# ECONOMY



**③** ₹69.22

HUL Q4 net profit up 14%

to ₹1,538 crore even with



**⊗** \$72.00\* ₹37,700

SENSEX: 38,963.26 ▼ 18.17 NIFTY: 11,712.25 ▼ 12.50 NIKKEI: 22,258.73 ▼ 48.85 HANG SENG: 30,081.55 ▲ 137.37 FTSE: 7,407.74 ▲ 56.43 DAX: 12,402.12 ▲ 56.70

## NEED TO MAKE ADEQUATE PROVISIONS FOR BAD DEBT, INSURANCE FIRMS TOLD Insurers can classify IL&FS exposure as non-performing assets, says IRDAI

**ENS ECONOMIC BUREAU** MUMBAI, MAY 3

INSURANCE COMPANIES can classify their exposure to the IL&FS group as non-performing assets (NPAs), according to Insurance Regulatory and Development Authority of India (IRDAI) Chairman Subhash Chandra Khuntia.

"All exposure to IL&FS group can be classified as NPA," Khuntia said on the sidelines of the FICCI insurance summit. However, insurers would have to make adequate provisions for bad debt. Many insurance firms have exposure to IL&FS group in the form debt and debt instruments. Life Insurance Corporation of India (LIC) holds 25.34 per cent stake in the company.

On Thursday, the National Company Law Appellate Tribunal (NCLAT) allowed banks to declare the accounts of IL&FS and its subsidiaries which have defaulted on payments as nonperforming assets.

nounced three initiatives that sary control, but would like to

EXPLAINED Regulator pushes for a self-regulating mechanism

INSURANCE REGULATOR IRDAI which wants insurers to clean up their IL&FS bad debts by making adequate provisions is pushing for a self-regulating mechanism. It has planned three initiatives for the orderly growth of the sector at a time when competition is hotting up.

The reforms on the anvil include establishment of a riskbased capital system and a self-regulating mechanism where those who manage risk better will be allowed to operate with lower capital, risk-based supervision and introduction of IFRS (International Financial Reporting Standard) 17.

the regulator will be setting up soon. They include: establishment of a risk-based capital system and a self-regulating mechanism where those who manage risk better will be allowed to operate with lower capital, riskbased supervision and introduction of IFRS (International Financial Reporting Standard) 17. IRDAI Chairman also an- "I am not in favour of unneces-

have broad regulations, and within that self-regulation on your part," he said.

"Many of you look at market share. But I suggest don't be too bothered about improving market share. If growth is high you don't have to bother about market share. Put your heads together to make the market grow," Khuntia said.

Highlighting the huge pro-

tection gap in the country. Khuntia said, "It is important that you provide protection to customers." In a market with such huge opportunities, insurance companies will be comfortable even if their market share doesn't grow, he said. In the first year of liberalisa-

tion, India had just five life and nine non-life insurance companies. Both the numbers rose to 15 during the next four years. But during the first five years, only three life and 13 non-life companies reported operating profit. Currently, there are 24 life and 34 non-life insurance companies. Last year, the overall rate of growth of premium was 13 per cent, higher than the economic growth of the country. "India being a young population, this demographic characteristic is expected to continue for the next several years, offering insurers a very good atmosphere to operate," he said.

"Of the life insurance companies, 21 are reporting operational profit compared to 25 in the non-life sector," Khuntia said, and called upon the non-prof- into the kind of problems faced itable companies to introspect.

"Those struggling will have to change course and see that longterm sustainability is ensured,"

He also lauded the insurance industry for the high level of talent within and called for it to be harmonized to develop trust among customers. "IFRS 17 has been postponed to 2022 globally. India has also postponed its introduction, but IRDAI needs the help and cooperation of insurers during the preparatory phase prior to its introduction," he said.

Other areas where insurance companies need to pay attention include the protection of policy holders from unfair practices, development of new and innovative products catering to the requirement of the current crop of tech-savvy consumers, increasing penetration to cover the low-income population and management and mitigation of risk, he said. Khuntia called upon all companies to look into corporate governance standards and expressed confidence that the by NBFCs.

**ENSECONOMIC BUREAU** MUMBAI, MAY 3

DESPITE "SOME moderation in the rural market", Hindustan Unilever Ltd (HUL) has reported a 14 per cent growth in profit after tax for the March quarter at Rs 1,538 crore as against Rs 1,351 crore in the same period last year.

Total income for the quarter rose from Rs 9,197 crore to Rs 10,063 crore in the March 2019 quarter. For FY 2018-19, comparable sales and domestic consumer business (FMCG) grew by 12 per cent, HUL said.

Domestic consumer growth was 9 per cent with underlying volume growth at 7 per cent.

Sanjiv Mehta, chairman and managing director, said, "We have delivered a strong performance for the quarter despite some moderation in rural market growth. Our focus on strengthening the core and leading market development has been consistently delivering good results. We have now grown top line and bottom line for the eighth consecutive year and our 2019 results are insurance industry will not run a testament to both our strategy and execution."

