GOLD	RUPEE	OIL	SILVER
₹32,870	₹69.53	$69.02*	₹37,550

*Indian basket as on May 23, 2019

SENSEX: 39,434.72 ▲ 623.33 **NIFTY:** 11,844.10 ▲ 187.05 **NIKKEI:** 21,117.22 ▼ 33.92 **HANG SENG:** 27,353.93 ▲ 86.80 **FTSE:** 7,289.75 ▲ 58.71 **DAX:** 12,054.42 ▲ 102.01

International market data till 1900 IST

Govt clears restructuring of statistical system; decides to merge NSSO, CSO

AANCHAL MAGAZINE
NEW DELHI, MAY 24

IN ONE of its last decisions, the outgoing NDA government has decided to merge the National Sample Survey Office (NSSO) with the Central Statistics Office (CSO) under the Ministry of Statistics and Programme Implementation (MoSPI). The order dated May 23, which has cleared formation of an overarching body — National Statistical Office (NSO) — through the merger of the NSSO and the CSO, is being widely perceived as a dent on the autonomy of the Indian statistical system.

The order states that the proposed NSO would be headed by Secretary (Statistics and Programme Implementation), but skips any mention of National Statistical Commission (NSC), which has been the overseeing body for all the statistical work done in the country. The order also does not equate the Secretary (Statistics and Programme Implementation) with the Chief Statistician of India as was done in the earlier resolution notified by MoSPI on June 1, 2005.

The 2005 resolution notified initiation of the setting up of the NSC along with proposing the single entity, National Statistical Organisation, as "the executive wing of the government for statistics" which would "act according to the policies and priorities as laid down by the NSC." The resolution had proposed NSO with two wings, CSO and NSSO, while Thursday's order states that the "statistics wing, comprising the NSO, with constituents as CSO and NSSO, to be an integral part of the main Ministry, with CSO and NSSO to be merged into NSO".

Also, the 2005 resolution had said that the NSO would be "headed by an officer of the rank of Secretary to the Government of India, who will be designated as the Chief Statistician of India and he will also function as the Secretary of the (National Statistical) Commission, whereas the recent order just mentions NSO to be headed by Secretary (S&PI), with various divisions reporting to Secretary through the Director Generals (DGs).

> **OKAYS CREATION OF NATIONAL STATISTICAL OFFICE**
>
> ■ **The May 23 order, which has cleared formation of an overarching body — National Statistical Office — through the merger of the NSSO and CSO, is being widely perceived as a dent on autonomy of Indian statistical system**
>
> ■ **Order states that the proposed NSO would be headed by Secretary (Statistics and Programme Implementation), but skips any mention of National Statistical Commission, which has been overseeing body for all statistical work**

Pronab Sen, the country director for the India Programme of the International Growth Centre and former Chief Statistician of India, said NSSO will lose its existence by being merged with CSO. "The character of NSSO will change by merging it with CSO and will bring it out of NSC's control. Earlier, NSSO was an attached office of MoSPI, which gave it a legally distinct identity from the ministry. NSC used to oversee all technical aspects of the statistical work — which survey needs to be done, when and how it needs to be done. With the merger of NSSO and CSO, the autonomy of NSSO will go away and the NSC's control over NSSO will not be there," Sen told *The Indian Express*.

Sen added that this restructuring seems to be a reaction to the resignations tendered by the member and acting Chairman of the NSC earlier this year.

In January, the acting chairman of NSC, P C Mohanan, a career statistician, and J V Meenakshi, professor at the Delhi School of Economics, resigned from NSC protesting against the withholding of the NSSO's first Annual Survey on Employment and Unemployment for the year 2017-18. The government had later termed it as a draft report.

The MoSPI said that the order for restructuring the Indian official statistics system has been issued "in order to streamline and strengthen the present nodal functions" of the ministry and "to bring in more synergy by integrating its administrative functions within the ministry."

As per the recent order, there will be three Director Generals — DG (Statistics), DG (Coordination, Administration and Policy) and DG (National Sample Survey) — reporting to the Secretary (S&PI) as against DG (Economic Statistics), DG (Social Statistics) and DG (Surveys) earlier. The Field Operations Division (FOD) of the present NSSO will be a subordinate office of the MoSPI and all the other divisions of present CSO, NSSO and administrative wing will exist as divisions of MoSPI. The Ministry has also ordered constitution of a committee to recommend the operational level modifications required to give effect to this restructuring.

Reserve Bank proposes stringent regulations for struggling NBFCs

Liquidity coverage ratio and several steps proposed by central bank to tackle asset-liability mismatches

ENS ECONOMIC BUREAU
MUMBAI, MAY 24

IN A bid to strengthen and raise the standard of asset-liability management (ALM) framework of struggling non-banking financial companies (NBFCs), the Reserve Bank of India has proposed stringent norms, including introduction of liquidity coverage ratio (LCR), granular maturity buckets in the liquidity statements and tolerance limits, liquidity risk monitoring tool and adoption of the "stock" approach to liquidity.

