ECONOMY

GOLD ₹33,370 | RUPEE ₹69.44 | OIL $60.14* | SILVER ₹37,560

*Indian basket as on June 6, 2019

SENSEX: 39,950.46 ▲ 165.94 NIFTY: 11,965.60 ▲ 42.90 NIKKEI: 21,204.28 ▲ 69.86 HANG SENG: 27,789.34 ▲ 210.70 FTSE: 7,410.81 ▲ 35.27 DAX: 12,195.39 ▲ 150.01

International market data till 1900 IST

SECTOR WATCH
BANKING

RBI's NPA circular: Small and medium firms get reprieve

Revised framework on stressed assets was announced on June 7

ENS ECONOMIC BUREAU
MUMBAI, JUNE 11

THE RESERVE Bank of India (RBI) has given small and medium-sized defaulters enough time to come out from the stressed account books of banks and regularise their repayments while maintaining its tough stance vis-a-vis big defaulters.

The RBI, which announced the revised 'Prudential framework for resolution of stressed assets' on June 7, has given a significant portion of the mid-sized corporate loans time till December 2019 to regularise their repayments. "Effectively these borrowers have time till June 6, 2020, to repay their loans," Care Ratings said.

The review period for defaulters between Rs 1,500 crore and less than Rs 2,000 crore will start only from January 1, 2020. For loans below Rs 1,500 crore, the RBI is yet to announce a date, indicating that the central bank is expected to take a lenient approach to small defaulters. The review period for big defaulters of Rs 2,000 crore and above will start with immediate effect.

According to Care Ratings, the ICA (inter-creditor agreement) would provide for rights and duties of majority lenders, duties and protection of rights of dissenting lenders, treatment of lenders with priority in cash flows/differential security interest, etc. In particular, the resolution plans (RPs) should provide for payment not less than the liquidation value due to the dissenting lenders, it said. "Dissenting lenders would have to exit at the liquidation value which may not be in their interest and would effectively pressurise them into accepting the terms agreed by the majority of the lenders. Further, if liquidation value becomes miniscule or negative, such lenders may end up not receiving any portion from the recovery," it said.

On June 7, two months after the Supreme Court declared the RBI's now-famous "February 12 circular" on resolution of stressed loans as unconstitutional, the RBI unveiled a new circular by relaxing several provisions in the earlier circular, including the one-day default norm, consent of lenders and more freedom to lenders in implementing the asset resolution plan. Scrapping its earlier norm of initiating resolution plan after a one-day default, the RBI has now said that the lenders should now review the accounts within 30 days of default and initiate a resolution plan under new norms.

Soumya Kanti Ghosh, group chief economic adviser, SBI, said "A better time-frame and transition offered in the framework on this would allow the lenders the headroom and flexibility for resolution in large ticket cases ... noteworthy is the consensus among lenders in terms of value and number. Earlier, 100 per cent consensus required, but with new framework in place 75 per cent lenders by value and 60 per cent by numbers would be required for resolution. Further, lenders are to enter into inter-credit agreement."

"The provision relating to resolution implementation within 180 days from March 1, 2018 (reference day / default day), no longer exists for large accounts with aggregate exposure of more than Rs 2000 crore. Instead, slab-wise reference dates have been set as per table provided herein. All these measures, are likely to facilitate better realisation and write back of provisions. Going forward, the asset quality is also seen improving. Overall we believe, various efforts made by RBI in strengthening its regulatory and supervisory framework and the resolution mechanism initiated through IBC are bearing fruit," Ghosh said.

According to Karthik Srinivasan, group head, ICRA, incentives to reverse 50 per cent of these provisions upon reference under IBC will incentivise lenders to refer such stressed cases to IBC for faster resolution. "Restructured loans can be upgraded only when all the outstanding loan facilities demonstrate 'satisfactory performance' (ie, the payments in respect of borrower entity are not in default at any point of time) during the period from the date of implementation of RP up to the date, by which time at least 10 per cent of the sum of outstanding principal debt and interest capitalisation sanctioned as part of the restructuring is repaid," according to Kotak Securities. Large accounts need certification by rating agencies. For accounts above Rs 100 crore exposure, any upgrade would also require a minimum rating of BBB- (i.e. investment grade).

TOUGH STANCE ON BIG DEFAULTS

RBI has given a significant portion of the mid-sized corporate loans time till December 2019 to regularise their repayments. "Effectively these borrowers have time till June 6, 2020, to repay their loans," Care Ratings said

EXPLAINED

APPROVED BY GST COUNCIL IN JULY 2018

New GST return filing system to be rolled out from October

ENS ECONOMIC BUREAU
NEW DELHI, JUNE 11

DETAILING THE transition plan for new returns system under goods and services tax (GST) after releasing the prototype last month, the Finance Ministry on Tuesday said the new system having three GST returns, ANX-1, ANX-2 and GST-RET 01, will be compulsorily rolled out from October. The new returns, ANX-1 (for outward supply) and ANX-2 (for inward supply) will be launched on a trial basis for three months from July to September, 2019, it said.

The new returns were initially planned to be mandatorily rolled out from July, after an initial three-month pilot phase from April, as was approved by GST Council in July last year. As per the new returns system, the existing monthly summary returns GSTR-3B shall be completely phased out from January, 2020 and will be replaced by the new form 'GST RET-01', the ministry said.