"With our 'Re-imagining HUL'

#### FIRM'S DOMESTIC CONSUMER GROWTH AT 9%

**■** Domestic Consumer Growth was 9 per cent with **Underlying Volume Growth** at 7 per cent. EBITDA margin was up 90 bps, it said

moderation in rural demand

HUL Chairman and Managing Director Sanjiv Mehta said the company has

agenda, we are well poised to

build an organisation which is

purpose led and future fit. Given

the macro-economic indicators,

near-term market growth has

moderated. However, medium-

term outlook stays positive. As an

organisation we are well posi-

tioned to respond with speed and

agility to meet the needs of our

consumers. We remain focused

on our strategic agenda of deliv-

ering consistent, competitive,

The HUL board proposed a fi-

nal dividend of Rs 13 per share,

growth," Mehta said.

in rural market growth" ■ For entire 2018-19, HUL's net profit was up 15.25 per

delivered a strong

cent at Rs 6,036 crore, over Rs 5,237 crore in previous year

performance for the quarter

"despite some moderation

ended March 2019 amounts to Rs 22 per share. HUL also announced the appointments of Anuradha Razdan as executive director, human resources, and Vibhav Sanzgiri as executive director, research and development. Both Anuradha and Sanzgiri will join **HUL's Management Committee** with effect from June 1, 2019.

According to a PTI report, its total expenses for the said period was Rs 7,765 crore compared to profitable and responsible Rs 7,181 crore, up 8.13 per cent.

"Prudent management of volatility in costs along with improved mix and operating leversubject to the approval of the age has driven margin improvement," HUL said. For 2018-19. shareholders at the AGM. Together with the interim divi-HUL's net profit was up 15.25 per dend of Rs 9 per share, the total cent at Rs 6,036 crore, over Rs dividend for the financial year 5,237 crore in the previous year.

### RBI: No gold shifted outside **India** in 2014 or thereafter

**PRESSTRUST OF INDIA** MUMBAI, MAY 3

THE RESERVE Bank of India (RBI)on Friday said no gold was shifted outside the country in 2014 or thereafter. The statement comes against the backdrop of reports in certain sections of the print and social media regarding the central bank shifting abroad a part of its gold holding in 2014.

It is a normal practice for central banks world over to keep their gold reserves overseas with central banks of other countries like Bank of England for safe custody, according to the statement.

"It is further stated that no gold was shifted by the RBI from India to other countries in 2014 or thereafter. Thus the media reports cited above are factually incorrect," the statement said.

The Congress party had tweeted a report regarding shifting of 200 tonne of the RBI's gold to Switzerland in 2014. "Did the Modi govt secretly transport 200 tonnes of RBI's gold to Switzerland in 2014?," the party had tweeted.

### Reserve Bank fines m-pesa, PhonePe and three others

**PRESSTRUSTOFINDIA** MUMBAI, MAY 3

THE RESERVE Bank of India Friday said it has imposed penalties on five prepaid payment instrument (PPI) issuers, including Vodafone m-pesa and PhonePe, for violation of regulatory norms.

Also, penalties have been imposed on Western Union Financial Services Inc and MoneyGram Payment Systems Inc, both US firms, for non-compliance of guidelines. "In exercise of powers vested under Section 30 of the Payment and Settlement Systems Act, 2007, the Reserve Bank of India (RBI) has imposed monetary penalty on...five PPI Issuers for non-compliance of regulatory guidelines," the central bank said in a statement. A penalty of Rs 3.05 crore has been imposed on Vodafone m-pesa and Rs 1 crore each on Mobile Payments, PhonePe, Private and GI Technology. Also, a penalty of Rs 5 lakh has been imposed on Y-

Cash Software Solutions. In another statement, the RBI said it has imposed penalty of Rs 29,66,959 and Rs 10,11,653 on Western Union Financial Services Inc, USA, and MoneyGram Payment Systems Inc, USA, respectively, for non-compliance of regulatory guidelines.

## 'LENDERS TO TAKE 57% HAIRCUT IN 94 CASES WORTH ₹1.75 TRILLION'

### ₹75,000 cr

recovered: Among the cases that went to bankruptcy tribunals, just Rs 75,000 crore or only 43 per cent of the admitted claims was recovered

1,143 pending cases: As of March, there were 1,143 cases pending at various bankruptcy tribunals **32%**: Percentage of cases

**324** days: Average resolution timeline for the 94

cases worth Rs 1.75 lakh crore

pending for more than 270

**22%**: Expected recovery percentage, if the aforementioned 94 companies had been liquidated instead of undergoing normal

Banks have taken a huge 57 per cent haircut in the 94 large accounts worth Rs 1.75 lakh crore which were resolved in FY19, according to a joint study

by Crisil and Assocham



resolution process

Third year of IBC: These numbers assume

importance as the **Insolvency and Bankruptcy** Code (IBC) enters the third year this month

No resolution yet for big ticket firms: There are a few big-ticket accounts for which resolution has not been finalised for over 400 days as IBC framework is still a work in progress

Some key issues that need to be addressed for successful implementation of IBC:

■ Adherence to timelines ■ Adequate judicial infrastructure ■ Creditor classification and

**Exploration of IBC** value and stakeholders'

prioritising

**framework:** To maximise interest, the IBC framework for liquidation under a going concern basis needs to be explored further and should be followed in true spirit

## Cognizant cuts full-year growth outlook, Q1 net slips

#### **ENS ECONOMIC BUREAU** BENGALURU, MAY 3

IT SERVICES company Cognizant Technology Solutions reported a sequential decline of 32 per cent in net profit to \$441 million, which is also a 15.2 per cent YoY decline. The company cut its full-year revenue growth guidance for 2019 to 3.6 per cent-5.1 per cent, a drop from 7 per cent-9 per cent it had set a year ago. The guidance for the second quarter has been set at the 3.9 per cent-4.9 per cent range.

