways.

The passenger count slumped to 10.99 million during April 2019 from 11.51 million exactly a year ago, according to monthly passenger data released by the Directorate General of Civil Aviation (DGCA) on Wednesday.

Jet, which possessed a fleet of 119 aircraft at the end of December 2018, faced regular groundings since February this year because of non-payment of rentals to lessors before suspending all operations on April 17 as lenders refused to provide any emergency funding.

The huge dip in domestic capacities propelled IndiGo to its highest-ever market share of 49.9 per cent. Budget carrier SpiceJet was also operating with less aircraft as it was forced to pull down 12 Boeing 737 MAX over safety concerns on March 12. **FE**

Air India, SpiceJet add host of new flights on routes vacated by Jet

ENS ECONOMIC BUREAU
NEW DELHI, MAY 22

WITH JET Airways grounded and its overseas flying rights and slots at domestic airport given out to rival carriers, the latter are swiftly adding new flights on international and domestic routes. While Air India on Wednesday announced more frequencies to Dubai, SpiceJet introduced 20 new domestic flights. The new Air India flights will start from next month, while SpiceJet will start operations on new routes from the last week of the month.

Air India said it will add 3,500 more seats per week each on the Mumbai-Dubai and Delhi-Dubai sectors. There was a significant fall in international capacity after Jet's groundings, prompting the government to award these routes.

The national carrier bagged the majority of Jet's quota of international seats, while IndiGo, SpiceJet, GoAir and Vistara made gains in terms of new routes.

Jet was India's largest scheduled operator accounting for 13.8 per cent market share in international operations in FY18. As per experts, fares on international routes are up 15-20 per cent year-on-year due to Jet's grounding.

Apart from the Dubai sector, Air India has also introduced multiple new flights on the domestic network. Starting June 5, it will operate new flights between Bhopal-Pune and Chennai-Varanasi. It also announced more frequencies on the Delhi-Raipur, Delhi-Bengaluru, Delhi-Amritsar, Delhi-Vadodra, Chennai-Ahmedabad, Chennai-Kolkata and Mumbai-Vizag routes.

SpiceJet has been adding flights at a fast clip using Boeing 737 aircraft from Jet's grounded fleet. It has announced 106 new flights so far, which include 73 connecting Mumbai, 16 from Delhi and 8 flights between Mumbai and Delhi.

The carrier on Wednesday said it will add 20 new flights mainly from Mumbai. Jet held around 400 slots at Delhi and Mumbai airports. **FE**

China's big three airlines seek Boeing compensation

REUTERS
BEIJING, MAY 22

CHINA'S THREE biggest airlines have asked US planemaker Boeing Co to compensate them for losses caused by the grounding and delayed deliveries of 737 MAX jets, just as regulators gather to discuss design changes for the troubled aircraft. The US administration's latest tariff increase on $200 billion worth of Chinese imports - and hints of more - has prompted fear that China could retaliate against US companies.

On Wednesday, Air China Ltd and China Southern Airlines Co Ltd told Reuters the pair have added their voices to a compensation request from China Eastern Airlines Corp Ltd announced a day earlier.

The latest requests were first reported by Chinese state TV.

China was the first country to ground the 737 MAX two months ago after a crash in Ethiopia killed 157 people in March, in the second such incident for Boeing's newest aircraft.

British Steel collapses

The British Steel works factory in Scunthorpe, northern England. *Reuters file photo*

REUTERS
LONDON, MAY 22

BRITISH STEEL has collapsed and put 25,000 jobs at risk after failing to secure emergency government funding, Britain's Official Receiver said Wednesday.

The High Court ordered the firm's compulsory liquidation, although staff will remain employed for now as the liquidator oversees the operation of the main site in Scunthorpe, northern England.

Business Minister Greg Clark said British Steel was open to new buyers, while the Labour Party called on the government to bring it back into public ownership.

Owned by investment firm Greybull Capital, British Steel employs around 5,000 people, mostly in Scunthorpe, while 20,000 more depend on its supply chain. Greybull Capital, which specialises in trying to turn around distressed businesses, said it had tried to keep British Steel alive but the challenges of Britain's looming exit from the European Union proved insurmountable. Greybull paid former owners Tata Steel a nominal one pound for the company three years ago.

After being renamed as British Steel, the company made a profit in 2017 but cut around 400 jobs last year, blaming factors such as the weak pound and uncertainties surrounding Brexit.

US FEDERAL RESERVE MEETING MINUTES

Patience to last 'for some time' as officials debate balance sheet holdings

REUTERS
WASHINGTON, MAY 22

U.S. FEDERAL Reserve officials at their last meeting agreed that their current patient approach to setting monetary policy could remain in place "for some time," a further sign policymakers see little need to change rates in either direction. According to minutes of the Fed's April 30-May 1 meeting, officials also delved deep into the mechanics of how they could best structure their holdings of several trillion dollars of securities to battle a future economic downturn.

They quickly hit a dilemma, discussing what could be a several years plan to structure perhaps $3.5 to $4 trillion of assets to either reflect existing market holdings of U.S. Treasuries, or to be focused on shorter-term maturities. "Many participants" said they thought it might help for the Fed to gradually load up on short-term securities now, so that they could be traded for longer-term securities and bring down long-term rates as a way to better stimulate the economy if needed in the future.

However staff presentations noted that would come at the potential cost of higher longer-term rates now, "and imply that the path of the federal funds rate would need to be correspondingly lower to achieve the same macroeconomic outcomes." In the scenarios being discussed that would, ironically, mean the Fed would have less room to cut rates in a crisis - and be more likely to have to rely on its balance sheet tools to boost the economy.

No decisions were made.

The Fed's last meeting came before the Trump administration increased tariffs on Chinese goods and intensified global trade tensions further with restrictions on Huawei. At that point, with U.S. growth continuing, inflation "muted," and some global risks appearing to have eased, "members observed that a patient approach...would likely remain appropriate for some time...even if global economic and financial conditions continued to improve."

'FinMin prepares 100-day agenda for new govt'

PRESS TRUST OF INDIA
NEW DELHI, MAY 22

WITH THE Lok Sabha elections coming to an end, the finance ministry has prepared 100-day agenda for the new government with an aim to push the economy which has slipped to 6.6 per cent in the third quarter of 2018-19. Among other things, the agenda is likely to focus on increasing private investment, employment generation and giving relief to the farm sector, sources said.

The agenda also include improving direct and indirect tax collection. Simplification of tax procedure especially with regards to the GST is also on the cards.

As announced in the interim Budget, the decision with regard to changes in tax slab or tax rate as far as income tax is concerned could be taken in the final Budget for 2019-20 probably in July.

The PM's Office had asked all ministries and departments to prepare 100-day agenda for the new government which is likely to take office. Reinvigorating industrial growth, increasing credit growth, consolidation in the banking sector and funding the unfunded would also be part of the 100-day agenda, sources said.

There would be emphasis on raising corporate governance in the banking sector including a more diversified board structure.

The Finance Ministry is in the process of further improving its EASE (Enhanced Access and Service Excellence) focusing on six themes of customer responsiveness, responsible banking, credit off take, PSBs as Udyami Mitra, deepening financial inclusion and digitalisation and developing personnel for brand of PSBs.