

POLICY WATCH  
TAXATION

## Compounding of offences: CBDT issues fresh set of guidelines

ENSECONOMIC BUREAU  
NEW DELHI, JUNE 14

ISSUING NEW set of guidelines for compounding of offences, the Central Board of Direct Taxes on Friday said the offences related to tax evasion, such as through money laundering, generation of bogus invoices without actual business and any offence under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act and the Benami Transactions (Prohibition) Act will not be normally allowed to be compounded. The new guidelines will come into effect from June 17, the CBDT said.

The CBDT issued the guidelines for compounding of offences under Direct Tax Laws, 2019, in supersession of its earlier guidelines dated December 23, 2014. Compoundable offences are those which can be conciliated by the parties under dispute, without the requirement of the permission of the court.

The new guidelines have classified offences into two categories, Category A for TDS / TCS related defaults under Sections 276, 276B and 276BB of Income Tax Act, failure to furnish return of income under Section 276C and Section 278 relating to abatement of false return.

Category B includes offences about failure to produce accounts under Section 276D, wilful attempt to evade tax under Section 276C. The guidelines also state that offences under sections 275A, 275B (for contravening orders relating to search - seizure operation under Sections 132(1)(3)) and Section 276 (dealing with removal, concealment, transfer or delivery of property to thwart tax recovery) will not be compounded.

Other offences which shall normally not be compounded include Category 'A' offence on more than three occasions, Category 'B' offence other than the first offence, offences com-

## NORMS IN EFFECT FROM JUNE 17

■ Compoundable offences are those which can be conciliated by the parties under dispute, without requirement of permission of court

■ Centre not to allow compounding of offences under the Black Money law, Benami law and money laundering

mitted by a person for which he was convicted by a court of law under Direct Taxes Laws, any offence where it is proved that he has enabled others in tax evasion such as through entities used to launder money or generate bogus invoices of sale/purchase without actual business, or by providing accommodation entries in any other manner as prescribed in section 277A of the Act.

Offences committed by a person which, as per the information available with the Principal Chief Commissioner of Income Tax and other officials concerned, have a bearing on a case under investigation (at any stage including enquiry, filing of FIR/complaint) by Enforcement Directorate, CBI, Lokpal, Lokayukta or any other Central or State Agency are also not to be normally compounded, the CBDT said.

However, the guidelines state that the Finance Minister may relax restrictions in deserving cases, on consideration of a report from CBDT on the petition of an applicant. "Notwithstanding anything contained in these Guidelines, the Finance Minister may relax restrictions in Para 8.1 above for compounding of an offence in a deserving case, on consideration of a report from the Board on the petition of an applicant," it said.

## FINMIN EXPECTED TO ISSUE NOTIFICATION SOON

## Almonds to apples, Centre plans retaliatory tariffs on 29 US items

ENSECONOMIC BUREAU  
NEW DELHI, JUNE 14

AMID RISING trade tensions, India is likely to impose long-promised retaliatory tariffs on 29 products imported from the US, *The Indian Express* has learnt. The Finance Ministry is expected to issue an official notification to this effect before Sunday, according to a government official.

The move comes almost two weeks after the Trump administration announced its decision to withdraw India's duty-free benefits under the US select trade programme and may hit imports of products like almonds, apples, pears, chickpeas and walnuts.

Commerce Minister Piyush Goyal last week indicated that India may not pursue a resolution to the withdrawal of trade benefits under the programme, known as the Generalised System of Preferences (GSP). "We also believe that in our development cycle, certain countries were giving us support, which was an added benefit to our efforts to move out of our problems faster. But, (if) some countries have chosen a different path, we accept it gracefully and I think we'll reorient ourselves to become competitive even without that," Goyal had said.

The retaliatory tariffs learnt to be notified soon may see import duties of some of these products, like walnuts, go up as much as 120 per cent. While trade between India and the US stood at about \$142.1 billion in 2018, the US is one of India's largest trading partners, exporting \$33.1 billion worth of goods to India in 2018. However, India still had a goods trade surplus of \$21.3 billion. In 2018, India imported US almonds worth \$543 million which were more than half of US almond exports during the year. India is also the second largest buyer of US apples with imports of \$156 million in 2018.