While revenues saw a slight decline sequentially, it rose to \$4.11 billion, up 5.1 per cent (6.8 per cent in constant currency) from a year ago. GAAP operating margin was

### IT shares tumble; TCS falls 3.7%

New Delhi: Shares of IT firms tumbled up to 3.7 per cent Friday after Cognizant slashed its full-year revenue growth outlook. On the BSE, TCS fell 3.70 per cent, Hexaware 2.73 per cent, Tech Mahindra 2.16

13.1 per cent compared to 17.7 per cent last year and a fall of 3.7 per cent QoQ. Cognizant also had to pay Indian authorities \$117 million after a Supreme Court ruling earlier this year. "Cognizant's growth and performance in the quarter leaves room for improvement," said CEO Brian Humphries.

per cent, HCL Tech 1.40 per cent, Wipro 0.87 per cent and Infosys Ltd 0.84 per cent.

Led by the decline in these scrips, the BSE Information Technology index fell 1.91 per cent to close at 15,659.96. PTI

"While I am encouraged by our client centricity, our employees' winning spirit and our innovation, we are not yet delivering against the market opportunity. We are committed to strengthening our execution to invest in growth and drive shareholder value," said the CEO.

cial services — which hold the largest share in the firm's revenues with 34.9 per cent — went down by 1.7 per cent YoY and around 1 per cent QoQ. Cognizant said the segment was impacted by softness in its business with a few of their banking clients and several insurance and North American regional banking clients. It added that the firm made progress in furthering its platforms and solutions strategy for banking clients through the acquisition of MeritSoft.

During the first quarter, finan-

Kotak Institutional Equities on its post-earnings report said that the weakness in Cognizant's performance reflects poor execution rather than an industry-wide slowdown. **FE** 

## India again extends retaliatory tariff deadline on US goods till May 16

**ENS ECONOMIC BUREAU** NEW DELHI, MAY 3

THE CENTRAL government has again extended its deadline to impose retaliatory import duties on 29 US products. The Finance Ministry, in a notification, said that implementation of increased customs duty on specified imports originating in the US has been postponed from May 2 to May 16 this year.

The move came even as a notice by the US to withdraw India from its Generalised System of Preferences (GSP) programme expired on Friday. It also comes in light of Jaish-e-Mohammed chief Maulana Masood Azhar's designation by the United Nations Security Council as a global terrorist after China lifted its hold on a proposal to do so following pressure from the US, France and UK. Since June 2018 when India

decided to impose these duties in retaliation to a move by the US to impose high customs duties on certain steel and aluminium products these deadlines have been extended several times. The US decision to withdraw export incentives being provided

to Indian exporters under the GSP programme, which is expected to impact India's exports to the US worth \$5.6 billion under this America has given 60 days notice to withdraw these benefits. Amid this, US Commerce

Secretary Wilbur Ross and Commerce Minister Suresh Prabhu will hold bilateral meetings on May 6 here to discuss trade-related issues. According to sources, India

Trump 'firm' on China structural demands,

tariffs are part of enforcement, says US V-P

A notification of the Finance Ministry has said implementation of increased customs duty on specified imports originating in the US has been postponed

may go ahead with its decision to impose retaliatory tariffs if the US would withdraw the GSP benefits. Further extension of GSP benefits was part of a trade package being negotiated between the countries. However, those negotiations hit a roadblock after the US announced its decision to roll back GSP benefits from Indian exporters. The US administration has al-

leged that India is imposing high import duties on products such as paper and Harley Davidson motorcycles from America.

India wants US to exempt them from the high duty imposed on certain steel and aluminium products, provide greater market access for agriculture, automobile, automobile components and engineering sector products.

On the other hand, the US is demanding greater market access through a cut in import duties for its agriculture goods, dairy products, medical devices, IT and communication items. As part of the imposition of higher import duties, India has notified higher tariffs on several products.

India's exports to the US in 2017-18 stood at \$47.9 billion, while imports were at \$26.7 billion. **WITH PTI** 

#### **US lawmakers** urge Trump govt not to terminate GSP benefits to India

**LALIT K JHA** WASHINGTON, MAY 3

THE US should not terminate the GSP programme with India after the expiry of the 60-day notice period on Friday, a group of 25 influential American lawmakers has urged the United States Trade Representative, warning that companies seeking to expand their exports to India could be hit.