The RBI draft proposes to introduce liquidity coverage ratio for all deposit taking NBFCs and non-deposit taking NBFCs with an asset size of Rs 5,000 crore and above. "With a view to ensuring a smooth transition to the LCR regime, the proposal is to implement it in a calibrated manner through a glide path over a period of four years commencing from April 2020 and going up to April 2024," the RBI said in a notification on Friday, amid growing worries over an "imminent crisis" in the NBFC sector due to credit squeeze, overleveraging, excessive concentration, massive mismatch between assets and liabilities and misadventures by some large entities like the IL&FS group.

While some of the current regulatory prescriptions applicable to NBFCs on ALM framework have been updated/ recast, certain new features have been added, the RBI said in its draft circular on the "Liquidity Risk Management Framework for NBFCs and Core Investment Companies (CICs)" to be adopted by all deposit-taking and non-deposit taking NBFCs with an asset size of Rs 100 crore and above and all CICs registered with the RBI.

Many NBFCs came under severe liquidity pressure ever since the IL&FS crisis erupted, compelling them to stop deposit renewals and resort to high cost borrowings. Banks have been averse to lending to the sector, which has put them in a tight spot. There are concerns that NBFCs may run out of money, which will lead to defaults.

> **'LIQUIDITY RISK MANAGEMENT FRAMEWORK'**
>
> ■ **While some of the current regulatory prescriptions applicable to NBFCs on ALM framework have been updated/ recast, certain new features have been added, the RBI said in its draft circular on the "Liquidity Risk Management Framework for NBFCs and Core Investment Companies"**
>
> ■ **Many NBFCs have come under severe liquidity pressure ever since the IL&FS crisis erupted, compelling them to stop deposit renewals and resort to high cost borrowings**

According to the latest RBI draft, the 1-30 day time bucket in the Statement of Structural Liquidity will be bifurcated into granular buckets of 1-7 days, 8-14 days, and 15-30 days. The net cumulative negative mismatches in the maturity buckets of 1-7 days, 8-14 days, and 15-30 days should not exceed 10 per cent, 10 per cent and 20 per cent of the cumulative cash outflows in the respective time buckets. "NBFCs, however, are expected to monitor their cumulative mismatches (running total) across all other time buckets up to one year by establishing internal prudential limits with the approval of the Board. The above granularity in the time buckets would also be applicable to the interest rate sensitivity statement required to be submitted by NBFCs," the RBI said.

The RBI said all non-deposit taking NBFCs with asset size of Rs 5,000 crore and above, and all deposit taking NBFCs irrespective of their asset size, should maintain a liquidity buffer in terms of an LCR which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient high quality liquid asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. "The stock of HQLA to be maintained by the NBFCs shall be minimum of 100 per cent of total net cash outflows over the next 30 calendar days," it said.

The LCR requirement will be binding on NBFCs from April 01, 2020 with the minimum HQLAs to be held being 60 per cent of the LCR, progressively increasing in equal steps reaching up to the required level of 100 per cent by April 01, 2024, the RBI said.

In addition to the measurement of structural and dynamic liquidity, NBFCs are also mandated to monitor liquidity risk based on a "stock" approach to liquidity. "The monitoring should be by way of predefined internal limits as decided by the board for various critical ratios pertaining to liquidity risk," it said.

Apart from the liquidity risk management principles underlining extant prescriptions on key elements of ALM framework, the RBI has also decided to extend relevant principles covering other aspects of monitoring and measurement of liquidity risk like off-balance sheet and contingent liabilities, stress testing, intra-group fund transfers, diversification of funding, collateral position management and contingency funding plan.

According to the RBI, NBFCs play an important role in the financial system of the country, particularly in delivering credit to the last mile, including the retail as well as MSME sectors. "NBFCs' ability to perform their role effectively and efficiently requires them to be financially resilient, well-regulated and properly governed so that they retain the confidence of all their stakeholders including their lenders and borrowers," it said.

The Central Board of the RBI had last week decided to create a specialised cadre to supervise and regulate the financial sector, including banks and NBFCs. The RBI also recently asked NBFCs with asset size of more than Rs 5,000 crore to appoint a Chief Risk Officer (CRO) with clearly specified role and responsibilities.

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 IL&FS in September last year, a Fitch report said. 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.

Meanwhile, sources said the Reserve Bank 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.

