GOLD	RUPEE	OIL	SILVER
₹33,020	₹69.83	$68.91*	₹37,325

*Indian basket as on May 28, 2019

SENSEX: 39,502.05 ▼ 247.68 **NIFTY:** 11,861.10 ▼ 67.65 **NIKKEI:** 21,003.37 ▼ 256.77 **HANG SENG:** 27,235.71 ▼ 155.10 **FTSE:** 7,163.80 ▼ 105.15 **DAX:** 11,852.08 ▼ 174.97

International market data till 1900 IST

POLICY WATCH
FOREIGN DIRECT INVESTMENT

Decline in inflows: Stressed telecom, uncertainty in pharma to blame

PRANAV MUKUL & PRABHA RAGHAVAN
NEW DELHI, MAY 29

While FDI in telecom sector fell during 2018-19 to $2.67 bn from $6.21 bn a year ago, inflows in pharma dropped to $266 mn in 2018-19 from $1 bn in 2017-18

STRESSED FINANCIAL condition of the telecom sector — which saw a wave of consolidation — is being deemed as the primary reason behind the fall in foreign direct investment (FDI) in the sector during 2018-19 to $2.67 billion from $6.21 billion a year ago.

Notably, according to official data, FDI in India declined for the first time in last six years in 2018-19, falling by 1 per cent to $44.37 billion as overseas fund inflows subsided in telecom, pharmaceuticals and other sectors. FDI in pharmaceuticals fell from $1 billion in 2017-18 to $266 million in 2018-19, with a combination of regulatory uncertainty in the country, the lack of a conducive environment for companies to invest in growing opportunities in this space among the reasons for this trend.

According to director general of Cellular Operators Association of India, Rajan Mathews, "The principal idea behind the fall in FDI in the sector is its stressed financial condition. Because of the condition, companies have been having a hard time bringing in foreign investment.

EXPLAINED

Earlier, FDI was mainly being brought in to expand infrastructure but with consolidation happening, we have seen that Idea and Vodafone are now making joint investments so that is taking the number down. So it is a combination of a number of factors."

"Going ahead, as the sector stablises, the government provides relief and the economy grows as expected, we can expect the FDI levels to bounce back," he added. While operators may have slowed down on widening their infrastructure footprint during the last financial year, experts also believe that as firms gear up for 5G, there will be an uptick in investment, which will also reflect in the FDI levels for this year.

Further, a relatively more stable industry could bring in pricing discipline among telecom operators that could improve the financial condition of the sector going ahead. "We expect minor improvements with (industry) revenues estimated to grow by 6 per cent on-year and operating income or Ebitda by 20 per cent on-year in FY20, driven by benefits of higher data usage, and a relatively more consolidated and stabler industry structure, resulting in some pricing discipline," ratings agency ICRA said in a recent statement.

However, during 2019-20 the revenues of the Indian telecom sector are still expected to be lower than its peak of 2015-16.

Drop in pharma FDI

According to industry experts and some global pharmaceutical companies in the country, the reason for a drop in FDI is a mix of regulatory uncertainty in India, the lack of a proper environment for companies to invest in growing opportunities in this space as well as divestments by global firms to release capital in the last few years.

"There is a lot of uncertainty in the pharma sector, whether it has to do with the pricing pressures in the US markets, FDA inspections and dark clouds over drug approvals. In the domestic market, also, there is a push towards generic-generics and reduction in drug prices," said a senior executive of a global drug maker. "For an investor, it doesn't give confidence of an improved sustainable profitability," the person told *The Indian Express.*

"The future of the pharma industry is not in tablets and capsules," the person said, adding that multinational firms would "rarely, if never," set up facilities to manufacture such products when they have the option of relying on contract manufacturers. The key FDI inflow into the pharmaceutical sector in India was through inbound mergers and acquisitions, and such "large" have happened in the last few years, but have not occurred in the 2018-19 financial year, said Kartikeyan Thangarajan, associate director, India Ratings & Research (Fitch group).