"From October, 2019 onwards, Form GST ANX-1 (outward supply details) shall be made compulsory and Form GSTR-1 would be replaced by Form GST ANX-1," the ministry said.

The large taxpayers (with aggregate annual turnover over Rs 5 crore in the previous financial year) would upload their monthly Form GST ANX-1 from October, 2019 onwards.

Large taxpayers would continue to file GSTR-3B on monthly basis for October and November and they would file their first Form GST RET-01, the final return, for December, 2019 by January 20, 2020, the ministry said.

Small taxpayers (with aggregate annual turnover in the previous financial year up to Rs 5 crore), however, would file their first compulsory quarterly Form GST ANX-1 in January, 2020 for the quarter October to December, 2019. Small taxpayers will stop filing GSTR-3B and replace it with GST PMT-08 from October 2019 onwards. They will have to file GST RET-01 for the December, 2019, quarter from January 20, 2020. "It may be noted that invoices etc can be uploaded in Form GST ANX-1 on a continuous basis both by large and small taxpayers from October, 2019 onwards," the ministry said.

Under the current return filing system, GST registered businesses file summary sales return GSTR-3B every month and pay taxes. They also file monthly outward supply details in GSTR-1, while the initially proposed GST returns, GSTR-2 and GSTR-3, were never rolled out. In the new return filing system, GSTR-3B would be replaced by GST RET-1 and GSTR-1 by GST ANX-1. Annexure of outward supplies (ANX-1) and Annexure of Inward Supplies (ANX-2) will be filed as part of these returns. All the outward supplies will be detailed in GST ANX-1 while GST ANX-2 will contain details of inward supplies auto-populated mainly from the suppliers' GST ANX-1.

From January 2020, all businesses would shift to new return filing system with entities above Rs 5 crore turnover filing GST RET-1, GST ANX-1 and GST ANX-2. Those with turnover below Rs 5 crore in the previous financial year would have to file GST PMT-08, GST RET-01. As per the transition plan, from July, 2019, users would be able to upload invoices using the Form GST ANX-1 offline tool on trial basis for familiarisation.

Tax experts said the new system would mean making changes to their business processes, though they welcomed a three-month trial period. Pratik Jain, partner & leader, Indirect Tax, PwC India said, "With the transition plan to new GST return filing system getting released, industry will have to immediately start making changes in the processes/ documentations and evaluate the availability/ readiness of technology solutions in order to be ready from next month, in case they want to participate in trial run."

Abhishek Jain, tax partner, EY said, "A transition period of three months to familiarise with the new development and system is quite an applaudable thought and is aligned to this government's outlook of ease of doing business. With a concrete transition plan release, businesses would now need to commence work on ERP system changes, business process changes, etc to be executed for aligning disclosures with the new return."

TRIAL RUN FOR 3 MONTHS FROM JULY TO SEPTEMBER

THE NEW returns, ANX-1 (for outward supply) and ANX-2 (for inward supply) will be launched on a trial basis for three months from July to September, 2019

THE EXISTING monthly summary returns GSTR-3B shall be completely phased out from January, 2020 and will be replaced by the new form 'GST RET-01'

Regulator clears move to ban vapes and e-cigarettes

PRABHA RAGHAVAN
NEW DELHI, JUNE 11

IN A move that would help the government move ahead with its decision to ban electronic nicotine products like e-cigarettes and vapes, the Central Drugs Standard Control Organisation (CDSCO) Tuesday approved a proposal to regulate them as "drugs" and prohibit their sale in the country, *The Indian Express* has learnt.

Once notified by the Health Ministry, the CDSCO will be able to prohibit the manufacture, sale and distribution of these Electronic Nicotinic Delivery Systems (ENDS). This may deal a blow to India's nascent vapour products market, reportedly valued at $15.6 million in 2017 but reportedly expected to grow nearly 60 per cent a year up to 2022.

The move follows attempts by the Ministry and CDSCO to ban the import and sale of the products in the country over public health concerns earlier.

The Drugs Technical Advisory Board (DTAB) on Tuesday agreed on a proposal to prohibit the manufacture, sale and distribution of ENDS, including e-cigarettes, as well as their import under Sections 26A and 10A of the Drugs and Cosmetics Act, 1940, people close to the development told *The Indian Express*.

Before, ENDS were not declared in India's drug regulations as 'drugs', so there was an opposition on legal grounds to banning the products, said a senior government official. "Once they declare it, (the Health Ministry) can take necessary action to ban it," the official said. According to sources close to the development, these products have neither been assessed for safety and efficacy in the national population, nor have they been approved under provisions of the country's Drugs and Cosmetics Act, 1940.

"But availability of these products is widespread in the country, posing serious health risks to the users and non-users," said a source. E-cigarettes are the most common type of ENDS, and more than 460 different e-cigarette brands are available in the market with over 7,700 flavours currently, according to government data.

"ENDS including e-cigarettes are promoted by the industry body as a smoking cessation aid but their efficacy and safety as a quitting aid has not yet been firmly established. Though some smokers claim to have cut down smoking while using ENDS, the total nicotine consumption seems to remain unchanged," said the source, adding that there were "various" studies to suggest that ENDS was being used as a way to satisfy nicotine addiction during periods of temporary or forced abstinence.