JAITLEY MEETS FINMIN SECRETARIES

Finance Minister Arun Jaitley held a review meeting with the key officials of the Finance Ministry on Friday evening. The five secretaries, who attended the meeting, were DIPAM Secretary Atanu Chakraborty, Expenditure Secretary Girish Chandra Murmu, Revenue Secretary Ajay Bhushan Pandey, Banking Secretary Rajiv Kumar and Finance Secretary S C Garg. *Photo: Finance Ministry*

1,503-POINT RISE IN A WEEK

Markets bet on more reforms, Sensex vaults another 623 pts

ENS ECONOMIC BUREAU
MUMBAI, MAY 24

BETTING ON more policy reforms following the decisive mandate for the Narendra Modi-led NDA government in the general elections, stock market benchmarks Sensex and Nifty on Friday rallied to record closing highs with the BSE Sensex soaring 623.33 points, or 1.61 per cent, to end at 39,434.72 and the broader NSE Nifty surging 187.05 points, or 1.60 per cent, to 11,844.10.

With this gain, the 30-share BSE Sensex rose over 1,503 points and the broader Nifty gained 437 points during the week that witnessed volatile movements ignited by political factors. On May 20, when the Exit polls predicted a clear victory for the NDA in the elections, stock markets witnessed an unprecedented euphoric rally that sent the benchmark Sensex skyrocketing 1,422 points to close at a record high of 39,352.67. Investors wealth, or market capitalisation, has shot up by a whopping Rs 612,000 crore to Rs 152.71 lakh crore in the last five days.

Vishal Kampani, managing director, JM Financial Group, said, "India has decided in unequivocal terms in favour of stability and continuity which are crucial for economic reforms and growth thereby keeping the country a sweet spot for investment. The overwhelming victory will enable the NDA-led government without political compulsions, to continue with the reforms they started well." Stability in macro-environment will give legroom to the corporate houses to plan medium-to-long term growth and instill further confidence among the foreign investors, analysts said.

"It is important to begin well, but what is more important is to finish well too. That makes this electoral decision crucial for India's future growth. I am confident the government will respond responsibly to this mandate through bold and positive steps to pace up the growth momentum," Kampani said.

Analysts said the return of the Modi government with more majority will ensure continuation in reform measures initiated during the NDA's first term. "This landslide victory has raised hopes that the government would take decisive actions to boost business sentiment and that in turn will support the market growth. We feel this feel good factor could extend next week too, provided feeble global cues do not spoil the party, said Jayant Manglik, president, Religare Broking.

"The risk taking ability came back as the elections concluded with overwhelming result. The market settled for a board-based rally expecting better outlook for the economy in the next one to two quarters. Volatility index halved to 16.5 compared to three days back, pushing mid & small caps across the market given attractive valuation. This trend is likely to continue in the near-term and settle for a long-haul expecting the upcoming final budget," said Vinod Nair, head of research, Geojit Financial Services.

The market will ultimately move only in line with fundamentals when the initial euphoria slowly disappears. "All said and done, markets will move based on earnings visibility, economic policies, global sentiments and how their impact will be on corporate earnings will be the real guiding factor for the markets in the long run," Jimeet Modi, founder & CEO, SAMCO Securities.

According to experts, markets had a very vigorous week and therefore sufficient rest will be needed before it can find new pace. While volatility will eventually come down and rationality will prevail, benchmark indices might not give any direction next week but could face mild downward pressure and Indian markets will finally align with the global mood.

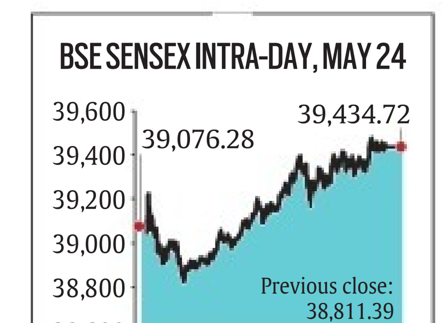
"As of now, a wait-and-watch approach should be followed by markets at least till the Monetary Policy and Budget announcement by the newly elected Government, which might be a game changer," said an analyst.

Meanwhile, on Friday, all the 19 BSE sectoral indices, led by realty, capital goods, industrials, telecom and auto gained as much as 4.25 per cent. In the broader market, small-cap and mid-cap indices outperformed the benchmark Sensex. The BSE Smallcap index soared 2.43 per cent, midcap climbed 2.09 per cent and largecap advanced 1.61 per cent.

Although domestic indices attained new highs, some sectors were conspicuously weak. FMCG, IT, metals and auto did not participate in the sentimental rally during the week.

> EXPLAINED
>
> ## Banking on major changes without political compulsions
>
> THE PERCEPTION in the market is that the overwhelming victory will enable the government to undertake major changes in the economy without political compulsions and give a big boost to the larger economy.
>
> On the other hand, stability in the macro-environment will give legroom to the corporate houses to plan medium-to-long term growth and instill further confidence among the foreign investors. It also means that if the government doesn't respond responsibly to this mandate through bold and positive steps to boost the growth momentum, the market could face headwinds and a bear onslaught.