The Generalised System of Preference (GSP) is the largest and oldest US trade preference programme and is designed to promote economic development by allowing duty-free entry for thousands of products from designated beneficiary

On March 4, US President Donald Trump announced that the US intends to terminate India's designations as a beneficiary developing country under the GSP programme.

The 60-day notice period ends on May 3. On the eve of the end of the notice period, the 25 US lawmakers made a last-ditch effort to convince the Trump administration from going ahead with its decision.

The 25 members of the US House of Representatives in a passionate letter urged US Trade Representative Robert Lighthizer to continue negotiating a deal that protects and promotes jobs that rely on trade – both imports and exports – with India.

They argued that terminating GSP for India would hurt American companies seeking to expand their exports to India. PTI

American goods. Administration

officials have said both sides are

expected to launch new enforce-

## Bundling of parking, pool, gym facilities while selling flats to attract lower GST'

#### **PRESSTRUSTOFINDIA** NEW DELHI, MAY 3

BUNDLING OF facilities such as car parking, swimming pool, club and gym with residential apartments will be treated as composite construction service and attract lower rate of the goods and services tax (GST), according to an AAR ruling.

Following the ruling, these services will be regarded as composite construction service and attract 12 or 5 per cent GST, as against 18 per cent levied of variety of other services.

The verdict by the West Bengal bench of the Authority for Advance Ruling (AAR) clears the confusion with regard to the GST rate to be levied on additional services provided by realtors to homebuyers.

The ruling was given by the AAR on an application filed by

#### **WILL BE TREATED AS CONSTRUCTION SERVICE: AAR**

■ These facilities will be regarded as composite construction service and attract 12 or 5 per cent GST, as against 18 per cent levied of variety of other services, as per the AAR ruling

Bengal Peerless Housing Development seeking clarification whether additional services would be treated as composite supply with construction service since they are usually bundled while booking a flat in an apartment complex.

"The applicant (Bengal Peerless Housing Development) is providing service of construction of a dwelling unit in a residential complex, bundled with services relating to the preferential location of the unit and right ■Verdict by the West Bengal bench of the Authority for Advance Ruling (AAR) clears the confusion with regard to the GST rate to be levied on additional services provided by realtors to homebuyers

to use car parking space and common areas and facilities.

It is a composite supply, construction service being the principal supply," the AAR said. It added that the "entire value of the composite supply is, therefore, to be treated, for the purpose of taxation, as supply of construction service".

should aid in bringing some clar-

ity on the taxability of these

charges for the real estate sector."

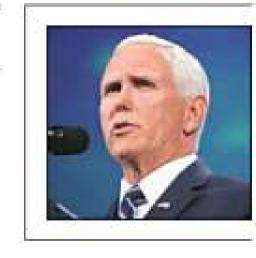
EY India tax partner Abhishek Jain said, "This ruling

WASHINGTON, MAY 3 US VICE President Mike Pence said

**REUTERS** 

on Friday that President Donald Trump would "stand firm" on his demands for structural changes to China's trade practices, and removal of US tariffs on Chinese goods would be a part of a mechanism to enforce any deal with Beijing. Pence told *CNBC* television in

an interview aired on Friday that Trump "remains very hopeful" about reaching a trade deal with China in talks next week in Washington. Chinese Vice Premier Liu He will travel to Washington for talks starting on Wednesday after a round of talks this week in Beijing that Treasury Secretary Steven Mnuchin called "productive." Industry representatives say they believe the talks



\$250 billion worth of Chinese

goods in place, Pence said: "The

president's two favorite words are

'We'll see.'" "The president be-

lieves we're in a very strong posi-

not be reached.

believes we're in a very strong position, we could put more tariffs on if we're not able to reach an agreement" MIKE PENCE, VICE PRESIDENT, USA

"The president

are in the endgame, and Mnuchin tion, we could put more tariffs on has said he hopes that by the end if we're not able to reach an agreeof next week the US team is in a ment. The manner in which tarposition to recommend a deal to iffs would come off is going to be Trump or tell him that one could a part of the enforcement mechanism and all of that is the subject of negotiations as we talk," Pence Asked whether a deal would leave some of the US tariffs on said.

The administration has been insisting on a mechanism to ensure that China follows through on any reform promises and commitments to purchase more

ment staffs to police the agreement. People familiar with the talks have said they expect some of the tariffs to remain in place and be removed as China meets certain implementation benchmarks. Pence's comments appear to agree with that theory. He also said Trump has made it clear to Chinese President X Jinping the US must see structural

change to China's practices on intellectual property protection and those coerce US companies to transfer technology to Chinese firms. "Forced technology transfers, intellectual property theft are a reality. President Trump has made it clear that things have to change with China on the structural issues as well as the trade imbalance and we'll continue to stand firm on those," Pence said.

# DLF transfers Noida firm for ₹2,950 crore

**PRESSTRUSTOFINDIA** NEW DELHI, MAY 3

REALTY MAJOR DLF said it has transferred shopping mall in Noida, Uttar Pradesh, to its subsidiary firm for Rs 2,950 crore, as part of efforts to settle dues of its joint venture firm with GIC.