According to the June 2018 notifications, the government has proposed import duties of products like chickpeas to be hiked up to 60 per cent from 30 per cent earlier, while fruits like apples will have an import duty of 50 per cent. Import duties on shelled almonds will be raised to Rs 120 per

DUTY PROPOSED BY GOVT		
PRODUCT	PROPOSED DUTY	IMPORTS IN 2018-19
Almonds	Rs 120/kg	\$615.12 million
Apples	50%	\$145.20 million
Diagnostic Reagents	10%	\$145 million
Walnuts	120%	\$16.50 million
Chickpeas	60%	N/A

Source: CBIC, Ministry of Commerce and Industry

kg from Rs 100 per kg earlier, while duties on products like boric acid and diagnostic reagents have been set at 7.5 per cent and 10 per cent. India had first notified the retaliatory tariffs on over \$200 million worth of goods in June 2018 after the US imposed tariffs on steel and aluminium products. However, the government deferred the move several times over the course of the last year. The deadline that India had last deferred its decision to was June 16.

Meanwhile, New Delhi and Washington were engaged in negotiations over the US Trade Representative's review of India's benefits under GSP, which allows some countries duty-free exports of thousands of items to the US. The USITR announced its decision to withdraw India's beneficiary status in March this year, but initially held off on notifying the withdrawal in May while the Lok

Sabha elections were on.

However, soon after the re-elected government was sworn in, US President Donald Trump announced that he was terminating India's benefits under the GSP scheme, a move that the Commerce Ministry called "unfortunate". India was the largest beneficiary under the GSP scheme.

"India, like the US and other nations, shall always uphold its national interest in these matters. We have significant development imperatives and concerns and our people also aspire for better standards of living," the ministry had stated earlier. "Initially, India acted cautiously, deciding not to impose tariffs and hoping to find a solution through mutual consultations. This stance was possibly misread by the US as a sign that India was seeking a compromise," said Biswajit Dhar, professor, Centre for Economic Studies and Planning, Jawaharlal Nehru University.

"India's move to retaliate puts the record straight. The government has clearly signalled that it can adequately respond when there are such affronts on its trading rights", he told *The Indian Express*. US officials earlier this week reportedly said they were open to dialogue to resolve differences, but demanded India drop its trade barriers. Trump has in the past called India a "tariff king".

## SEEKING TO COMPLETE PROBE UNDER PMLA

## ED moves NCLT to stop liquidation of Winsome Diamonds

KHUSHBOO NARAYAN  
MUMBAI, JUNE 14

THE ENFORCEMENT Directorate (ED) has approached the National Company Law Tribunal (NCLT) to stop liquidation of country's second largest wilful defaulter Winsome Diamonds and Jewellery Ltd, till it completes its investigation against the diamond firm under the Prevention of Money Laundering Act (PMLA).

Winsome Diamonds promoted by Jatin Mehta and its subsidiaries owe nearly Rs 10,000 crore including interest to a consortium of 15 banks led by Standard Chartered and Punjab National Bank. The company also figures in the list of top 10 bank loan defaulters that former Reserve Bank of India Governor Raghuram Rajan sent to Prime Minister's Office (PMO) in 2015 seeking "concerted" action.

The ED wants the liquidation to be halted as it is in the midst of establishing the money trail that led to an alleged loan fraud of \$1.26 billion (around Rs 8,800 crore) by the company in 2013.

The ED has so far attached assets worth Rs 220 crore of Winsome Diamonds under PMLA as proceeds of crime and has found that the company allegedly diverted at least \$750 million (Rs 5,175 crore) to six entities in Hong Kong, Bahamas and UAE, directly or indirectly controlled by its promoter Jatin Mehta, through a web of 'dummy companies'.