BSE SENSEX INTRA-DAY, MAY 24



US considers duties on countries that 'undervalue currency'

REUTERS
WASHINGTON, MAY 24

THE US Commerce Department has said it was proposing a new rule to impose anti-subsidy duties on products from countries that undervalue their currencies against the dollar, another move that could slap higher tariffs on Chinese products.

The new rule also could put goods from other countries at risk of higher tariffs, including Japan, South Korea, India, Germany and Switzerland. Those countries, along with China, were all listed on the Treasury Department's semi-annual currency report's "monitoring list", which tracks currency market interventions, high global current account surpluses and high bilateral trade surpluses.

The department said its proposed rule would amend the normal countervailing duty process to include new criteria for currency undervaluation. Trump administration officials have long viewed China's yuan as undervalued against the dollar, despite the US-China trade war, which foreign currency experts say has hurt the yuan's value.

"This change puts foreign exporters on notice that the Department of Commerce can countervail currency subsidies that harm US industries," US Commerce Secretary Wilbur Ross said in a statement.

'Budget to indicate if there is a step up in reforms'

ENS ECONOMIC BUREAU
NEW DELHI, MAY 24

THE VICTORY of Bharatiya Janata Party (BJP) in general election reduces policy uncertainty in the near term and gives the BJP a mandate to continue its economic reform efforts, ratings agency Fitch said Friday. The BJP won more than 300 seats in the Lok Sabha polls, outperforming itself from 2014, and securing a second term for Prime Minister Narendra Modi.

"The final budget for the fiscal year ending in March 2020, expected in July, will give an indication of whether or not the BJP will step up economic reforms and return to fiscal consolidation after moderate fiscal slippages in recent years," it said. Deviating from the fiscal consolidation path as per the Fiscal Responsibility and Budget Management (FRBM) Act, the government in February's interim Budget pegged the fiscal deficit for 2019-20 at 3.4 per cent of gross domestic product (GDP), as against the original target of 3.1 per cent. In 2018-19, the fiscal deficit is estimated to be 3.4 per cent of GDP.

> **"The final budget for the fiscal year ending in March 2020, expected in July, will give an indication of whether or not the BJP will ... return to fiscal consolidation ..."**
>
> **FITCH**

Fitch also pointed out that the Budget, which is to be presented in July, should provide meaningful guidance on the medium-term fiscal outlook. Fiscal consolidation has stalled under the BJP in recent years, and its campaign promise to support farmers' incomes has added to spending pressure.

The global ratings agency said that reduced uncertainty is expected to improve business sentiment and private investment, which may help arrest the deterioration seen in some investment-related economic indicators in recent months, such as cement and steel production.

It also expects the new government to continue with institutional reforms and a strengthening of the legal and judicial systems.

On Thursday, another global ratings firm Moody's said its credit view on India will depend on policies of the new government and expressed hope that the country would continue with its fiscal consolidation plan.

'Global in-house leasing to hit 30-35 mn sq ft by 2021'

Global in-house centre (GIC) leasing is expected to drive demand over the next three years with leasing activity in this segment likely to be in the range of 30-35 million square feet across the top six cities of Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai and Pune, says a survey by real estate services firm Colliers International

53 mn sq ft of GIC leasing: In the last five years, GIC leasing touched 53 million sq ft, cementing India's leading position

Hyderabad may be top priority: Among the top six cities for GICs, occupiers may consider Hyderabad, led by its ease of doing business, talent pool and quality upcoming supply

India leading GIC market: India is emerging as the leader in GIC market led by

- Change in strategy among multi-national companies
- Competitively affordable rents in certain markets
- Strong IT infrastructure
- Tax breaks
- Highly skilled, English-speaking talent pool

Demand growth in tier II cities: Availability of talent at low attrition rates, cost arbitrage, and a conducive policy environment enabled by states could drive demand by IT industry in tier II cities

GIC OPTIONS FOR VARIOUS SECTORS

DELHI-NCR
Tech and consumer electronics companies

MUMBAI
Energy and chemical companies

HYDERABAD
Pharmaceutical companies

PUNE
Tech and Financial companies

Sebi-appointed panel suggests significant changes to FPI norms

PRESS TRUST OF INDIA
NEW DELHI, MAY 24

A SEBI-CONSTITUTED panel has proposed significant changes to regulations governing foreign portfolio investors (FPIs), including simplified registration requirements for certain categories and barring entities that fail to furnish beneficial ownership details.

After consultations with various stakeholders, the working group on Sebi (Foreign Portfolio Investors) Regulations, 2014, has submitted its report to the regulator.