"NLEM (National List of Essential Medicines) continues to be overhang on companies operating in the domestic space as more drugs come under the NPPA (National Pharmaceutical Pricing Authority) scanner," added Ankit Bhemre, senior analyst, India Ratings & Research (Fitch Group).

As Jaitley opts out, his imprint on policy reforms may stay the course

SUNNY VERMA & AANCHAL MAGAZINE
NEW DELHI, MAY 29

EVEN AS he chose to opt out of the new government on health grounds, Former Finance Minister Arun Jaitley's imprint on the country's economic and financial trajectory will to continue to shape policy in the coming years.

Among the structural reforms pursued over the last five years, Jaitley was instrumental in thrashing out the political consensus needed for the legislative process and subsequent implementation of the Goods and Services Tax (GST) — the first aimed at promoting seamless trade across the country — and the Insolvency and Bankruptcy Code (IBC) — to unshackle the stress in the banking sector. While demonetisation was a challenging policy disruption under his watch, which pulled down economic growth to record lows, his budget proposals over the course of the last five years unveiled measures aimed at attracting foreign investment, lowering corporate tax rate for MSMEs, introducing an ambitious National Health Protection Scheme (NHPS) and promising a minimum 50 per cent return over production cost to farmers.

Building the political consensus, both at the national level and among all states, is perhaps the most significant task that Jaitley managed to achieve during his term as finance minister, despite a very short lead time. State finances ministers, including those at the opposite side of the political divide such as Kerala Finance Minister TM Thomas Issac and Karnataka Rural Development Minister Krishna Byre Gowda, were among those who vouched for Jaitley's "gentle" persuasive skills in building the consensus for rolling out the tax reform. In fact, when Jaitley joined back office in August 2018 after a three-month break, Kerala Finance Minister Thomas Isaac of CPI (M) tweeted: "...Very happy to read that you are back Arun Jaitley *Ji*. Looking forward to meeting you at the next GST Council. Let me confess you were missed."

Starting with the Union Budget 2014-15, Jaitley significantly eased foreign direct investment norms for defence, insurance, housing and manufacturing sectors, while budget for 2017-18 announced abolition of the Foreign Investment Promotion Board, the body that cleared foreign direct investment plans up to Rs 5,000 crore. Union Budget 2015-16, announced creation a Micro Units Development Refinance Agency (MUDRA) Bank, with a corpus of Rs 20,000 crore, and credit guarantee corpus of Rs 3,000 crore to refinance microfinance institutions through Pradhan Mantri Mudra Yojana – which has been a key scheme of the government to promote micro entrepreneurship in the non-farm sector. Opening of bank accounts for the unbanked and provision of insurance and pension products at low cost were other measures to build the financial safety net for the poor

The showpiece of the 2018-19 Budget was an ambitious National Health Protection Scheme (NHPS) for over 10 crore poor and vulnerable families, an estimated 50 crore individual beneficiaries, with coverage of up to Rs 5 lakh per family per year. Among the steps to cleanse political funding, the government brought down anonymous or unnamed cash donations by individuals to political parties from the Rs 20,000 to Rs 2,000 in line with the recommendation of the Election Commission. It also unveiled a scheme of electoral bonds for giving donations to political parties.

Former Finance Minister Arun Jaitley with the then Minister of State for Finance Nirmala Sitharaman at Parliament before presenting the Budget 2014-15, the first Budget of the NDA government. *PTI File Photo*

As Jaitley underwent a surgery in the US in January for a reported soft tissue cancer in his left leg, the Modi government's sixth and final budget of its current term was presented by Railway and Coal Minister Piyush Goyal, who was the stand-in finance minister. This budget reduced the income tax rate for those earning up to Rs 5 lakh to zero and announced a Rs 6,000 per year income support scheme to farmers with small landholdings. Jaitley had a renal transplant on May 14 last year at AIIMS, New Delhi, with Goyal filling in for him at that time too. Jaitley, who had stopped attending office since early April 2018, was back in the finance ministry on August 23, 2018.

