New Delhi: Imports from Pakistan declined by 92 per cent to \$2.84 million in March after imposition of 200 per cent customs duties on goods following Pulwama terror attack. As per commerce ministry data, imports from Pak stood at \$34.61 million in March 2018. PTI

### AFTER THE PNB SCAM, OTHER JEWELLERY CHAINS UNDER SCANNER

# Banks cut down exposure to jewellery sector amid lingering liquidity issues

**GEORGE MATHEW** MUMBAI, JUNE 9

BANKS HAVE cut down their exposure to the gem and jewellery sector amid indications that some jewellery chains in the South India are facing liquidity issues a year after the massive defaults by companies owned by Mehul Choksi and Nirav Modi.

According to the Reserve Bank of India data, total loan outstanding to the gem and jewellery sector declined to Rs 85.281 crore as of December 2018 from Rs 90,495 crore in March 2018. Non-performing assets (NPAs) in the jewellery sector also fell to Rs 20,135 crore in December 2018 from a high of Rs 23,887 crore, the RBI said in an RTI reply.

In percentage terms, as much as 23.61 per cent of the exposure of banks was reported as bad loans as of December 2018 against 26.39 per cent in March 2018. After the PNB scam involv■ Total loan outstanding to also fell to Rs 20,135 crore in the gem and jewellery sector December 2018 from a high

declined to Rs 85,281 crore

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According to the Reserve

■ Non-performing assets

(NPAs) in the jewellery sector

Bank of India data

NPAs FALLS TO ₹20,135 CR IN DECEMBER 2018

■ In percentage terms, as much as 23.61 per cent of the exposure of banks was reported as bad loans as of December 2018 against 26.39 per cent in March 2018

of Rs 23,887 crore

ing Gitanjali Gems of the sector. We're EXPLAINED Mehul Choksi and assessing their balance sheets," Nirav Modi's compasaid an official in a nies surfaced in early 2018, other jewellery leading commercial bank. companies and State Bank of chains came under the scanner of banks India, and the RBI. "Some largest lender,

prominent jewellery said in the case of chains in the South India are now non-corporate borrower, the bank decided to cap exposure to facing liquidity issues. Their balance sheets are in a big mess. We Rs 100 crore for single borrower have cut down our exposure and and Rs 200 crore for group expotightened the lending norms to sure. In the case of corporate exposure at Rs 400 crore for single borrower with BBB rating and above. Rs 100 crore for borrower with BB rating and Rs 50 crore for borrowers without rating. SBI has capped group exposure at Rs 1000 crore.

According to SBI, all new exposures beyond Rs 100 crore is to be considered under consortium lending only. If existing exposures are under the multiple banking, it will be brought under consortium lending only.

"No further enhancement will be permitted if the exposure continues MBA (multiple banking arrangement)" SBI said in an RTI reply.

SBI's total exposure to the gem and jewellery sector was Rs 12,408 crore as of March 2019, out of which Rs 797.59 crore loans were classified as NPAs. While its exposure marginally declined from Rs 12,693 crore in the previous year, NPAs fell from Rs 2,242 crore in March 2018.

"Loan exposures to some gold jewellery retailers in South

India are under close scrutiny. Some of them had been on an unbridled expansion spree of their retain chain," said a senior official of a bank.

Bank lending to the jewellery sector has turned cautious with greater due diligence and checks on credit and inventory qualities. In fact, stricter credit norms have affected the store expansion plans and working capital position of industry players, especially the unorganised ones.

According to rating firm ICRA, the gold jewellery retail business is highly fragmented and competitive; the pricing flexibility of all major players remain under pressure with continuous store expansions by larger retailers in recent years.

This coupled with the limited value addition in the products keeps the operating margins lower. Loan exposure to the sector started coming down after the Rs 14,000 crore fraud by Nirav Modi and Mehul Choksi companies came to light early last year.

'intensified' trade conflict **REUTERS** 

**G20 FINANCE MINISTERS AND CENTRAL BANK GOVERNORS' MEETING** 

Finance chiefs express

concern over risks from

FUKUOKA, JAPAN, JUNE 9

GROUP OF 20 finance leaders on Sunday said that trade and geopolitical tensions have "intensified", raising risks to improving global growth, but they stopped short of calling for a resolution of a deepening US-China trade conflict.

After fiery negotiations that nearly aborted the issuance of a communique, finance ministers and central bank governors meeting in southern Japan repeated tepid support for a rules-based multilateral trading system.

"Global growth appears to be stabilising and is generally projected to pick up moderately later this year and into 2020," the G20 finance leaders said in a communique issued as the meetings closed.