Till now, ENDS like e-cigarettes, heat-not burn devices, vapes, e-Sheeshas and e-nicotine flavoured hookahs have not been approved under India's drug regulations. The Indian Council of Medical Research in May 2019 released a white paper stating ENDS contain nicotine solution.

"Uses of ENDS, or e-cigarettes have documented adverse effects on humans which include DNA damage; carcinogenesis (initiation of cancer formation); cellular, molecular and immunological toxicity; respiratory, cardiovascular and neurological disorders and adverse impact on foetal development and pregnancy," stated ICMR, adding that it recommended a "complete prohibition" of these products.

In August 2018, the government had issued an advisory to states to prevent the sale, including online, of ENDS "in the larger public interest" and in order to prevent non-smokers, young persons and other vulnerable groups in the country from initiating usage of these products.

Based on this advisory, CDSCO had issued letters to state and Union territory drug controllers in February 2019 requesting them to "ensure" that they were not sold, made, distributed, traded, imported and advertised in their jurisdictions, *The Indian Express* has learnt.

Several states, including Karnataka, Kerala, Mizoram, Maharashtra and Uttar Pradesh, have so far issued orders banning e-cigarettes as "unapproved" drugs. Governments of Punjab, Haryana and Chandigarh have also commenced prosecution of sellers of ENDS.

Once notified by the Health Ministry, the CDSCO will be able to prohibit the manufacture, sale and distribution of these Electronic Nicotinic Delivery Systems

'Excess RBI capital must be used to recapitalise PSBs'

Bimal Jalan panel may recommend transferring up to ₹3 lakh crore of excess Reserve Bank capital to the Centre and the money should be used for recapitalising state-run lenders, according to a Bank of America Merrill Lynch report

WELCOME STEP: The economists said they actually welcome the use of excess RBI capital to recapitalise public sector banks to support economic recovery, adding even the RBI Act allows for transfer of the capital provided the central bank maintains $0.7 million of reserves.

MONETISE NETWORTH: The RBI can "monetise networth as the creator of money" and will not have to resort to selling of G-secs or forex reserves either, it said

NEUTRAL STEP: If the excess capital is used for recapitalising state-run lenders, it will be neutral from both a fiscal deficit and liquidity management perspective

SUPPORT RBI AIMS: Bank recapitalisation can indirectly support RBI objectives on the liquidity management, where the central bank has been buying back bonds to inject liquidity

RATINGS UNAFFECTED: Drawing down from the excess capital will not impact ratings as well, as the ratings depend on the RBI's forex reserves and not on internal reserves or the networth

₹1L cr to 3L cr
Depending on the methodology, the panel will identify Rs 1 to 3 lakh crore or 0.5-1.5 per cent of GDP as the excess capital

JALAN PANEL: was constituted last December, after a protracted debate on the issue. Constitution of the panel was one of the first major decisions initiated by the career bureaucrat Shaktikanta Das, after he was appointed as governor last December

PRE-BUDGET CONSULTATIONS

Industry for tax cuts, more reforms to push investment

ENS ECONOMIC BUREAU
NEW DELHI, JUNE 11

IN A meeting with Finance Minister Nirmala Sitharaman ahead of the presentation of the Union Budget next month, industry heads suggested various reforms and tax cuts to push investment and growth of the economy.

Reduction in direct tax rate to a maximum of 18 per cent, reducing the dividend distribution tax and reform of land and labour laws were among the suggestions made by industry ahead of the Budget. Sitharaman told industry heads during the meeting that the Central government has taken several steps make governance more efficient and effective. She argued that since 24 per cent of the country's total work force is in industrial sector, industry should be able to accommodate more work force.

"A simplified taxation regime is pivotal for improving the revenue flows and help government stick to fiscal prudence without crowding-out private investments. For this to fructify, a timeline for a taxation regime (direct tax) needs to be announced where the highest rate should be 18 per cent, in addition to removing all exemptions and not doing grandfathering," said Vikram S Kirloskar, president, CII. In addition, a 3-year roadmap for reducing the Income Tax Act document to 4-5 pages also needs to be stated.

ASSOCHAM president BK Goenka recommended that government should provide 100 per cent depreciation in the first year of investment for all new foreign and domestic investments. "After dismantling of FIPB, FDI proposals are dealt with by the concerned sectoral ministry. This is causing significant delays in the approval process. Therefore, it is suggested to have a similar central/ nodal agency/ single-window for such cases. A dedicated desk for Japan has been very effective. We suggest a similar country-specific desk be set up for major FDI source countries," Goenka said.

CII also pitched for bringing down the dividend distribution tax to 10 per cent from the present 20 per cent while eliminating it at the hands of the investor.

Meanwhile, agriculture experts in their pre-Budget consultation with the Finance Minister suggested that the government take steps to boost investment in farm sector and enhance market access to farmers.

During the meeting, Sitharaman stressed on the measures to boost economic and social infrastructure of rural sector and ways to eradicate unemployment and poverty through development of agriculture and allied sectors as well as non-farm sector. Representatives of the agricultural and rural development sectors suggested that solar energy may be treated as third crop to augment income of farmers besides resolving GST issues related to farmers producers' organisations, incentives for agro processing units in the border districts and enhancing investments in R&D.

