

12 ECONOMY

TRADE WATCH
IMPORTS FROM PAK DOWN 92% IN MAR
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-

NPAs FALLS TO ₹20,135 CR IN DECEMBER 2018

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ing Gitanjali Gems of Mehul Choksi and Nirav Modi's companies surfaced in early 2018, other jewellery companies and chains came under the scanner of banks and the RBI. "Some prominent jewellery chains in the South India are now facing liquidity issues. Their balance sheets are in a big mess. We have cut down our exposure and tightened the lending norms to



the sector. We're assessing their balance sheets," said an official in a leading commercial bank.

State Bank of India, India's largest lender, said in the case of non-corporate borrower, the bank decided to cap exposure to Rs 100 crore for single borrower and Rs 200 crore for group exposure. In the case of corporate

borrowers, SBI has capped the 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.

G20 FINANCE MINISTERS AND CENTRAL BANK GOVERNORS' MEETING

Finance chiefs express concern over risks from 'intensified' trade conflict

REUTERS
 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



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**

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

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 they can't repay. However, the fi-

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 - Bhusan 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 small-size 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'

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

MORE INFLOWS

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

₹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 2 and 3-wheelers impractical'

ENSECONOMIC BUREAU
 NEW DELHI, JUNE 9

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 it as impractical and untimely.

Society of Indian Automobile Association (SIAM) president Rajan Wadhwa said the government's ambition needs to be tempered with a practical approach without needlessly disrupting the automotive industry.

"Such unrealistic expectations and policies would only adversely affect the world's number one two/three-wheeler industry but may not help in making EVs acceptable to the customer and the market," Wadhwa said.

Industry chamber CII said the government should carry out

Divest brownfield assets to revive pvt investments: CII

New Delhi: The government should divest some of its viable operating brownfield assets - like ports and airports - as it could provide a low risk investment option to private sector, industry body CII has said.

"The government could

put up for sale some of its viable operating brownfield assets, such as ports, airports, power plants, roads. Private investors get low risk project options to invest in," Confederation of Indian Industry said in a statement on Sunday. **PTI**

wider consultations before finalisation of goals and time lines for electric mobility. It called for multi-stakeholder consultations across the value chain with a special focus on affordability for consumers. It suggested a three-pronged strategy to make this transformational shift in transportation.

The ministry of road and transport is reportedly in consul-

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. Wadhwa 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**

Reliance Power posts ₹3,558 cr net loss in Q4

PRESSTRUST OF INDIA
 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.

DESPITE A BAN BY THE US

Huawei gets 46 commercial 5G contracts from 30 nations

KJMVARMA
 BEIJING, JUNE 9

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 Secretary Steven Mnuchin 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-use 5G licenses to four state-owned telecom giants to start rolling out 5G services, signalling Beijing's determination to be the global leader in setting up super-

"I think what the president is saying is, if we move forward on trade, that perhaps he'll be willing to do certain things on Huawei if he gets comfort from China on that and certain guarantees," he said. "But these are national security issues." **REUTERS**

fast wireless networks. It issued licences to China Broadcasting Network and the country's top three telecom operators -- China Telecom, China Mobile and China Unicom. The company said it was well

prepared for China's 5G commercial 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 networking equipment and one of the top smartphone manufacturers alongside Samsung and Apple. However, details of the countries where the company has

managed 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 networks.

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**

Le Maire hopes to fortify Renault-Nissan alliance

ASSOCIATED PRESS
 FUKUOKA (JAPAN), JUNE 9

THE FRENCH government's priority as a shareholder in automaker 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 symbol of French industrial excellence. But when you look at what has

'Taxation imbalances in aviation sector need to be corrected'

PRESSTRUST OF INDIA
 SEOUL, JUNE 9

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.