"However, growth remains low and risks remain tilted to the downside. Most importantly, trade and geopolitical tensions have intensified. We will continue to address these risks and stand ready to take further action."

It also said that G20 finance leaders had agreed to compile they can't repay. However, the fi-

common rules by 2020 to close loopholes used by global tech giants such as Facebook and Google to reduce their corporate taxes.

ADB President Takehiko Nakao, Finance Minister Nirmala

Sitharaman, Bank of England (BOE) Governor Mark Carney

and British Chancellor of the Exchequer Philip Hammond

talk during the G20 Finance Ministers and Central Bank

Governors Meeting in Fukuoka, Japan. REUTERS

The communique also contained pledges to increase debt transparency on the part of borrowers and creditors. Another priority is sustainable infrastructure development, an issue brought into sharper focus by concerns that China's massive Belt and Road infrastructure drive was saddling poor countries with debt nal language excluded a proposed clause to "recognise the pressing need to resolve trade tensions" which was dropped from a previous draft debated on Saturday.

The deletion, which G20 sources said came at the insistence of the United States, shows a desire by Washington to avoid encumbrances as it increases tariffs on Chinese goods. The statement also contains no admissions that the deepening US-China trade conflict is hurting global growth.

### **BRIEFLY**

#### **BoB** puts over 65 accounts on block

Mumbai: Bank of Baroda has put on sale non-performing loans amounting to Rs 9,060 crore, including two large accounts -Bhushan Power & Steel and Alok Industries which are undergoing insolvency process but delayed. Besides these two big accounts, the bank is also looking to sell 65 other medium and smallsize stressed accounts worth Rs 6,057 crore, only on cash basis, according to the information on the bank's website.

#### Pre-Budget consultations from Jun 11

New Delhi: The pre-Budget consultation exercise is all set to commence this week, with Finance Minister Nirmala Sitharaman scheduled to meet economists, banks and financial institutions as well as industry chambers between June 11-23. The state finance ministers are also expected to give their suggestions for Budget 2019-20.

### **Central Bank of India plans to** raise₹5,000 cr

New Delhi: Central Bank of India (CBI) is planning to raise up to Rs 5,000 crore in the current fiscal through various means, including rights issue and FPO, to meet Basel III norms by March 2020, it said in its annual report 2018-19. **PTI** 

# 'FPIs pour in ₹7,095 crore in first week of June'

India's

Continuing buying spree, foreign investors pumped in Rs 7.095 crore into the Indian capital markets in June first week in anticipation of continued policy reforms



**NET BUYERS** Foreign portfolio investors

**MORE INFLOWS** 

(FPIs) have been net buyers for the previous four consecutive months

For the period under review, not a single day did we see outflows exceeding the inflows, said Groww

#### **REASONS BEHIND** Election of a stable govt and

the Centre meeting fiscal deficit target of 3.4 per cent seems to have helped increase FPIs' confidence

#### **INDICES ALL-TIME HIGH** Strong FPI inflow has taken

the benchmark indices to their respective all-time highs with the S&P BSE Sensex closing above the

put up for sale some of its vi-

able operating brownfield

assets, such as ports, air-

ports, power plants, roads.

Private investors get low risk

project options to invest in,"

Confederation of Indian

Industry said in a statement

tations with NITI Aayog and other

stakeholders proposing that all

three-wheelers and all two-

wheelers below 150cc will need

to go electric by 2023 and 2025,

respectively. Wadhera pointed out

that the auto industry is already

leapfrogging to BS-VI emission

norms in the shortest time-frame

ever with investments of close to

Rs 80,000 crore. **FE & PTI** 

on Sunday. PTI

### ₹5,180.43 cr

As per the depositories data sourced by PTI, FPIs invested a net sum of Rs 1.915.01 crore in equities and Rs 5,180.43 crore in the debt segment during June 3-7, taking the cumulative net investment to Rs 7,095.44 crore

40,000 mark for the first time ever, Bajaj Capital said

#### **GLOBAL FRONT**

A significant fall in crude oil prices as well as interest rates in the midst of the US-China trade war have augured well for India

### 'Govt move to ban non-electric Reliance Power posts ₹3,558 cr net loss in Q4

**PRESSTRUSTOFINDIA** NEW DELHI, JUNE 9

ANIL AMBANI Group firm Reliance Power Sunday reported a net loss of Rs 3,558.51 crore for the quarter ended March 31, as against a net profit of Rs 189.21 crore in the year-ago period.

In a filing to the BSE, Reliance Power said board in its meeting on June 8 approved the audited financial results for the quarter and financial year ended March 2018, and also approved raising resources by issuing debt securities by way of privately placed debentures, subject to approvals.

For full fiscal, Reliance Power reported net loss of Rs 2,951.82 crore as against net profit Rs 840.46 crore.