DLF has to pay Rs 8,700 crore to the DLF Cyber City Developers Ltd (DCCDL), which is a joint venture firm of DLF and Singapore's sovereign wealth fund GIC. It wants to settle these dues by September this year through transfer of rental assets and land

In a regulatory filing on Thursday, DLF informed that the company has transferred its property, Mall of India, Noida, to one of its subsidiaries Paliwal Real Estate Ltd, in the ordinary course of business at an arm's length consideration of Rs 2,950 crore, arrived on the basis of the valuation report of an independent valuer.

"This is in line with the company's stated objective of stream-

Airtel revamps

'Airtel Thanks'

programme

**PRESSTRUST OF INDIA** 

BHARTI AIRTEL on Thursday re-

vamped its flagship customer pro-

gramme 'Airtel Thanks', promis-

ing users enhanced benefits and

offers including premium con-

tent, device and security services,

when players in the Indian tele-

com market are pulling out all the

stops to retain existing customers

with differentiated offerings, and

nudging subscribers into higher

value plans. Airtel said the pro-

gramme is "tiered in its offering

paid bundle at Rs 299 to offer 28

days of Amazon Prime member-

ship along with 2.5 GB data/day,

unlimited calls to any network

It has also launched a new pre-

Silver, Gold and Platinum"

and 100 SMS/day.

The move comes at a time

and financial services.

NEW DELHI. MAY 3

lining and consolidating the operations and holding structure of its rental assets," DLF added.

Mall of India is located in Sector 18, Noida, with a leasable area of 2 million sq ft. It was developed at a cost of around Rs 2,000 crore. According to sources, the transfer of Mall of India to a subsidiary firm has paved the way for selling this retail asset to DCCDL to clear the dues.

DLF has 66.66 per cent stake in the joint venture firm, while GIC has 33.34 per cent shareholding. DCCDL currently holds

around 30 million sq ft of rentyielding commercial assets, largely in Gurgaon (Haryana) with annual rental income of over Rs 2,500 crore. The JV was formed in

December 2017 when DLF promoters sold entire 40 per cent stake in DCCDL for nearly Rs 12,000 crore. This deal included sale of 33.34 per cent stake in DC-CDL to GIC for about Rs 9,000 crore and buyback of remaining shares worth about Rs 3,000 crore by DCCDL.

## AROUND ONE MILLION INDIANS 'TESTING' WHATSAPP'S PAYMENTS SERVICE mall to its subsidiary Supreme Court to WhatsApp: Trial run of

payments services 'can't go on forever'

**ENS ECONOMIC BUREAU** 

NEW DELHI, MAY 3

WHATSAPP'S PAYMENTS services came under fire from the Supreme Court on Friday for carrying on indefinitely its pilot programme. The issue at stake is that overseas firms like WhatsApp need to store all financial data within the country under a Reserve Bank of India notification. The deadline for meeting the norm for local storage of financial data ended on October 18, 2018.

Since WhatsApp's payments services is still in pilot stage and has not received the permission of National Payments Corporation of India (NPCI) to go live, technically it is not in violation of any guidelines.

However, on Friday, the SC took note of a petition filed by an NGO, Centre for Accountability and Systemic Change (CASC), which has claimed that WhatsApp has not fully complied

with the RBI's circular which prescribed data localisation norms.

Warning WhatsApp that the pilot programme cannot go on indefinitely in violation of RBI norms, the SC said RBI is free to prosecute it for failing to comply with data localisation norms.

During the hearing of the petition, a bench led by Justice R F Nariman said, "The RBI has filed an affidavit stating that you (WhatsApp) are not following their norms. Let them prosecute... Petitioner may be right that trial run can't go on forever."

The apex court also told the

NGO's lawyer Virag Gupta that it will hear the matter. "Don't worry, our arms are long enough. They cannot escape the law," Justice Nariman said when Gupta wanted a direction to WhatsApp, which is owned by social networking major Facebook, to file a copy of its agreement either with the RBI or NPCI as the messaging app was conducting the trial with

data of one million users.

#### **SC SAYS RBI FREE TO PROSCUTE**

**■**Warning WhatsApp that the pilot

programme can't go on indefinitely in violation of RBI norms, SC said RBI is free to prosecute it for failing to comply with data localisation norms

■ As WhatsApp's payments services is still in pilot stage and has not received NPCI permission to go live. technically it is not in violation of guidelines

The matter has been posted for detailed hearing in July.

On its part, WhatsApp assured the judges that it will abide by the RBI norms before launching its payments service in the

**Few** 

mills operational:

Much of the sugar

has already been

manufactured and

only a few mills are

in operation

at present

country and added that the trial run of its payment service is underway and will be over by July.

Denying that they have any agreement with the Reserve Bank or NPCI, senior advocates Kapil Sibal and Arvind Datar, appearing for WhatsApp, said, "We can't launch the product (payments services) without compliance. This is just a trial run which is likely to be completed by July."

Relying on the RBI's circular of April 6, 2018, Gupta argued that trial data of users cannot be allowed to be kept outside India. "This may be violative of permission granted by the NPCI to Whatsapp," he said.