The group, headed by former Reserve Bank of India deputy governor H R Khan, has also pitched for liberalised investment cap, review of prohibited sectors for foreign investment for FPIs, permitting FPIs for off-market transactions and review of restriction on sovereign wealth funds for investment in corporate debt securities.

Among others, it has suggested liberalisation of norms as well as simplified registration requirement for those FPIs coming under category III.

Individuals, family offices and hedge funds are among the entities included in this category.

"All FPIs need to provide BO (Beneficial Ownership) details and those who failed to provide BO details including on account of bearer shares cannot deal in securities market in India. Thus, there is no need for separate definition of 'opaque structure"

EXCERPT FROM REPORT BY H R KHAN PANEL

Further, the group has called for removal of 'opaque structure' definition for FPIs.

"All FPIs need to provide BO (Beneficial Ownership) details and those who failed to provide BO details including on account of bearer shares cannot deal in securities market in India. Thus, there is no need for separate definition of 'opaque structure'. The 'opaque structure' clause may therefore be removed from FPI Regulations," the report said.

The panel noted that FPIs could be allowed to invest up to applicable sectoral limit on an aggregate basis after adjusting for investments made directly or indirectly under the foreign direct investment (FDI) route.

"Indian companies may be allowed to decrease the aggregate limit to 24 per cent or 49 per cent or 74 per cent, as they deemed fit, with the approval of their Board of Directors and its General Body through a resolution," it said, adding that Sebi may take up the proposal for consideration of the government and the RBI.

The report has proposed simplified registration for Multiple Investment Manager (MIM) structures as well as consider pension fund under category I FPI.

Other recommendations include entities majorly owned by investors eligible for category I FPI registration to be deemed as category I, separate registration for sub-funds of a fund with segregated portfolio, alignment between FPI and Alternative Investment Fund (AIF) routes, and strengthening of Offshore Derivative Instruments (ODIs).

The markets watchdog has sought comments from the public on the working group's recommendations till June 14.

RESERVE BANK DATA FOR FORTNIGHT ENDED MAY 10

Non-food bank credit sees 13% growth, deposits rise by 10.3%

Outstanding loans to companies and individuals stood at ₹95.64 lakh crore

ENS ECONOMIC BUREAU
MUMBAI, MAY 24

NON-FOOD BANK credit grew by 13.01 per cent year-on-year (y-o-y) for the fortnight ended May 10, but marginally slower than the 13.13 per cent y-o-y reported in the previous fortnight, according to data released by the Reserve Bank of India (RBI).

Outstanding loans to companies and individuals stood at Rs 95.64 lakh crore at the end of May 10, a tad lower than Rs 95.77 lakh crore on April 26, the data showed.

Meanwhile, aggregate deposits in the banking system grew 10.35 per cent y-o-y to Rs 125.17 lakh crore as on May 10, compared with the 9.70 per cent y-o-y increase to Rs 124.86 lakh crore in the previous fortnight.

On Wednesday, the management of IndusInd Bank said that the loan growth during Q4 of fiscal 2018-19 was well diversified, with a few products like credit cards and loans to small corporates growing faster.

BANKS CUTTING THEIR LENDING RATES

- **Recently, banks have been cutting their lending rates. For instance, the country's largest public lender State Bank of India recently reduced its marginal cost of fund-based lending rate (MCLR) by 5 basis points to 8.45 per cent per annum**
- **Meanwhile, the credit-deposit ratio of the banking system stood at 76.40 per cent in the fortnight ended May 10, marginally lower as against 76.70 per cent in the previous fortnight, led by a rise in deposit growth momentum**

The private lender announced a smart increase of 29 per cent y-o-y in advances for the quarter and guided for a loan growth in the mid-twenties for 2019-20.

The bank's management attributed the 29 per cent y-o-y deposit growth to healthy accretion across CASA (current account savings account) and term deposits.

Banks have been cutting their lending rates lately. For instance, the country's largest public lender State Bank of India recently reduced its marginal cost of fund-based lending rate (MCLR) by 5 basis points to 8.45 per cent per annum.

Amitabh Chaudhry, managing director and CEO, Axis Bank, recently said that the retail segment continues to be the key loan-growth driver and there is demand for personal loans and auto loans. "We will continue to leverage on this strength," he had said.

Analysts at Kotak Institutional Equities said the ongoing improvement in the balance sheet of banks can support the overall credit growth by offsetting NBFCs' likely lower disbursements. This was in the context of liquidity problems of non-banking financial companies (NBFCs) and possibly solvency challenges of certain housing finance companies (HFCs) dampening credit growth and consumption demand.

Meanwhile, the credit-deposit ratio (CD) of the banking system stood at 76.40 per cent in the fortnight ended May 10, marginally lower as against 76.70 per cent in the previous fortnight, led by a rise in deposit growth momentum. In the comparable period last year, the CD ratio of banks was at 74.52 per cent, the RBI data showed. **FE**

BRIEFLY

RBI to infuse ₹15,000 crore next month

Mumbai: The Reserve Bank Friday said it will inject Rs 15,000 crore into the financial system next month through purchase of government bonds through the auction route. The government securities will be bought under Open Market Operations (OMO).