Apart from schemes, Jaitley assiduously built political consensus around the GST, which opened a new chapter in the Centre-state fiscal relations and stitched together a common market across the country by subsuming various taxes. The finance ministry has proactive in addressing the challenges posed by implementation of GST. With monthly GST collections stabilizing above Rs 90,000 crore and growing, the biggest reform seems to have settled down. Jaitley also enjoyed confidence of state finance ministers of political parties from the opposition, as all decisions in the GST Council meetings were taken through consensus, without the need for resorting to voting. A total of 34 meetings of the GST Council, which is headed by Union Finance Minister, have been held so far.

The enactment of the IBC was aimed at pruning the stressed assets of over Rs 10 lakh crore in the economy – the law has so far yielded a recovery rate of 43 per cent points for the banks, much higher than in the earlier regimes. From December 1, 2016, when provisions of CIRP kicked in till March 31, 2019, the IBC yielded successful resolution plans in 93 cases, wherein financial creditors could recovery Rs 74,497 crore out of admitted claims of Rs 1,73,359 crore — resulting in a recovery rate of 43 per cent for the financial creditors. In the existing regime of DRT/SARFAESI, banks could recover less than 20 per cent of the stuck loans with significant delays.

To revive the public sector bank, the government also provided record capital infusion of more than Rs 2.1 lakh crore and merged certain weak banks with strong banks. With the NPA cycle peaking and showing signs of reversal, the measures are starting to have a major impact in tackling the twin balance sheet challenge of banks and corporate sector both having unsustainable debt.

Markets break 3-day streak on profit booking, fears of global recession

ENS ECONOMIC BUREAU
NEW DELHI, MAY 29

ENDING THEIR three-day record setting rally, benchmark indices ended Wednesday with losses as investors rushed to book profits amid a broad reversal in global markets on fears of recession.

The 30-share BSE Sensex ended 247.68 points, or 0.62 per cent, lower at 39,502.05, after losing over 300 points intra-day.

Similarly, the broader NSE Nifty lost 67.65 points, or 0.57 per cent, to end at 11,861.10.

In the last three sessions, both indices had registered record closing highs, following the BJP-led National Democratic Alliance's (NDA) emphatic victory in the general elections.

Traders said investors were anxious to book profits after the recent run-up, and offloaded banking, metal and auto stocks.

Global risk sentiment was at a low ebb, after the 10-year US bond yields fell below the three-month rates – which is considered a leading indicator of a recession. Lack of any major progress on the US-China trade talks front also weighed on markets overseas, they added.

Foreign institutional investors (FIIs) net sold shares worth Rs 304.27 crore on Wednesday, while domestic institutional investors (DIIs) also offloaded equities to the tune of Rs 189.58 crore, provisional data available with stock exchanges showed.

Meanwhile, sliding for the second day running, the rupee lost 14 paise to nearly 69.83 against the US dollar on Wednesday, with investors opting for safe-haven currencies like the greenback and yen amid global growth concerns. With Wednesday's fall, the rupee has now depreciated by 32 paise in two sessions. **WITH PTI**

'Addressable market for e-pharmacies to reach $18.1 bn by 2023'

A report titled 'E-pharma: Delivering Healthier Outcomes' by consultancy firm EY states that the total addressable medicine market for e-pharmacies in India is likely to reach $18.1 billion by 2023

$9.3bn

current addressable market: The addressable medicine market for e-pharmacies in the country stands currently at $9.3 billion and is estimated to grow at a compound annual growth rate (CAGR) of 18.1 per cent

Cash burn in e-pharma industry: There is a lot of cash burn in the e-pharma industry, mainly for offering discounts to gain scale; discounts have to come down to reasonable levels to achieve break-even and any meaningful profitability

Rise in acute medicines market: The expected rise in the acute target market by e-pharmacies can be attributed to an improvement in last mile logistics through collaboration with local pharmacies and integrating into existing hyperlocal models

DOMESTIC PHARMACEUTICAL MARKET SHARE

35% Chronic medications
65% Acute medicines

MARKET SHARE TARGETED BY E-PHARMACIES BY 2023:

85% Chronic medications
40% Acute medicines

Potential for fintech, healthtech players: Fintech and healthtech players can look to expand offerings by getting into the segment; even hyperlocal players (food tech, grocery, delivery only companies) can add on this segment to build efficiency on the delivery side