The RBI, in its affidavit to the apex court, said it is exploring regulatory actions to expedite compliance of data localisation. The banking regulator had maintained that payments service providers and third-party payments app should follow its circular on data localisation, which mandates all payments operators

and banks to store data of their Indian users within the country. In January 2019, the SC had made the RBI a party to a petition.

However, in December 2018, the NPCI had said WhatsApp has not given it any timeline for complying with the RBI's data localisation norms. It also said it has not been intimated if the data during the pilot programme will be stored only in India or just copy of it will be stored here while the main data is stored in servers abroad.

The WhatsApp spokesman had then said. "We have built a system that stores payments-related data locally in India," and the company hopes to expand the payments feature across the country soon so that it can "contribute to the country's financial inclusion goals".

WhatsApp reportedly has more than 200 million active users in India and almost one million people are "testing" its payments service. **FE** 

#### BRIEFLY —

#### **CEA to be part of** Finance panel's **Advisory Council**

New Delhi: Chief Economic Advisor Krishnamurthy Subramanian has been included in the Advisory Council of the 15th Finance Commission as its member, an official statement said on Friday. The Advisory Council was set up in April 2018 to advise the commission on any issue or subject related to the terms of reference (ToR) of the commission.

#### Applications for HCL's CMD post invited

New Delhi: Government head-hunter PESB has invited applications for the post of Chairman and Managing Director of Hindustan Copper Ltd (HCL). "The Public Enterprises Selection Board (PESB) is seeking qualified candidates for the post of Chairman and Managing Director (CMD), Hindustan Copper Ltd," the mines ministry said.

#### Injunction request against Cipla denied

New Delhi: Cipla Friday said the US District Court of Delaware denied Amgen Inc's request for preliminary injunction to stop Cipla's continued sale of its generic cinacalcet hydrochloride tablets in the US market. Preliminary injunction is a court order made in the early stages of a lawsuit that prohibits the parties from doing an act in order to preserve status quo until trial is over and court has issued a ruling or judgment.

#### Rolta gets out of bankruptcy proceedings

Mumbai: Software firm Rolta India has become one of the first defaulters to come out of the bankruptcy proceedings on the basis of the April 2 Supreme Court order, with the Mumbai bench of the NCLT dismissing Union Bank's plea

## **'SoftBank** planning IPO of

## IPPAI to CAG: Unfair advantage to PGCIL on transmission project bids

ENS ECONOMIC BUREAU NEW DELHI, MAY 3

PRIVATE POWER companies lobby group Independent Power **Producers Association of India** (IPPAI) has written to the Comptroller and Auditor General (CAG) citing concerns on "unfair advantage available to state-owned Power Grid Corporation of India Ltd (PGCIL) in competitively bid transmission projects".

The IPPAI letter was in reference to the competitive bidding currently underway for nine transmission projects to facilitate the evacuation of electricity from renewable energy projects in Gujarat and Rajasthan.

IPPAI has alleged that there are concerns among private

The IPPAI letter to the CAG was in reference to the competitive bidding currently underway for nine transmission projects

players regarding the "abnormally and unreasonably low pricing" being quoted by PGCIL by taking advantage of its financing and pricing power from its large base of assets built under the 'cost-plus' mechanism.

The group, in its letter, has also referred to PGCIL, being virtue of it being the central transmission utility, enjoying a Karnataka — have produced position of strength in the ten-11.26 million tonnes, 10.7 dering process.

#### 'INDIA PRODUCES 32.11 MILLION TONNES OF SUGAR IN OCTOBER-APRIL'

Sugar output in India has reached 32.11 million tonnes in the first seven months of the ongoing marketing year that started October 2018, and the total production could touch a new record of 33 million tonnes, according to industry body Indian Sugar Mills Association

**32.5**MT: The country's sugar output during the 2017-18 marketing year (October-September) was a record 32.5 million tonnes

**26**MT: India's annual domestic requirement, which is the world's second largest producer, is 26 mn tonnes **32.11** MT: Mills have

manufactured 32.11 million

October 2018 and April this

tonnes of sugar between

year. Only 100 mills were in operation as on April 30 **Top producers:** The country's top three sugar producing states — Uttar Pradesh, Maharashtra and

million tonnes and 4.32 million tonnes, respectively, during the October-April period of the 2018-19 marketing year

**Less crushing:** Even though the quantum of sugarcane

crushing in the current year is less than that in the last year, the sugar production in 2018 19 will be marginally more than last year, it said

**Better recovery:** Sugar recovery in northern India

including Maharashtra and Karnataka also, the sugar recovery is better than last year, though not as high as it achieved in north India **33** MT: Sugar production in

has been substantially better

than last year. In the other

parts of the country,

the current year for the whole country is expected to be around 33 million tonnes. about 5,00,000 tonnes more than last year, ISMA said

**Sugar stocks:** Sugar stocks at the end of the 2018-19 marketing year would be at a higher level at around 14.7 million tonnes taking into account the opening balance of 10.7 million tonnes as on October 1, 2018

## 'Former Bhushan Steel CFO arrested by SFIO for fraudulent practices'

**PRESSTRUST OF INDIA** NEW DELHI, MAY 3

THE SERIOUS Fraud Investigation Office (SFIO) has arrested former chief financial officer of Bhushan Steel Nittin Johri for fraudulent activities, including filing false documents with various banks, according to sources.