Disclosure lapses: Fine on Amtek Auto

New Delhi: Sebi Friday imposed a total penalty of Rs 24 lakh on Amtek Auto for failing to disclose the invocation of pledge shares in the matter of Castex Technologies.

Formation of GSK, Pfizer JV gets CCI nod

New Delhi: The Competition Commission of India (CCI) Friday said it has approved formation of a joint venture (JV) for consumer healthcare products by pharmaceutical giants GlaxoSmithKline (GSK) and Pfizer.

'Panel on direct tax laws to give report by Jul 31'

New Delhi: The task force set up to draft a new direct tax law to replace the existing Income Tax Act has been given 2-month extension till July 31 to submit its report, an official said Friday.

New due date for Odisha's TDS deductors

New Delhi: The Income Tax Department Friday extended the due date for depositing tax deducted at source (TDS) for April 2019 from May 7 to May 20 for deductors in cyclone-hit Odisha. Also, due date to file quarterly statement of TDS for last quarter of FY19 has been extended by a month to June 30 from May 31.

L&T's stock in Mindtree rises to 28.45%

New Delhi: Infrastructure major Larsen and Toubro (L&T) on Friday acquired over 24.9 lakh shares of Mindtree from open market, taking its shareholding in the IT services firm to 28.45 per cent, as per a filing. **PTI**

Assocham congratulates NDA on victory

New Delhi: Congratulating the NDA for its victory in the general elections, Assocham president B K Goenka said that an aspirational India has reposed great faith in PM Narendra Modi's leadership. "A strong and stable government would bring in more foreign investment even as domestic firms are witnessing renewed confidence. We are in for a virtuous cycle where consumption and investment drive each other," he added. **ENS**

RBI tweaks norms on VRR investment by FPIs

PRESS TRUST OF INDIA
MUMBAI, MAY 24

THE RESERVE Bank of India Friday fixed the investment limit at Rs 54,606.55 crore for foreign portfolio investors (FPIs) under the voluntary retention route (VRR), which allows to park funds in both government securities as well as corporate debt.

VRR for investments by FPIs was introduced on March 1. Limits for investment in debt by FPIs were offered for allotment 'on tap' during the March 11-April 30 period.

Based on the feedback received, and in consultation with the government, the RBI said it has made certain changes in the scheme to increase its operational flexibility.

"The investment limit shall be Rs 54,606.55 crore, under the VRR-combined category, which allows investment in both government securities and corporate debt," it said. The revised VRR scheme will open for allotment from May 27. The minimum retention period would be three years. During this period, FPIs shall maintain a minimum of 75 per cent of the allocated amount in India.

The banking regulator further said investment limits should be available 'on tap' and allotted on 'first come, first served' basis. The 'tap' would be kept open till the limit is fully allotted or till December 31, whichever is earlier.

The voluntary retention route (VRR), which allows to park funds in both government securities as well as corporate debt, for investments by FPIs was introduced on March 1

The central bank, in consultation with the government and Securities and Exchange Board of India (Sebi), had introduces a separate channel, called the VRR, to enable FPIs to invest in debt markets in India.

Broadly, investments through the VRR will be free of the macro-prudential and other regulatory norms applicable to FPI investments in debt markets, provided FPIs voluntarily commit to retain a required minimum percentage of their investments in India for a period, the Reserve Bank said.

SPACEX LAUNCHES FIRST 60 'NET' SATELLITES

A Falcon 9 SpaceX rocket with a payload of 60 satellites for SpaceX's Starlink broadband network, lifts off from Space Launch Complex 40 at Florida's Cape Canaveral Air Force Station on Thursday. *AP*

- **SpaceX has launched 60 little satellites, the first of thousands that founder Elon Musk plans to put in orbit for global internet coverage. The recycled Falcon rocket blasted off from Cape Canaveral, Florida, late Thursday.**
- **The first-stage booster landed on an ocean platform, as the tightly packed cluster of satellites continued upward. Musk all 60 flat-panel satellites were deployed and online a few hundred miles above Earth. Each satellite is 227 kilograms.**
- **Musk says 12 launches of 60 satellites each will provide high-speed internet coverage throughout the US. 24 launches will serve most of the populated world and 30 launches the entire world. That will be 1,800 in total, with more planned after that. AP**

'For balanced trade, need to cut import dependence from China'

PRESS TRUST OF INDIA
NEW DELHI, MAY 24

A COMMERCE Ministry's strategy paper has outlined steps like pushing exports, cutting import dependence and attracting foreign firms which are looking at shifting manufacturing bases from China with a view to reduce trade imbalance with the neighbouring country.