NCLAT allows IL&FS to declare 'amber' companies as 'green'

ENS ECONOMIC BUREAU
NEW DELHI, MAY 29

TO HELP FINANCIAL ENTITIES, LENDERS

- **The move will benefit lenders and financial entities which are owed over Rs 16,372 crore**
- **'Green' entities are those which can pay all their obligations, 'amber' entities can only meet their obligations partially and 'reds' are those that cannot meet any of their obligations**

THE NATIONAL Company Law Appellate Tribunal (NCLAT) on Wednesday allowed the board of IL&FS declare 'amber' companies or those able to partially pay off their loans as 'green' companies or those that can continue to meet all their payment obligations.

However, if the IL&FS board is not able to turn them around and make them efficient enough to service their debt before the next date of hearing on July 12, the NCLAT may ask the board to release funds to help them meet their debt obligations. These funds would be used entirely to pay pension and provident funds and, on a proportionate basis, to pay other lenders. The NCLAT's observation will benefit lenders and financial entities which are owed over Rs 16,372 crore from 13 such 'amber' companies.

Of the 302 IL&FS group companies, 133 were incorporated outside India and as such are outside the territorial jurisdiction. The remaining 169 companies, incorporated domestically, have been divided into three categories on the basis of their debt servicing ability. 'Green' entities are those which can pay all their obligations while 'amber' are those that can meet their obligations only partially. 'Reds' are those which cannot meet any of their obligations.

In a submission before the NCLAT on February 21, the IL&FS Board had submitted the classification of 151 companies -50 were in the green, 13 amber, 80 red and eight were in different stages of resolution. The remaining 18 were yet to be classified. Hearing multiple applications, the NCLAT bench, headed by chairperson justice SJ Mukhopadhaya, on Wednesday also observed that red entities may have to face insolvency proceedings if their health fails to improve in the interim.

The bench's observation followed the statement of IL&FS' counsel Ramji Srinivasan, who informed the NCLAT that one amber company was to be converted into green for which a term sheet has been readied and for which the IL&FS board has accorded in-principle approval.

The appellate tribunal said, "To finalise the matter relating to one of the entities for which term sheet has been placed for approval and in-principle approval has been agreed upon. The Union of India/IL&FS is also allowed to take similar steps with the rest of the amber companies which it sees viable and get the term-sheet approved. We also make it clear that once one or the other entity is declared a green entity to service their debt obligations as per the sequence of repayment."

"Resolution of green companies will also be within the framework as observed with regard to other green entities by order dated February 11, 2019. If we found that one or the other entity has not been declared green and there is no likelihood of declaring them green in future, the appellate tribunal may pass appropriate order for release of fund on a proportionate basis within a time frame," the NCLAT added.

In its February 11 order, the appellate tribunal had permitted 'green' companies to service their debt obligations as per the scheduled repayment within the resolution framework. It had also permitted the 'amber' companies to make necessary payments only to maintain and preserve them as going concerns. **FE**

INDIA'S 2017 PLEA SAID SINGAPORE ARBITRATION COURT DIDN'T HAVE AUTHORITY TO RULE ON THE CASE

'Arbitration court rejects India's plea in case against Nissan'

ADITI SHAH & SUDARSHAN VARADHAN
NEW DELHI, MAY 29

CASE RELATED TO PLANT IN CHENNAI

- **In 2008, Nissan and its partner France's Renault SA agreed to set up a car plant in Chennai**
- **The Japanese car maker in its 2016 notice claimed Rs 29 billion in unpaid incentives from Tamil Nadu and Rs 21 billion in damages, plus interest and other costs**
- **The TN government, meanwhile, has been trying to settle the matter with Nissan since last year but has failed to come to an agreement on the final terms**

THE PERMANENT Court of Arbitration in Singapore has rejected India's argument that the court does not have the jurisdiction to rule on a case brought against India by Japan's Nissan Motor, according to two people and documents reviewed by *Reuters*.