Union Finance Minister Nirmala Sitharaman along with Minister of State Anurag Thakur and Finance Secretary Subhash Garg holds a pre-budget meeting with representatives of industry, in New Delhi. *PTI*

PASSENGER VEHICLE SALES DROP 20.55% IN MAY

PV sales witness sharpest fall in 18 years; industry seeks govt support to stimulate growth

ENS ECONOMIC BUREAU
NEW DELHI, JUNE 11

PASSENGER VEHICLE sales plummeted 20.55 per cent year-on-year (YoY) in May, the sharpest monthly fall seen in nearly 18 years, as manufacturers trimmed production owing to poor demand and higher inventory piled up with dealers from the previous months. The last time PV sales dipped to this extent was in September 2001 (21.91 per cent YoY), according to Society of Indian Automobile Manufacturers (SIAM) data.

Carmakers including Maruti Suzuki, Tata Motors, Mahindra & Mahindra (M&M) had cut production during April-May between 4 to 10 days. The idea was to reduce unsold inventory piled up from the previous years' festive months, when demand was said to be weaker-than-expected due to a hike in insurance premiums and costlier finance.

Analysts said volumes will likely be subdued due to selective financing by NBFCs, increase in vehicle prices on account of BS-VI norms and weaker consumer sentiment. "FY20 could be a challenging year for the sector due to transition to BS-VI norms from April 1, 2020," analysts at Kotak Institutional Equities noted.

This was the 11th consecutive month when despatches remain subdued. SIAM director-general Vishnu Mathur said numbers are down due to inventory correction by automakers. "We have not witnessed such slowdown in the last 15 years," Mathur said.

According to the data, 16 out of 17 passenger vehicle makers reported a decline in domestic sales, with the top five car makers including Maruti Suzuki and Hyundai dragging down the numbers significantly in May.

SIAM deputy director-general Sugato Sen said the fall is not unexpected as consumer sentiments are still low due to high prices. "While retail sales are better than the wholesale numbers, inventory correction has led to dip in despatches," Sen said.

According to a *PTI* report, terming the situation as "unprecedented", Sen said the industry body has asked the government to reduce goods and services tax (GST) on all categories of vehicles from 28 per cent to 18 per cent.

"The government should also come up with a vehicle scrappage policy. It would help create market for new vehicles. Also we are seeking from government to restore incentives given on research and development in the form of weighted tax deduction to previous level (200 per cent)," he added. Two-wheeler demand remained lacklustre for the seventh consecutive month in May, falling 6.73 per cent YoY, dragged down by steep decline reported by companies including Hero MotoCorp and Honda Motorcycle. Demand was impacted by a hike in insurance premium in September 2018 and subsequent price hikes taken by companies on April 1 on account of new safety norms. Manufacturers increased prices in the range of Rs 500-7,000 as they rolled out products with combined braking system (CBS) and anti-lock braking system (ABS) feature, mandatory for vehicles sold from April 1.

Analysts said high inventory with dealers led to weakness in wholesales volumes. Besides, price hikes due to new safety norms from April 1 weakened demand. "We expect the industry to remain weak in the near-term on account of high and rising cost pressure by price hike due to safety norms," analysts at Nomura wrote.

Sales of commercial vehicles (CVs) too fell 10 per cent YoY in May, with the management of major companies attributing the slowdown in demand to the general elections in May and halt in several infrastructure projects.

"The M&HCV sales has taken the maximum hit in the domestic market, essentially due to higher capacity post increased axle load norms," said Girish Wagh, president, CV business, Tata Motors. **FE & PTI**

DOMESTIC SALES IN MAY

	2018	2019	%CHANGE
Passenger Cars	199,479	147,546	-26.03
Utility Vehicles	82,086	77,453	-5.64
Vans	19,673	14,348	-27.07
Total Passenger Vehicles	301,238	239,347	-20.55
M&HCVs	30,169	24,221	-19.72
LCVs	46,348	44,626	-3.72
Total Commercial Vehicles	76,517	68,847	-10.02
Three Wheelers	54,809	51,650	-5.76
Two wheelers	1,850,698	1,726,206	-6.73
Total of all categories	2,283,262	2,086,358	-8.62

Source: SIAM

INTERVIEW: PRESIDENT, CONFEDERATION OF INDIAN INDUSTRY

'Encourage asset creation by reducing tax on equity; Budget must focus to boost investment'

AMIDST GROWING talk of slowdown and unemployment, VIKRAM KIRLOSKAR, president, Confederation of Indian Industry said that the upcoming Union Budget should focus on pushing investment, boosting consumption and increasing employment. In an interview with SUNNY VERMA of *The Indian Express*, he said the government should reduce tax on equity to encourage asset creation will lead to employment generation. Excerpts:

What do you think the government can do in upcoming Budget to boost growth?

(The government should) encourage investment, consumption and employment. On investment side, is there a way to tax equity less? Right now we have corporation tax, dividend distribution tax. How will you get investments if the equity is taxed high? We need to encourage equity, debt can't finance growth anymore. We have got too much debt. So encourage equity and growth of investment, besides easing of labour and land acquisition laws. We have also suggested reduction in corporate tax to make them competitive within the region that includes Singapore, Thailand, Malaysia, Indonesia. A cut in corporate tax along with reduction in exemptions, so that you are revenue neutral. On employment, focus should be on key employment generating areas such as tourism, textiles, agri food processing industries, automobile, construction, realty and retail industry. Tourism is only 8 million in India, why not 80 million, it can be done by removing bottlenecks.