### Goyal: Nations must have 'sovereign right' to use data for people's welfare

**ENSECONOMIC BUREAU** NEW DELHI. JUNE 9

COUNTRIES MUST have the "sovereign right" to use their data for welfare of people and advocacy on free trade should not necessarily justify free flow of data, said Commerce Minister Piyush Goyal during the two-day Group of 20 ministers' meet in Japan. He pointed out need for clarity on issues like privacy and security before making rules on e-commerce, adding that this is why India does not support joint initiative on ecommerce "at this stage".

"With growing Internet usage domestically, an enormous amount of data is being generated in the country. This includes personal, community and public data, and countries must have the sovereign right, to use their data, for the welfare and development of its people," stated Goyal. The digital divide within and

across nations is a "serious impediment" for developing countries to benefit from digital trade, and capacity constraints in developing countries require timely support of training and creation of a digital infrastructure, he said. "This is important, for facilitating a level playing field, in the digital economy, for all countries to take equitable advantage of data free flows. Developing countries need time and policy space to build deepest understanding of the subject and formulate their own legal and regulatory framework before meaningfully engaging in e-commerce negotiations," Goyal stated. India's draft e-commerce policy restricts storage of data collected here outside of the country.

During the speech, Goyal emphasised the need to preserve the fundamental principles and objectives of the World Trade Organization, including the

Digital divide within and across nations is a 'serious impediment' for developing countries to benefit from digital trade, Goyal said

Special and Differential Treatment mechanism and consensus based decision making, amidst an "abrupt push" to alter rules of the institution. "The concerns of all member countries must be accommodated," he said, adding that the reform process should begin with reviving WTO's dispute settlement mechanism.

He further raised concerns that joint initiatives formed outside WTO with no mandate had set an "unhealthy" trend of influencing rulemaking within the organization. "I am suggesting we must collectively look at mainstreaming these discussions in the WTO after informal consultations. The G20 should commit to support only WTO consistent rules and avoid creating insurmountable goals," he stated. Goyal also sought preferential market access for developing country's micro, small and medium enterprises to be part of global supply chain to promote investment.

Trade and digital economy ministers participating the G20 discussions this year exchanged views on various issues, including the concept of data free flow with trust, WTO discussions on e-commerce and the need for capacity building.

They stated that challenges related to privacy, data protection, intellectual property rights and security needed to be addressed in facilitating data free flow. It is also necessary that both domestic and international legal frameworks "should be respected", they said.

### **India calls** for early solution on taxing digital cos

**PRESSTRUSTOFINDIA** NEW DELHI, JUNE 9

INDIA SUNDAY called on G-20 countries to adopt principle of 'significant economic presence' while addressing challenges to tax profits made by the digital companies.

Addressing the two-day meeting of the G-20 finance ministers and central bank governors in Fukuoka, Japan, Finance Minister Nirmala Sitharaman noted the urgency to fix the issue of determining right nexus and profit allocation solution for taxing the profits made by digital economy companies. "FM (Finance Minister) noted that the work on tax challenges arising from the digitalisation of economy is entering a critical phase with an update to the G20, due next year.

"In this respect, the FM strongly supported the potential solution based on the concept of 'significant economic presence' of businesses taking into account the evidence of their purposeful and sustained interaction with the economy of a country," a finance

ministry statement said. Sitharaman expressed confidence that a consensus-based global solution, which should also be equitable and simple, would be reached by 2020.

The minister said that with almost 90 jurisdictions now adopting the automatic exchange of financial account information (AEOI), it would ensure that tax evaders could no more hide their offshore financial accounts from the tax administration

### Le Maire hopes to fortify Renault-Nissan alliance

**ASSOCIATED PRESS** FUKUOKA (JAPAN), JUNE 9

THE FRENCH government's priority as a shareholder in automaker

bol of French industrial excellence. But when you look at what has

happened in the last 20 years, we see that this quality has been reinforced by the partnership with Nissan within the alliance." Fiat Chrysler suddenly withdrew an offer to merge with Renault this past week after the French automaker asked for more time to persuade Nissan Motor Co. to agree to the plan. He saidconsolidating alliance

**ENSECONOMIC BUREAU** 

FOLLOWING THE government's

proposal banning sales of non-

electric three wheelers by 2023

and two-wheelers of less than

150cc by 2025, auto body SIAM on

Sunday opposed the idea, terming

Association (SIAM) president

Rajan Wadhera said the govern-

ment's ambition needs to be tem-

pered with a practical approach

without needlessly disrupting the

and policies would only adversely

affect the world's number one

two/three-wheeler industry but

may not help in making EVs ac-

ceptable to the customer and the

government should carry out

Industry chamber CII said the

"Such unrealistic expectations

automotive industry.

market," Wadhera said.