If India had won the plea, the entire case would have been thrown out, said one of the people who has direct knowledge of the matter, adding that the government is now likely to file an appeal with Singapore's Supreme Court.

Nissan sent a legal notice to Prime Minister Narendra Modi's administration in 2016 claiming more than Rs 50 billion ($720 million) in a dispute over incentives it said were due from Tamil Nadu as part of a 2008 agreement to set up a car manufacturing plant in the southern state.

The Japanese car maker brought the case against India for alleged violation of a Comprehensive Economic Partnership Agreement (CEPA) the country has with Japan. The CEPA gives some protections to Japanese firms investing in India and vice versa.

India, which according to the source agreed to have the arbitration in Singapore, filed a plea in 2017 saying the arbitration court in Singapore does not have the authority to rule on the case for many reasons, including that it was a tax-related matter outside the purview of the CEPA with Japan.

The international tribunal, in a 140-page order dated April 29, denied India's objections, saying it has the authority to rule on the matter and would hold the final hearing in February 2020 after submission of evidence and arguments from both sides.

The order has not previously been reported. Nissan said in a statement it "continues to work with the government to resolve this matter". The case is one of a string of arbitration proceedings against India by investors including Vodafone Group, Cairn Energy and Deutsche Telekom over issues ranging from retrospective taxation to payment disputes.

Though India has lost investment treaty arbitration cases in the past, there is no clarity yet on the legal position when it comes to enforcement of awards or rulings, said Moazzam Khan, head of global litigation at law firm Nishith Desai Associates.

In the past, however, India has either voluntarily complied or settled the dispute prior to the award, said Khan.

If India loses, the final cost to the country would depend on the merits of the case but there have been instances where it has had to pay the entire claim amount and legal costs, he said.

Settlement Talks

In 2008, when Nissan and its partner France's Renault SA agreed to set up a car plant in Chennai, the state government promised several incentives, including tax breaks.

Nissan and Renault have invested Rs 61 billion to set up the factory which has an annual production capacity of 480,000 vehicles. The Japanese car maker in its 2016 notice claimed Rs 29 billion in unpaid incentives from Tamil Nadu and Rs 21 billion in damages, plus interest and other costs. The Tamil Nadu government, meanwhile, has been trying to settle the matter with Nissan since last year but has failed to come to an agreement on the final terms.

"All obligations would be honoured," said N Muruganandam, Principal Secretary to Tamil Nadu government's industries department, adding he hopes to finalise a deal within a month.

If the two decide to settle, Nissan, which has only about 1 per cent share of India's passenger car market, has the option to withdraw its arbitration case against India. **REUTERS**

US yields drop to 20-month lows on trade fears

REUTERS
NEW YORK, MAY 29

BENCHMARK US Treasury yields dropped to 20-month lows on Wednesday as Chinese newspapers warned of retaliation against the United States in a trade war that investors are increasingly concerned will drag down global economic growth.

Bonds pared price gains, however, after the US Treasury Department saw soft demand for a $32 billion sale of seven-year notes and as stock markets pared losses. Chinese newspapers said Beijing could use rare earths to strike back at the United States. China is a major producer of rare earths, which are used widely in electronics and military equipment. It came after US President Donald Trump on Monday said Washington was not ready to make a deal with China while also pressing Japanese Prime Minister Shinzo Abe to reduce Japan's trade imbalance with the United States.

Treasuries also rallied in line with German government debt on concerns about Italy's budget and relationship with the European Union. Germany's 10-year government bond yield fell to its most negative in nearly three years. Benchmark U.S. 10-year note yields fell to 2.21 per cent, the lowest since September 2017, before rising back to 2.24 per cent. The yields have fallen from 2.61 per cent on April 17 and from 2.77 per cent on March 4. The yield curve between three-month bills and 10-year notes also inverted as far as 14 basis points. An inversion is widely seen as a precursor to a recession.

Bonds pared price gains after the Treasury Department sold $32 billion in seven-year notes to weak demand. Primary dealers took their largest share of the sale since March 2018, which indicates there was low appetite for the debt from mutual funds, central banks and other investors.