The strategy paper, prepared by the ministry, was submitted to Commerce and Industry Minister Suresh Prabhu.

Steps taken by Prabhu has already resulted in narrowing trade deficit (difference between imports and exports) with China to \$53.56 billion in 2018-19 from \$63 billion in the previous financial year.

To push export to China, the paper suggested suitable export incentives.

"Efforts would be made to support exporters by pursuing tariff reduction through RCEP (proposed mega trade agreement) and by providing suitable export incentives to adequately substitute the existing MEIS (Merchandise Exports from India Scheme) scheme," it said.

It said the ministry needs to vigorously pursue for greater market access for agriculture and dairy products, and pharmaceuticals.

The paper said Indian pharmaceutical firms face regulatory hurdles such as prolonged and unpredictable timelines for drug registration, demand for submission of detailed clinical trial data and requirement for revealing the drug formulation process at the time of filing for registration.

On this, the ministry would look at establishing an interface between Food and Drug Administrations (FDAs) of India and China for conduct of regular training programmer on regulatory standards and processes of filling dossiers in China; and relaxing product registration time from 3-5 years to one year.

It would also looking at pursuing export orders where market access has been obtained from China for commodities like rice, sugar and sesame seed.

Regarding import substitution, the paper noted that India's imports from China are mainly dominated by electronics, telecom, electrical equipment and pharmaceuticals.

11.38 lakh jobs created in March in the formal sector: ESIC data

PRESS TRUST OF INDIA
NEW DELHI, MAY 24

GROSS EMPLOYMENT generation in the formal sector rose to 11.38 lakh in March from 11.02 lakh in February, according to official data. As per ESIC's latest payroll data, around 1.48 crore jobs were generated in 2018-19 financial year. The Employees' State Insurance Corporation (ESIC) did not provide gross new enrolments for March 2018.

Total gross new enrolments were at 88.30 lakh during the seven-month period from September 2017 to March 2018. ESIC has been releasing payroll data from April 2018, covering the period starting from September 2017. The Central Statistics Office Friday released payroll or new enrolment data of ESIC, retirement fund body EPFO and Pension Fund Regulatory and Development Authority together. The CSO is releasing the data of these three bodies since April 2018 covering the period from September 2017.

The Employees' Provident Fund Organisation (EPFO) payroll data showed that net enrolments rose to 8.14 lakh in March against 7.88 lakh in February this year.

Around 67.59 lakh new subscribers joined social security schemes run by EPFO during entire 2018-19. Total net new enrolments were at 15.52 lakh during the seven-month period to March 2018. The retirement fund body has also been releasing payroll data from April 2018, covering the period from September 2017.

Diageo wins \$135 mn claim against Mallya in UK court

ADITI KHANNA
LONDON, MAY 24

IN ANOTHER setback to Vijay Mallya, the UK High Court on Friday directed the embattled liquor tycoon to pay British beverage giant Diageo over \$35 million in relation to a collateral arrangement. Diageo is seeking a total of \$175 million from Mallya and was successful in one aspect of that claim as it was awarded a "summary judgment" by Justice Robin Knowles, who dismissed Mallya's reliance on an alleged oral promise from Diageo dating back to February 2016.

Over and above the \$135 million, Mallya is liable to pay interest incurred at a commercial rate as well as 200,000 pounds towards legal costs.

"I have reached the conclusion that at this stage, it is clear the second claimant (Diageo Holdings Netherlands) is entitled to succeed," Justice Knowles said, dismissing Mallya's defence that an oral promise over-rides any claim of such a payment. "We are pleased to have won in a clear vindication of our position," said Dominic Redfearn, spokesperson for Diageo.

"The court was clear in rejecting Dr Mallya's claim that there was a deal other than the one we signed. Diageo has consistently rejected those assertions. At all times through the protracted acquisition of the United Spirits Limited (USL), Diageo acted appropriately and in accordance with all legal obligations," he said. **PTI**

Ashok Leyland Q4 profit falls 12% at ₹653 cr

ENS ECONOMIC BUREAU
CHENNAI, MAY 24

HIT HARD by heavy discounting, sharp hike in steel prices and other variable costs, Hinduja group flagship Ashok Leyland (ALL) reported a 12 per cent drop in its net profit for the quarter ended March 31, 2019, to Rs 653 crore compared to Rs 743 crore a year ago.

Meanwhile, current chief financial officer Gopal Mahadevan has been elevated to the board at director level. Overall, the company plans to invest Rs 1,000 crore in the current fiscal and similar amount in FY21. Its stock price was up 5.46 per cent on the BSE at Rs 93.65 on Friday. **FE**

Govt requests for FB user data rise by 7% globally; India at second spot

PRESS TRUST OF INDIA
WASHINGTON, MAY 24

GOVERNMENT REQUESTS for Facebook user data increased globally by 7 per cent in the second half of 2018 with India being on the second spot after the US in the list of nations asking the social networking giant to divulge details, a top company official said.