He was managing the affairs of Bhushan Steel and was looking after raising of funds from banks and financial institutions. He was also one of the signatories to the

financial statements of the company till fiscal 2016-17.

The SFIO probe found that there were several fraudulent practices at the company, including manipulations in the accounts and financial statements during the term of Johri. These included maintaining inflated inventories for availing enhanced working capital, the sources said.

According to them, he was also one of the perpetrators of manipulations through the instrument of Letters of Credit (LCs). which was done by filing false

The initial impetus of the

portfolio managers has in the

past heralded Buffett's eventual

forays into some of their invest-

ments, often in big ways. It was

Combs who in 2012 began in-

vesting in industrial and aircraft

parts maker Precision Castparts

Corp. Four years later, Berkshire

completed its purchase of that

company for \$32 billion, in what

remains Buffett's largest acqui-

More recently, it was either

But it was Buffett who

Combs or Weschler who in 2016

began investing in iPhone maker

ramped up that stake into

Berkshire's largest common

stock investment, more than 255

million shares, now worth

an additional bond between

Buffett and Bezos, whose com-

panies teamed up last year with

The Amazon purchase adds

roughly \$53 billion.

sition.

Apple Inc.

expensive.

documents with various banks. A large number of LCs,

amounting to more than Rs 20,000 crore, were opened using false documents on behalf of the company over a period of time starting from fiscal 2014-15, the sources noted. By way of the said modus

operandi, Bhushan Steel availed working capital to avoid getting their loan/credit accounts declared as non-performing assets by the banks. LCs worth more than Rs 3,000 crore finally devolved, they said.

## US job growth surges; jobless rate at 49-yr low

**REUTERS** WASHINGTON, MAY 3

US JOB growth surged in April and the unemployment rate dropped to a more than 49-year low of 3.6 per cent, pointing to sustained strength in economic activity even as last year's mas-

sive fiscal stimulus fades. The Labor Department's closely watched monthly employment report on Friday, however, showed steady wage gains last month, consistent with moderate inflation. The decline in the unemployment rate to the

lowest level since December 1969 was because people left the labor force, suggesting some slack in the jobs market remains.

The report was broadly supportive of the Federal Reserve's decision on Wednesday to keep interest rates unchanged and signal little desire to adjust monetary policy anytime soon. Fed Chair Jerome Powell described the economy and job growth as "a bit stronger than we anticipated" and inflation "somewhat

weaker.' "Employment gains are strong enough to dispel any immediate concerns over the health of the economy, while wage gains are not strong enough to force the Federal Reserve's hand to tighten the policy stance," said Harm Bandholz, chief US economist at UniCredit Research in New York.

Nonfarm payrolls increased by 263,000 jobs last month, amid gains in hiring nearly across all sectors.

The US economy created 16,000 more jobs in February and March than previously reported. Economists polled by Reuters had forecast nonfarm payrolls rising by 185,000 jobs last month.

The strong economy, especially the labor market, could boost President Donald Trump's re-election hopes next year. Trump has touted the economy as being one of the big wins of his first term in office. The economy will celebrate 10 years of expansion in July, the longest on

record. Job growth is well above the roughly 100,000 needed per month to keep up with growth in the working-age population. The second month of strong job growth was further evidence that February's paltry 56,000 increase in jobs was an aberration.

Crude oil up after strong

US economic data, but

heads for weekly slump

Syrian workers fixing pipes of an oil well at an oil field, in

# \$100 billion'

against the company. **PTI** 

Bengaluru: SoftBank Group Corp is considering an initial public offering of its \$100 billion Vision Fund, the Wall Street Journal reported on Friday, citing people familiar with the matter. **REUTERS** 

## Berkshire Hathaway has, finally, invested in Amazon.com: Warren Buffett

REUTERS

BENGALURU/OMAHA, MAY 3

BUFFETT said WARREN Berkshire Hathaway Inc has bought shares of internet retailing giant Amazon.com Inc for the first time, though he has not been the one doing the buying. CNBC reported on Thursday.

Buffett said the purchase was

made by one of his investment managers, Todd Combs or Ted Weschler, and details would be disclosed later this month in Berkshire's quarterly report of its US stock holdings.

The purchase marks a U-turn for Berkshire, where Buffett has long praised the leadership of Amazon Chief Executive Jeff Bezos. "Yeah, I've been a fan, and I've been an idiot for not buying," Buffett told CNBC.

Buffett's assistant did not immediately respond to a request for comment. Amazon did not immediately respond to a similar request. Shares of companies often rise when Berkshire reveals its support through new stakes, even when the purchases are believed or known to have been made by Combs or Weschler, who together invest about \$26 billion.

### planning its own crypto for payments' **AGENCIES**

tocurrency-based payment system that it could launch for bilfluctuations in value.

features.