Winsome Diamonds and Mehta, who became a citizen of a popular tax haven - St Kitts and Nevis, in 2013, are currently being investigated by the CBI, Serious Fraud Investigation Office (SFIO), Income Tax and ED in connection with the bank fraud, criminal conspiracy and tax evasion. Both the CBI and ED have written to Interpol to issue a Red Notice against Mehta but the global agency is yet to issue the notice.

The creditors of Winsome, mainly banks, want the liquidation of the company to begin even as they are staring at a haircut of 98 per cent since the diamond firm has assets of only about Rs 200 crore in its balance sheet that can be liquidated. The creditors fear that these assets may lose value with time said a lawyer familiar with the case.

While ED's plea to halt Winsome's liquidation will come up for hearing on July 10,

## ALLEGED LOAN FRAUD OF \$1.26 BN

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the company law tribunal has asked the resolution professional of Winsome Diamonds and the suspended board of the company to file their response to ED's application in court.

Emails to Winsome Diamonds and Jatin Mehta did not elicit any response.

Winsome Diamonds and its subsidiaries were taken to NCLT in February 2018 and its resolution process has failed as no bidder has emerged.

The CBI has alleged that 13 UAE-based companies controlled by Mehta and a Jordanian national - Haytham Salman Abu Ali Obaidah have defaulted on payments of \$1.26 billion to Winsome, which had led to the latter's loan default.

On June 28, 2018, the CBI filed its chargesheet against Winsome, Mehta and 21 others, including senior public sector bank officials. In July, the ED filed a separate prosecution complaint (chargesheet) in the Winsome case.

Winsome Diamonds, which was classified as a "wilful defaulter" in October 2013, has claimed that it did not divert funds and was a victim of non-payment by Obaidah's firms.

The company has claimed that Obaidah and his associate firms suffered losses of about \$1 billion in derivatives and commodity trading and were unable to pay their dues to Winsome.

Last week, the CBI registered two fresh cases of bank loan fraud of Rs 700 crore against Winsome and Mehta. It also searched the offices of the company across the country.

## Crude steel output grows 5% to 9.235 MT in May

India's crude steel output grew 5.2 per cent to 9.235 million tonnes (MT) during May 2019, according to official data from the Steel Ministry

**18,020 MT:** During April-May 2019-20, crude steel production stood at 18,020 MT, up 3.4 per cent from 17,432 MT in corresponding period last fiscal

**10,848 MT:** Production of finished steel in May rose 1.6 per cent to 10,848 MT, from 10,674 MT in the year ago month

**21,371 MT:** During April-May, output of finished steel at 21,371 MT was 1 per cent higher than 21,156 MT in same period last year