Kochi sees highest rise in real estate prices in 2018: RBI

ENS ECONOMIC BUREAU
MUMBAI, MAY 29

Except Kanpur, all other cities recorded a rise in housing prices on an annual basis, RBI said

THE ALL India House Price Index (HPI) of top cities in India, calculated by the Reserve Bank of India, increased by 1.12 in the December quarter from the preceding quarter and 4.66 per cent for the full year 2018.

Real estate prices in Kochi jumped the most during the 12 months ended December 2018. HPI for Kochi for the quarter ended December 2018 rose by 8.48 per cent to 298 from 274.7 in the September quarter on a sequential basis. On a yearly basis, HPI for Kochi soared by 28.83 per cent from 231.3 from December 2017, as per the RBI HPI Index.

HPI for Mumbai rose by 0.90 per cent to 266.3 in the December quarter from the September quarter and 3.47 per cent in full year of 2018. In Delhi, HPI was up by 1.34 per cent in the December quarter and by 3.30 per cent for full year 2018. Bengaluru HPI fell by 1.05 per cent to 243.2 during the December quarter but rose 7.80 per cent during the year 2018, the RBI data said.

"Large variation in HPI growth across cities was observed, with Kochi recording the highest rise and Jaipur recording the maximum contraction of -3.1 per cent," the RBI said, with reference to quarterly figures.

On a year-on-year basis, the all-India HPI recorded a growth of 4.66 per cent in Q3 of 2018-19 as against 5.7 per cent in the previous quarter and 7.2 per cent a year ago. "Except Kanpur, all other cities recorded a rise in housing prices on an annual basis," the central bank said.

"The annual growth/contraction in HPI ranged from 28.8 per cent (in Kochi) to -6.5 per cent (in Kanpur), indicating large divergences in city-wise housing price movements," it added.

The RBI's HPI (base: 2010-11=100) is based on transactions data received from housing registration authorities in ten major cities, namely Ahmedabad, Bengaluru, Chennai, Delhi, Jaipur, Kanpur, Kochi, Kolkata, Lucknow and Mumbai.

GOODS AND SERVICES TAX EVASION

SC agrees to examine power of tax officials to arrest individuals

EXPRESS NEWS SERVICE
NEW DELHI, MAY 29

CENTRE GETS 4 WEEKS TO REPLY TO SC NOTICE

- **The vacation bench of the Supreme Court directed the central government to reply to a notice issued by the Court within four weeks on the issue of arrest of persons for GST evasion, observing that the "position of the law" has to be clarified since "different high courts of the country have taken divergent views"**
- **In the special leave petition in the SC, the centre challenged the order of the Bombay High Court, which had held that accused person cannot be arrested without following the procedure as laid down under the CrPC; the SC said it would not interfere with the pre-arrest bail granted to the individuals by the high court**

ISSUING NOTICES to the central government and private parties, the Supreme Court on Wednesday agreed to consider the legal questions relating to the power of government officials to arrest persons for Good and Services Tax (GST) evasion.

The vacation bench, headed Chief Justice of India Ranjan Gogoi and Justice Anirudha Bose, directed the government to reply to the notice within four weeks on the issue of arrest for GST evasion, observing that the "position of the law" has to be clarified since "different high courts of the country have taken divergent views".

"As different high courts of the country have taken divergent views in the matter, we are of the view that the position in law should be clarified by this Court. Hence, the notice," the bench said. A three judge bench will now hear the matter.

The direction comes after the central government had on Tuesday moved the Supreme Court seeking a clarification on the powers of officers under the Central Goods and Service Tax (CGST) Act to arrest accused persons without the filing of an FIR.

In the special leave petition, the Centre challenged the order of the Bombay High Court, which had held that accused person cannot be arrested without following the procedure as laid down under the Code of Criminal Procedure (CrPC).

On Wednesday, the apex court, however, said that it would not interfere with the pre-arrest bail granted to the individuals by the Bombay High Court.