What is your view on private investment, how can it pick up?

I think equity is highly taxed. Equity tax is more than income tax, why would (entrepreneur) put in efforts. So you have to push the entrepreneurial spirit, which means you must allow people to develop and growth their equity.

"We have got too much debt. So encourage equity and growth of investment, besides easing of labour and land acquisition laws. We have also suggested reduction in corporate tax to make them competitive within the region,"

VIKRAM KIRLOSKAR
PRESIDENT, CII

Equity will only go into asset investment where else will it go.

What kind of tax reduction are you suggesting?

See dividend is profit after tax, it's already taxed. Remove the future taxes of the dividend. Capital gains tax, relook at the whole thing. If you want growth rate of more than 7.5 per cent going into double digits, you will have to encourage equity formation. Don't do anything that discourages equity formation.

Do you think India's financial system is fragile at the moment and needs fixing?

I don't think it is fragile. We went through the whole Lehman crisis (largely unscathed) because of the prudent policies of the government. To a large extent, I have a lot of respect for the finance ministry and the RBI. We ran through the Lehman crisis like no other country in the world. So I have a lot of faith and trust in both of them that they we will continue to look after the interests of country. I think they know the limitations and they try to do things within that.

What do you make of the slowdown in the automobile sector, is it structural?

We are trying to get the data on this. I think there are two things for me. One may be economic and sentiment, retail finance is becoming expensive as NBFC crisis had some effect, then may be the sentiment of elections but now we have a stable government. Perhaps, there are also little bit of structural issues like prevalence of metro (across the country) and also shared mobility. I don't have full data on either of two. We are collecting data and studying it. But I still feel we have a lot of headroom for growth. We are still on a very low level on per capita basis. Road infrastructure is improving at a rapid pace and the country requires mobility to grow. It's a chicken and egg situation, without mobility you cannot growth and without growth you cannot get extra mobility. I think it's a temporary business cycle and every five years we go through something like this (slowdown).

What is your view on the broader economy which has slowed down?

I think our economy to some extent is dependent upon the world economy, which has also come down in the last four quarters. That certainly had its effect on it. I still see some upside for our economy. We still have a long way to go. I don't think Indian economy is that fragile.

How big is the threat of protectionism?

My basic belief is free trade on a level playing field. As a country, we have to be competitive in everything we do. If we are not competitive then we should first protect ourselves. We should first focus on competitiveness that is cost, quality and delivery.

WITHIN THE CURE PERIOD OF SEVEN WORKING DAYS

DHFL: Repaid around ₹1K crore to non-convertible debenture holders

ENS ECONOMIC BUREAU
MUMBAI, JUNE 11

DEWAN HOUSING Finance Corporation (DHFL) on Tuesday said the company has made full payment of around Rs 1,000 crore towards interest payable on secured redeemable non-convertible debentures (NCDs) within the cure period of seven working days. The company, which delayed the repayment since June 4, also said it will seek a rating upgrade.

"The company has made interest payments in lieu of Rs 961 crore as committed to its debenture holders. With this tranche, the company confirms full payment and will seek rating upgrades from agencies," it said in a stock exchange filing. Since September 2018, the company has managed to make liabilities payment of over Rs 36,000 crore without availing any fresh funding from any lender, DHFL said.

"The company reaffirms that they are committed to meeting all future debt servicing obligations in a timely manner, through further asset monetisation plans as well as onboarding of a strategic partner for its business," it said.

On June 5, rating agencies downgraded the rating on DHFL to 'D' category indicating that its certain debt instruments are in 'default or are expected to be in default soon'

On June 5, rating agencies downgraded the rating on DHFL to the 'D' category indicating that certain debt instruments of DHFL are in "default or are expected to be in default soon". Care Ratings said it has downgraded DHFL's bank facilities of Rs 42,713 crore, non-convertible debentures of Rs 46,655 crore, fixed deposits of Rs 8,940 crore and subordinated debt of Rs 2,205 crore to the 'D' category. The total liabilities of DHFL downgraded to the D category amount to Rs 102,563 crore, the rating agency said.

Rating agencies said the rating revision takes into account the recent instance of delay in servicing of obligations with respect to some of the non-convertible debentures by DHFL due to prolonged liquidity stress.

DHFL raised a portion of the funds by way of sale of its stake in Aadhar Housing Finance. Private equity funds managed by Blackstone acquired a 97.7 per cent stake in Aadhar Housing Finance, including the entire stake held by the existing controlling shareholders — Wadhawan Global Capital Limited and DHFL. As part of the transaction, Blackstone has also infused Rs 800 crore primary equity capital into Aadhar to fund the company for future growth. The promoters of Aadhar reportedly received around Rs 2,200 crore from the stake sale. Of this, around Rs 500 crore has come to DHFL.