Society of Indian Automobile

it as impractical and untimely.

NEW DELHI, JUNE 9

with other automakers such as Fiat-Chrysler is a secondary issue, but decisions on that should be made by the companies themselves. Nissan would have to be fully committed if a merger is to be carried out. "Renault and Nissan together, France and Japan together. We need to be committed in this second step if we want it to succeed," he said. When asked, he said he had no plans to meet Nissan CEO Hiroto Saikawa.

### **Taxation** imbalances in aviation sector

2 and 3-wheelers impractical'

*New Delhi:* The government

should divest some of its vi-

able operating brownfield

assets - like ports and air-

ports - as it could provide a

low risk investment option

to private sector, industry

wider consultations before finali-

sation of goals and time lines for

electric mobility. It called for multi-

stakeholder consultations across

the value chain with a special fo-

cus on affordability for consumers.

It suggested a three-pronged strat-

egy to make this transformational

transport is reportedly in consul-

The ministry of road and

shift in transportation.

"The government could

body CII has said.

Divest brownfield assets to

revive pvt investments: CII

**PRESSTRUSTOFINDIA** 

ASSERTING THAT Indian aviation sector has terrific potential, SpiceJet chief Ajay Singh has said imbalances in regulatory and taxation structure need to be corrected for the sector, which can be

a bright spot of the economy. "If there was any government which has will and political strength, then it is this government. Aviation can be one of the bright spots of the economy ... Some wonderful work has been done, if you see UDAN scheme and other initiatives," Singh said.

# Huawei gets 46 commercial 5G contracts from 30 nations

BEIJING, JUNE 9

**KJMVARMA** 

CHINESE TELECOM firm Huawei said it has obtained 46 commercial 5G contracts so far in 30 countries and shipped more than one lakh 5G stations globally, emerging as a top player in the race for setting up the super-fast telecommunications system despite the US ban on use of its 5G services.

The Shenzhen-headquartered firm, which is under immense pressure after the US issued the ban warning that Huawei systems could be manipulated by Beijing to spy on other countries and disrupt critical communications, made the announcement on Thursday in a press statement. China's Ministry of Industry Trump could ease up on Huawei if trade talks advance' Bengaluru: US Treasury "I think what the president is saying is, if we move Secretary Steven Mnuchin forward on trade, that per-

said on Sunday that President Donald Trump might ease US restrictions on Huawei if there was progress in the trade row with China - but absent a deal, Washington would maintain tariffs to cut its deficit.

and Information Technology on

Thursday granted commercial-

global leader in setting up super-

fast wireless networks. It issued licences to China

use 5G licenses to four state-Broadcasting Network and the owned telecom giants to start country's top three telecom operators -- China Telecom, China rolling out 5G services, signalling Beijing's determination to be the Mobile and China Unicom.

haps he'll be willing to do cer-

tain things on Huawei if he

gets comfort from China on

that and certain guarantees,'

he said. "But these are national

security issues." **REUTERS** 

The company said it was well

cial use. In February last year, it made the world's first 5G call and launched the first 5G terminal device. Huawei is caught in the intensifying trade war between China and the US after President Donald Trump imposed tariffs on USD 200 billion on Chinese goods, prompting Beijing to hike duties on USD 60 billion in American products. The dispute has snowballed into a tech war with the US urging nations to shun the company in 5G networks.

The concerns have escalated as Huawei has risen to become the world leader in telecom network-

ing equipment and one of the top smartphone manufacturers alongside Samsung and Apple. However, details of the countries where the company has

prepared for China's 5G commermanaged to obtain the contracts have not been revealed, official media here reported. 5G is the next generation cellular technology with download speeds stated to be 10 to 100 times faster than the current 4G LTE net

> Apart from much faster data download and upload speeds, 5G technology promises wider coverage and more stable connections. The 5G technology will establish a high-speed, mobile, safe and widespread new-generation information infrastructure, MIIT Minister Miao Wei said at the licence presentation

Some countries, including Australia and New Zealand, have blocked Huawei from supplying equipment for 5G mobile networks. PTI

#### Renault SA is to fortify its alliance with Japan's Nissan, France's finance minister, Bruno Le Maire, said on Sunday. Protecting jobs and Renault's factories and technology is the top

concern given the government's 15 per cent stake in the automaker, Le Maire told reporters during a news conference after a meeting in Japan of the Group of 20 major economies. "We are very proud of Renault as a company," Le Maire said. "The employees of Renault, the factories of Renault, research centers, are really a symneed to be corrected SEOUL.JUNE 9

# DESPITE A BAN BY THE US