JPMorgan Chase & Co to form a new venture, Haven, to reduce employee healthcare costs. Berkshire has more than 90 businesses in the insurance, energy, food and retail, industrial, railroad and other sectors, and often buys stocks when buying whole companies appears too higher. AP& REUTERS

SAN FRANCISCO/LONDON

FACEBOOK IS planning a cryp-

It could reportedly under-

Facebook says only that it is exploring many different applications for cryptocurrency tech-

# Tesla ups capital raise to \$2.7 bn

BENGALURU, MAY 3

**REUTERS** 

raise up to \$2.7 billion in a recordsetting capital raising for the electric carmaker, as investors scooped up a mix of new stock and convertible notes that will recharge the company's cash-depleted balance sheet. It said in a filing that it had

raised its offer to 3.1 million shares, rising to 3.5 million including a tranche for underwriting banks, from an initially planned 2.7 million, priced at \$243 per share. The filing also showed it

pointed to buoyant interest in the

would place convertible debt worth \$1.6 billion, up from an initial planned \$1.35 billion. That all

The conversion premium at

which the bonds can be exchanged for stock in the future, was also at the bottom of the initial range given by the company another concession.

Tesla's launch of a capital raise was greeted with relief by Wall Street on Thursday after a tumultuous year which has seen analysts and investors cast doubt on its ability to produce, sell and deliver enough cars to make a sustainable profit. The firm said that after all costs had been deducted it could now get up to \$2.7 billion

in new capital from the offer. Musk, whose fortune centers around a 20 per cent stake in the \$42-billion company, also doubled his initial commitment for buying shares and will now buy stock worth up to \$25 million, the company said.

#### **REUTERS** NEW YORK, MAY 3

OIL PRICES edged up nearly 1 per cent on Friday, as strong US economic data boosted demand sentiment and as production losses in sanctions-hit Iran and Venezuela tightened the market.

for weekly declines on a jump in US crude inventories reported this week.

Brent crude oil futures climbed 55 cents, or 0.8 per cent, to \$71.30 a barrel by 12:38 p.m. EDT (1638 GMT), but were set for their first weekly loss in five weeks.

(WTI) crude futures were up 45 cents, or 0.7 per cent, at \$62.26 a

Rmeilan, Hassakeh province, Syria. AP file photo barrel, while poised for their second straight weekly decline.

AUS jobs report that showed growth surging in April and the unemployment rate dropping to a more than 49-year low of 3.6 per cent, increased the expecta tion that crude demand would stay strong, said Phil Flynn, senior analyst at Price Futures Group

"After the strong jobs report, the market is kind of putting that big build this week into perspective," Flynn said. Equities rallied and the US

in Chicago.

dollar weakened following the report, which also supported oil futures. Oil prices tend to follow moves in equities, and demand for the US dollar-linked commodity often increases when the greenback slips.

# **'Facebook**

lions of users worldwide, The Wall Street Journal has reported. The system would use a digital coin similar to bitcoin, but different in that Facebook would aim to keep the coin's value stable. Bitcoin and similar cryptocurrencies have been susceptible to wild

mine credit cards by sidestepping the processing fees that generate much of their revenue. The Journal report cited unidentified people familiar with the matter. It said Facebook is recruiting dozens of financial firms and online merchants to launch the network. Facebook's plans may include financially rewarding users who interact with ads or other

nology. Meanwhile, Bitcoin jumped to a new six-month high Friday in a move that traders said was the result of technical forces, with no immediate news catalysts sending the cryptocurrency



**CEO Elon Musk also doubled** his commitment for buying **shares.** Reuters file photo

offering and shares in the company rose 2.5 per cent in morning trading. The coupon for the debt offering, however, was set at 2.0 per cent - the top of the indicated range - suggesting the company had ceded ground to investors to borrow so much.

## NSE co-location case: Sebi partially relaxes orders against 3 stock brokers

**PRESSTRUST OF INDIA** NEW DELHI, MAY 3

MARKETS REGULATOR Sebi Friday partially relaxed orders against three stock brokers in NSE's co-location facility case by allowing them to close the open positions in F&O and currency derivatives segments within two months.

The directions have been relaxed in the case of OPG Securities Pvt Ltd, Way2Wealth Brokers Pvt On Tuesday, Sebi had barred

Ltd and GKN Securities.

OPG Securities and its three directors from markets for five years, while Way2wealth and GKN Securities were asked to not undertake any trade on any stock exchange on proprietary account for two years. The Securities and Exchange

Board of India's (Sebi) ruling came after it found the three brokers guilty of misconduct in NSE's colocation case. Following the order on

#### holding open positions in futures and options (F&O) and currency derivatives segments at the end of trading on April 30, 2019, which need to be closed. It is clarified that the directions issued vide orders shall

Tuesday, Sebi said, it is under-

stood that the three brokers are

stand relaxed for the limited purpose of allowing the three brokers to close open positions in the futures and options and currency derivatives segments, Sebi said in two separate orders Friday.

Still, oil futures were headed

US West Texas Intermediate