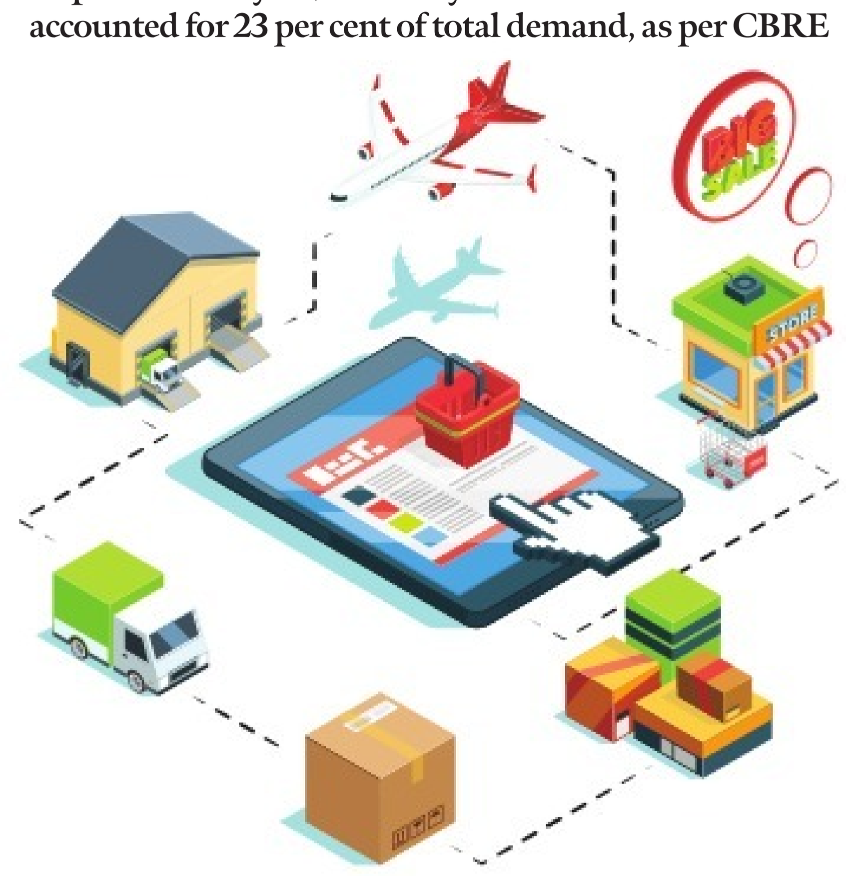
Aadhar has a network of 316 branches across 20 states and union territories with assets under management of Rs 10,000 crore which comprises 100 per cent secured lending to retail customers with an average loan ticket size of less than Rs 10 lakh.

According to Care Ratings, as per liquidity statement as on April 30, 2019, the firm is envisaging cumulative cash inflows of around Rs 6,600 crore from June 2019 to August 2019 as against scheduled cumulative cash outflows of around Rs 10,780 crore during the same period thereby reflecting a negative cumulative mismatch of around Rs 4,180 crore.

ICRA said though the firm's borrowing profile is well diversified, recent industry wide stress in liquidity has increased dependence on securitisation (Rs 17,000 crore raised between September 24, 2018 and May 10, 2019).

'E-tail accounts for 23% of warehouse leasing in 2018'

Leasing of warehousing space went up by over 45 per cent last year, driven by e-commerce sector that accounted for 23 per cent of total demand, as per CBRE



RENT RISE: demand for better quality space resulted in rents rising by 10-25 per cent last year

GROWTH REASONS: The impressive growth of the e-commerce sector has been on the back of favourable policy reforms, tech-enhanced warehouses, rising smartphone and internet penetration, digital India movement, amongst others, the report said

10%: The growth in e-commerce sector has led to increase in its share in overall warehousing leasing from 10 per cent in 2017 to 23 per cent in 2018

60 MILLION SQ FT: Warehousing and logistic space sector has seen unprecedented growth and we expect supply to touch almost 60 million sq ft by the end of 2020, CBRE said

25 MILLION SQ FT
Warehouse leasing crossed the 25 million sq ft mark in 2018 in seven major cities — Delhi-NCR, Mumbai, Chennai, Kolkata, Hyderabad, Pune and Bengaluru

FURTHER PUSH: Innovative technologies, coupled with viable government reforms such as GST and other global collaborations would further push the envelope of development for the Indian logistics sector

GOING FORWARD: CBRE anticipate warehouse leasing activity to remain vibrant going forward

BRIEFLY

OBC slashes MCLR by 5 bps to 8.70%

New Delhi: Oriental Bank of Commerce on Tuesday said it has cut marginal cost based lending rate for one-year tenor loan by 5 basis points to 8.70 per cent.

Moody's warns of downgrading Yes Bank

Mumbai: Moody's has placed Yes Bank's ratings under review for a possible downgrade citing its high exposure to struggling NBFC and realty sectors.

Govt planning new labour legislation

New Delhi: The government is planning a new labour legislation that would merge 44 labour laws under four categories. "A new Labour Bill will be introduced in the coming session of Parliament," Labour Minister Santosh Gangwar said.

Incentives for exports of onion removed

New Delhi: The government has removed incentives for export of fresh and chilled onions, a move to discouraging outbound shipments.

RBI to pump in ₹15K cr liquidity tomorrow

Mumbai: The Reserve Bank of India said Tuesday it will infuse Rs 15,000 crore into the financial system through bond purchases on Thursday.

Legal action for violating norms of WhatsApp

New Delhi: WhatsApp will start taking legal action against individuals and firms sending out bulk messages in violation of service terms even if such information is available through channels outside the platform.