"However, we make it clear that the high courts while entertaining such request (protection from arrest) in future, will keep in mind that this Court by order dated May 27 ... had dismissed the special leave petition filed against the judgement and order of the Telangana High Court in a similar matter, wherein the High Court of Telangana had taken a view contrary (refused to grant protection from arrest) to what has been held by the High Court in the present case," the vacation bench said.

The order also comes two days after the SC upheld a Telangana High Court verdict that had held that a person can be arrested by the concerned authority in cases of GST evasion.

In the Telangana case, the division bench, comprising Justices V Ramasubramanian and P Keshava Rao, had said it was not inclined to grant relief against arrest to petitioners who had approached it challenging the summons issued by Superintendent (Anti-Evasion) of the Hyderabad GST Commissionerate under the CGST Act, 2017, stating the sub section (1) of Section 69 of the CGST Act empowers the commissioner to order the arrest of a person.

"If reasons to believe are recorded in the files, we do not think it is necessary to record those reasons in the authorization for arrest under Section 69(1) of the CGST Act. Since Section 69(1) of the CGST ACT, 2017 specifically uses the words "reasons to believe", in contrast to the words "reasons to be recorded" appearing in Section 41A(3) if Cr.P.C., we think that it is enough if the reasons are found in the file, though not disclosed in the order authorizing arrest," the Telangana HC had observed.

M&M posts 19.8% fall in standalone PAT

ENS ECONOMIC BUREAU
MUMBAI, MAY 29

MAHINDRA & Mahindra (M&M) on Wednesday reported a 19.85 per cent decline in its standalone profit after tax (PAT) at Rs 848.81 crore for the fourth quarter of 2018-19, as against a profit of Rs 1,059.09 crore in the corresponding period of 2017-18.

Revenue from operations rose to Rs 14,035.16 crore in the quarter ended March 31, 2019, as against Rs 13,307.88 crore in the fourth quarter of FY18, M&M said. For FY19, the company posted a PAT of Rs 4,796.04 crore, up 10.1 per cent, as against Rs 4,356.01 crore in 2017-18. Revenue from operations during the previous fiscal increased to Rs 53,614 crore, against Rs 49,444.99 crore in 2017-18.

The firm said total vehicle sales in Q4 rose to 1,63,937 units, as against 1,56,453 units in the year-ago quarter, a growth of 5 per cent. Passenger vehicle (PV) sales was at 77,607 units, up 7 per cent over the year-ago quarter. The board of M&M recommended a dividend of Rs 8.50 per share of a face value of Rs 5 each share (170 per cent). On Wednesday, shares of the company ended 0.25 per cent up at Rs 672.25 apiece on the BSE.

"Muted demand in rural India on account of poor distribution of monsoon and weak agricultural incomes due to poor price realisation, stress in NBFC sector leading to tight credit conditions along with low demand in urban India and the overall sluggishness in the economy led to a fall in both the tractor and automotive industry during Q4 of FY2019," M&M said.

The domestic tractor industry witnessed a fall of 8.4 per cent during March quarter and the firm sold 56,903 tractors in domestic market and exported 3,341 tractors, a decline of 14.9 per cent and 10.9 per cent respectively over the corresponding quarter of the previous year. After seven quarters of growth, the domestic automotive industry witnessed a reversal in Q4 of FY2019, mainly due to negative growth of 2 per cent and 5.9 per cent in the PV and MHCV goods industry, respectively.

Boeing 737 MAX may not return to service until August: IATA

REUTERS
SEOUL, MAY 29

THE INTERNATIONAL Air Transport Association (IATA) expects it could take until August before the Boeing Co 737 MAX returns to service, the airline group's head said on Wednesday, adding that the final say on the timing rested with regulators.

The 737 MAX was grounded globally in March after a crash in Ethiopia killed all 157 people on board, the model's second deadly crash in five months.

"We do not expect something before 10 to 12 weeks in reentry into service," IATA director general Alexandre de Juniac told reporters in Seoul.

RBI: For KYC, banks can use Aadhaar with customer's consent

PRESS TRUST OF INDIA
MUMBAI, MAY 29

BANKS CAN use Aadhaar for KYC verification with the customer's consent, the Reserve Bank said Wednesday as it updated its list of documents eligible for identification of individuals.