Sharing its latest transparency report on Thursday, California-headquartered Facebook said it seriously takes the commitment to transparency at the company.

Guy Rosen, Facebook VP of Integrity, said that in the second half of 2018, government requests for user data rose globally seven per cent from 103,815 to 110,634.

"This increase reflects normal growth for the second half as compared to previous reporting periods," he said in a statement on the company's website.

Of the total volume, the US continues to submit the highest number of requests, followed by India, the UK, Germany and France, Rosen said, adding that in the second half of 2018, volume of content restrictions based on local law increased globally by 135 per cent from 15,337 to 35,972.

"This increase was primarily driven by 16,600 items we restricted in India based on a Delhi High Court order regarding claims made about PepsiCo products.

"We've added a new breakout of content restrictions by product — Facebook and Instagram — and their content types — like Pages, profiles and comments — for each platform," the top executive said.

'FB crypto launch next year'

London: Facebook has been in contact with US and British financial regulators with a view to launching its own cryptocurrency next year, the *BBC* reported on Friday.

"GlobalCoin" would work with a new digital payments system in about a dozen countries, starting in the first quarter of 2020, the broadcaster said on its website. **PTI**

China denounces US Secretary of State for 'rumours', 'lies' about Huawei ties to Beijing

REUTERS
BEIJING, MAY 24

CHINA FRIDAY denounced US Secretary of State Mike Pompeo for fabricating rumours after he said the CEO of China's Huawei Technologies Co Ltd was lying about his firm's ties to the Chinese government.

The United States placed Huawei on a trade blacklist last week, effectively banning US firms from doing business with the world's largest telecom network gear maker and escalating a trade battle between the world's two biggest economies. Huawei has repeatedly denied it is controlled by China's government, military or intelligence services.

Pompeo, speaking on Thursday, also dismissed Huawei CEO Ren Zhengfei's assertions that his company would never share user secrets, and said he believed more American companies would cut ties with the tech giant.

"Recently, some US politicians have continually fabricated rumours about Huawei but have never produced the clear evidence that countries have requested," Chinese Foreign Ministry spokesman Lu Kang said about Pompeo's comments.

The US has been rallying its allies to persuade them not to use Huawei for their 5G networks, citing security concerns. Lu said the US government was provoking suspicion in the US public to confuse and instigate opposition.

"Domestically in the United States there are more and more doubts about the trade war the US side has provoked with China, the market turmoil cause by the technology war and blocked industrial cooperation," he added. "US politicians continue to try to mislead the American people, and now they are trying to incite ideological opposition."

US President Donald Trump said on Thursday that US complaints against Huawei may be resolved within the framework of a US-China trade deal, while also calling the company "very dangerous." Lu said he didn't know what Trump was talking about.

'Huawei's shipments may fall this year'

Hong Kong/Shanghai: Hit by crippling US sanctions, Huawei could see shipments decline by as much as a quarter this year and face the possibility that its smartphones will disappear from world markets, analysts said.

Huawei's smartphone shipments may fall between 4 per cent and 24 per cent in 2019 if the ban remains, said Fubon Research and Strategy Analytics. **REUTERS**

'US FAA sees approval of Boeing 737 MAX to fly as soon as late June'

REUTERS
MONTREAL/FORT WORTH, MAY 24

THE FEDERAL Aviation Administration (FAA) expects to approve Boeing Co's 737 MAX jet to return to service as soon as late June, representatives of the US air regulator informed members of the United Nations' aviation agency in a private briefing on Thursday, sources told *Reuters*.

The target, if achieved, means US airlines would likely not have to greatly extend costly cancellations of 737 MAX jets they have already put in place for the peak summer flying season, but the FAA representatives warned that there was no firm timetable to get the planes back in the air.

A 737 Max at the Renton Boeing factory. *Reuters photo*

American Airlines Group Inc, Southwest Airlines Co and United Airlines suspended 737 MAX flights into July and August after the FAA grounded Boeing's best-selling jet in March following two crashes in the space of five months that together killed 346 people.

FAA and Boeing officials privately briefed members of the International Civil Aviation Organization's (ICAO) governing council in Montreal on the 737 MAX on Thursday, the same day that the FAA's acting administrator Dan Elwell met with international air regulators for eight hours in Fort Worth, Texas.

Laying out a potential schedule for getting the 737 MAX back in the air in the United States goes further than the FAA's public statements so far. Elwell declined to answer questions about the private ICAO briefing. "The last thing I want is to put a date out there and then to have anybody, either the FAA, or you or the public drive to the date instead of the end result or the process," he said.