HDFC Bank looks for Puri's successor

Mumbai: HDFC Bank has decided to begin a global search to find a successor to the founding-chief executive Aditya Puri, who retires in October 2020. **PTI**

RIL, BP announce sanction of 3rd KG D6 project

ENS ECONOMIC BUREAU
MUMBAI, JUNE 11

RELIANCE INDUSTRIES Ltd (RIL) and British multinational BP on Tuesday announced the sanction of the MJ project (also known as D55) in Block KG D6, offshore the east coast of India. MJ is the third of three new projects in the Block KG D6 integrated development plan and its approval follows sanctions for the development of 'R-Series' deep-water gas field in June 2017 and for the satellites cluster in April 2018, RIL said.

"Together the three projects are expected to develop a total of about 3 trillion cubic feet (tcf) of discovered gas resources with a total investment of Rs 35,000 crore. These projects together, when fully developed, will bring about 1 billion cubic feet a day of new domestic gas onstream, phased over 2020-2022," RIL said in a statement.

Together the 3 projects are expected to develop total of about 3 trillion cubic feet of discovered gas resources, RIL said

RIL Chairman Mukesh Ambani said: "bringing these three discoveries to production, as promised in 2017, by leveraging the existing infrastructure has been the primary objective of the Reliance-BP joint venture. The gas will satiate the increasing demand for clean fuel in the country, save foreign exchange and reduce dependency on imported gas. We are excited about bringing this gas onshore from our third project on the East Coast of India to power the Indian economy with an environment-friendly fuel and help strengthen energy security while moving towards meeting India's climate change goal."

"We are building an important upstream business in India, helping to supply the country's growing gas market. Working closely with Reliance, we are efficiently developing discovered resources, with focused exploration to give options for the future. This latest investment is a further demonstration of BP's commitment to India and helps support India in addressing the dual challenge and moving to a low carbon future," said Bob Dudley, BP Group Chief Executive.

According to RIL, MJ is a gas condensate field and is the third field under development as part of the KG D6 integrated development campaign.

Reserve Bank sets up panel to examine ATM charges, fees

ENS ECONOMIC BUREAU
MUMBAI, JUNE 11

THE RESERVE Bank of India (RBI) has constituted a committee, headed by VG Kannan, Chief Executive, Indian Banks' Association, to examine the entire gamut of ATM charges and fees.

The other members of the committee include Dilip Asbe, CEO, National Payments Corporation of India, Giri Kumar Nair, Chief General Manager, State Bank of India, S Sampath Kumar, Group Head, Liability Products, HDFC Bank, K Srinivas, Director, Confederation of ATM Industry, Sanjeev Patel, CEO, Tata Communications Payment Solutions.

The committee will review the existing structures and patterns of costs, charges and interchange fees for ATM transactions, the overall patterns of usage of ATMs by cardholders and assess the impact, if any, on charges and interchange fees, assess the entire gamut of costs in respect of the ATM ecosystem and make recommendations on the optimal charges and interchange fee structure and pattern. The committee will submit its report within two months of its first meeting.

The RBI had announced in the Second Bi-Monthly Monetary Policy for the year 2019-20 on June 6, 2019 that it will constitute a committee to review the ATM interchange fee structure with a view to give a fillip to the ATM deployment in the unbanked areas.

Trump says 50% tariff on US motorcycles by India unacceptable

LALIT K JHA
WASHINGTON, JUNE 11

DONALD TRUMP again criticised India's high import tariff on Harley Davidson motorcycles as "unacceptable" while acknowledging that his "good friend" Prime Minister Narendra Modi has reduced it from 100 per cent to 50 per cent, even as the US President rued that America is a bank that everybody wants to "rob".

Trump said the United States, under his leadership, is a country that can no longer be fooled.

"We're not the foolish country that does so badly. You look at India, very good friend of mine, Prime Minister (Narendra) Modi, you take a look at what they've done, 100 per cent tax on a motorcycle. We charge them nothing," Trump told CBS news in an interview on Monday.

Trump was referring to the import tariff on the Harley Davidson motorcycles, an issue that has been close to his heart and wants India to reduce it to zero. **PTI**

TRUMP DEFENDS TARIFF STRATEGY

China says it will respond if US escalates trade tension

REUTERS
BRUSSELS, JUNE 11

US PRESIDENT Donald Trump on Tuesday defended the use of tariffs as part of his trade strategy while China vowed a tough response if the United States insists on escalating trade tensions amid ongoing negotiations.

"Tariffs are a great negotiating tool," Trump tweeted, one day after saying he was ready to impose another round of punitive tariffs on China. On Monday, Trump said he would raise tariffs on Chinese imports further if he cannot make progress in trade talks with Chinese President Xi Jinping at the G20 summit later this month.

Chinese Foreign Ministry spokesman Geng Shuang again would not be drawn into confirming a Xi-Trump meeting at G20, saying information would be released once it was available to the foreign ministry.

"China does not want to fight a trade war, but we are not afraid of fighting a trade war," he said, adding China's door was open to talks based on equality.

Anil Ambani says group serviced debt of over ₹35,000 crore

ENS ECONOMIC BUREAU
MUMBAI, JUNE 11

RELIANCE GROUP chairman Anil Ambani said on Tuesday that the Group has made aggregate debt servicing payments of over Rs 35,000 crore in a period between April 1, 2018 and May 31, 2019.