The RBI specifies Know Your Customer (KYC) norms to be followed by banks and other entities regulated by it for various customer services, including opening of bank accounts.

"Banks have been allowed to carry out Aadhaar authentication/offline-verification of an individual who voluntarily uses his Aadhaar number for identification purpose," the central bank said in its amended Master Direction on KYC.

In February, the Union Cabinet had approved promulgation of an ordinance to allow voluntary use of the 12-digit unique number as identity proof for opening bank account and procuring mobile phone connection.

Meanwhile, the RBI on Wednesday constituted a committee to review the existing state of mortgage securitisation in India and suggest measures to deepen it. The mortgage securitisation market in India is primarily dominated by direct assignments among a limited set of market participants on account of various structural factors impacting both the demand and the supply side, as well as certain prudential, legal, tax and accounting issues.

The RBI also constituted a task force to suggest policy and regulatory interventions required for development of secondary market in corporate loans, including loan transaction platform for stressed assets.

The six-member body, headed by Canara Bank Chairman T N Manoharan, has been set up to review the existing state of the market for loan sale/transfer in India as well as the international experience in loan trading, it said.

Relaxed norms for NBFC loan securitisation

New Delhi: The RBI on Wednesday extended minimum holding period requirement for NBFCs to raise funds via loan securitisation to help the sector overcome liquidity shortage. Non-banking financial companies (NBFCs) have been permitted to securitise loans of over five-year maturity after holding them for six months on their books. **PTI**

BRIEFLY

L&T raises Mindtree stake to 28.87%

New Delhi: Larsen and Toubro (L&T) on Wednesday acquired about 98,000 shares of Mindtree from open market, taking its shareholding in the IT services firm to 28.87 per cent, stated a regulatory filing.

FASTags now available for sale on Amazon

New Delhi: FASTags, the reloadable tags that enable automatic deduction of charges at toll plazas, are now available on e-commerce platform Amazon to promote digital payment of toll for seamless traffic, the Centre said Wednesday.

HDFC releases ₹2,300 crore as PMAY subsidy

New Delhi: HDFC Ltd Wednesday said it has disbursed subsidy of more than Rs 2,300 crore under the government's flagship housing scheme PMAY, benefiting over one lakh first time home buyers.

Airtel rights issue gets oversubscribed

New Delhi: Bharti Airtel on Wednesday said its rights issue of more than 113.3 crore shares has been oversubscribed, with bids for over 119.6 crore stocks.

Solvency at core of NBFCs' problems: CEA

New Delhi: Addressing reporters on the sidelines of an award event here on Wednesday, Chief Economic Advisor Krishnamurthy Subramanian said the issue of solvency is at the core of the problems afflicting the non-banking financial companies (NBFCs). "What is basically appearing as liquidity (problems) is related to solvency," he said.

Users can now delete Alexa recordings

New Delhi: Amazon is bringing in a new Alexa Privacy Hub that will allow users to delete recordings on all Alexa-enabled devices using a simple voice command as it looks to allay concerns around privacy. **PTI**

ArcelorMittal cuts Europe production

REUTERS
BRUSSELS, MAY 29

ARCELORMITTAL UNDERLINED the problems facing the European steel industry when it cut production for the second time in May, blaming weak demand and high imports. The firm said its latest cuts amounted to annualised output of 1-1.5 million tonnes.

Shares in the company, the world's largest steelmaker, fell 6 per cent to touch their lowest point since July 2016 and were down 3.7 per cent by 0930 GMT on Wednesday.

Huawei challenges United States bill

REUTERS
NEW YORK, MAY 29

CHINA'S HUAWEI Technologies Co Ltd has filed a legal motion seeking to declare a US defence law unconstitutional, in the telecom equipment maker's latest bid to fight sanctions from US that threaten to push it out of global markets. The motion for judgment in its lawsuit against the US government, filed late on Tuesday in the US District Court for the Eastern District of Texas, asks a judge to declare the 2019 National Defense Authorization Act (NDAA) unconstitutional. Huawei filed its lawsuit in March.