These comprise principal repayments of Rs 24,800 crore and interest payments of Rs 10,600 crore. Speaking over a conference call, Ambani said that this amount included inter alia debt servicing payments by Reliance Capital Group, Reliance Power group and Reliance Infra Group, and their respective affiliates.

He added, these "payments have been made in the face of insurmountable odds and the most challenging financial environment witnessed in the country in decades". His statements come at a time when the share price of Reliance Group companies have come under stress over the past few weeks. Speaking about the same, Ambani stated, "Unwarranted rumour mongering, speculation, and bear hammering of all Reliance Group companies shares over the last few weeks, has caused grave damage to all our stakeholders". **FE**

CBI books Jatin Mehta in two fresh cases of loan fraud

EXPRESS NEWS SERVICE
NEW DELHI, JUNE 11

ABSCONDING DIAMOND trader Jatin Mehta has been booked by CBI in two fresh cases of alleged loan default. Based on a complaint by Bank of Maharashtra and Union Bank of India, the agency has booked Mehta and his company Winsome Diamond and Jewellery for alleged loan fraud of over Rs 587.55 crore.

According to the complaints from the two state-run banks, Mehta allegedly cheated Bank of Maharashtra to the tune of Rs 323.40 crore while Union Bank of India suffered a loss of Rs 264.15 crore, sources said.

The agency has booked the company, Mehta, whole time directors Ramesh I Parikh and Ravichandran Ramasamy, independent director Harish Ratilal Mehta and Jordanian national Hathyam Salman Ali Abu Obeidah on the basis of the complaint from Bank of Maharashtra.

In the FIR filed on the basis of the complaint from Union Bank of India, the CBI has named the company, Mehta, Bombay Diamonds Company Pvt Ltd and Obeidah as accused. Both banks were part of a 14-bank consortium that had extended credit facilities worth over Rs 4,600 crore to Winsome Diamonds for which original promoter and guarantor was Mehta, the officials said. He left the country even before the banks could sniff the scam and is believed to be in one of the Caribbean islands, St Kitts, CBI sources said.

Mehta allegedly cheated Bank of Maharashtra of Rs 323.40 crore while Union Bank suffered loss of Rs 264.15 crore

The agency has already filed at least seven FIRs against him related to alleged bank frauds.

The company had purchased gold from bullion banks abroad — on loan basis against the Standby Letter of Credit (SBLC) issued by Indian banks, the banks alleged.

The SBLC is a guarantee issued by a bank assuring another bank that it will make payment in case of default by its client. The gold was processed by the firm and sent to 13 buyers in the UAE suspected to be hand in glove with Winsome Diamonds and its directors, it is alleged. Once the payments were not received by foreign banks, they liquidated the SBLCs, bringing liability on Indian banks which had to make the payments.

Suzuki Motorcycle developing electric two-wheeler

EXPRESS NEWS SERVICE
AHMEDABAD, JUNE 11

THE SUZUKI Motorcycle India Private Limited (SMIPL) on Monday said an electric two-wheeler is "under development" for the Indian market.

When asked if it had any plans to introduce an electric two-wheeler after the government proposed to ban sales of non-electric two-wheelers of less than 150 cc by 2025, Koichiro Hirao, the company head of Suzuki Motorcycle said it was in the process of developing a electric two-wheeler for the Indian market. Hirao was here to launch the 250 cc motorcycle GIXXER SF 250.

Devashish Handa, vice-president (sales, marketing and after sales) of the company said, "It is under development. The project is on. We are not sure when we will introduce it, because what the government has declared so far is its intention. "But it has to be converted to some regulation. We do not have firm regulations and till such time you have firm clarity on regulations in the Central Motor Rules it becomes very difficult for any manufacturer to time (a launch) ... But fundamental work is happening," he said.

Sanjeev Gupta's Liberty Steel acquires Johnstown Wire Technologies in US

PRESS TRUST OF INDIA
NEW DELHI, JUNE 11

INDIAN-ORIGIN metals tycoon Sanjeev Gupta-owned Liberty Steel Tuesday said it has acquired Johnstown Wire Technologies (JWT), North America's largest producer of value-added carbon and alloy wire.

The company, however, did not provide the financial details of the transaction.

the acquisition has helped the company expand its footprint in the US steel downstream products market, Liberty Steel said in a statement.

"Sanjeev Gupta's Liberty Steel, part of the global GFG Alliance, further expanded its footprint in the US steel downstream products market with the acquisition of Johnstown Wire Technologies (JWT) in Johnstown, Pennsylvania," it said. London-headquartered GFG Alliance is a global group of energy, mining, metals, engineering and financial services businesses.

EU regulators block Tata Steel, Thyssenkrupp JV

REUTERS
BRUSSELS, JUNE 11

THYSSENKRUPP AND Tata Steel's plan to form a landmark joint venture was rejected by EU antitrust regulators on Tuesday, concerned that the deal would have pushed up prices and reduced competition.

The European Commission said the companies, which had looked to the deal as one way to tackle overcapacity and other challenges in the steel industry, had not done enough to allay its concerns.

"Steel is a crucial input for many things we use in our everyday life, such as canned food and cars. Millions of people in Europe work in these sectors and companies depend on competitive steel prices to sell on a global level," European Competition Commissioner Margrethe Vestager said in a statement.

The Commission said imports from third countries would not have been able to offset potential price hikes resulting from the deal.