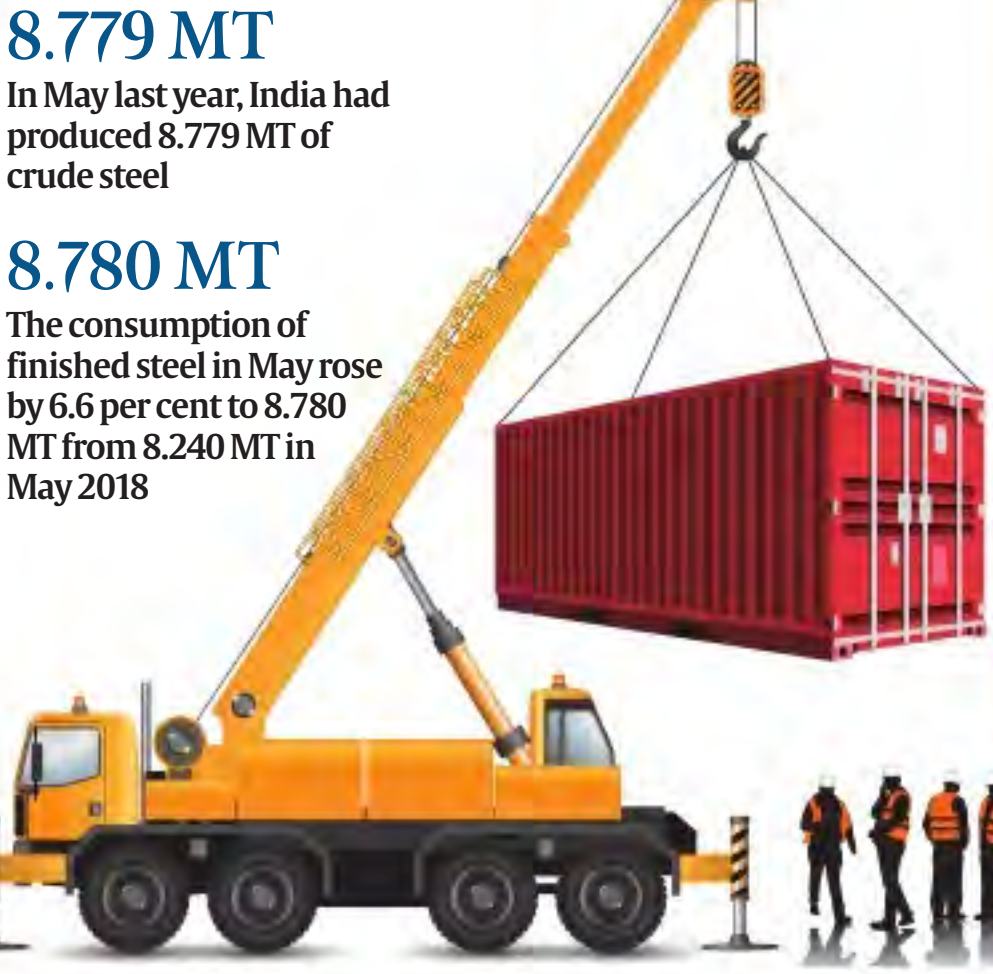
**16,286 MT:** Consumption in the first two months of current fiscal was at 16,286 MT, 6.5 per cent higher than 15,286 MT in April-May 2018-19

8.779 MT

In May last year, India had produced 8.779 MT of crude steel

8.780 MT

The consumption of finished steel in May rose by 6.6 per cent to 8.780 MT from 8.240 MT in May 2018



## EXPORTS &amp; IMPORTS:

**0.318 MT:** Exports in May fell 28.5 per cent to 0.318 MT from 0.445 MT a year ago

**0.715 MT:** For April-May, exports were down 29.8 per cent at 0.715 MT, as against 1.018 MT in the year-ago period

**0.535 MT:** Imports in May fell 13.6 per cent to 0.535 MT from 0.619 MT a year ago

**1.121 MT:** Imports of finished steel in April-May was at 1.121 MT, 8 per cent lower than 1.218 MT in April-May in FY19

## SENSEX DECLINES ON UNCERTAINTY IN GLOBAL MARKETS

## Rupee falls 30 paise on rising oil prices, strengthening dollar

ENSECONOMIC BUREAU  
MUMBAI, JUNE 14

THE RUPEE on Friday fell by 30 paise to close at 69.80 against the US dollar, hit by strengthening dollar and rising crude oil prices. With investors rushing to the exit door, the BSE SENSEX also followed suit and fell 289 points amid weak global cues.

The rupee had settled at 69.50 against the US dollar Thursday. "The rupee weakened for a second day against US dollar, taking cues from the other Asian currencies," said V K Sharma, head-PCG & Capital Market Strategy, HDFC Securities. Brent crude futures

rose over 4 per cent over the past two days. The dollar index, which gauges the greenback's strength against a basket of six currencies, rose 0.10 per cent to 97.11.

Meanwhile, after a subdued opening, the benchmark faced sudden selling pressure in the last half-hour of trade to close at 39,452.07, down by 289.29 points, or 0.73 per cent. The NSE Nifty tumbled 90.75 points, or 0.76 per cent, to finish at 11,823.30.

On the global front, investors scurried to safe-haven assets after China's industrial output growth in May sank to more than 17-year lows, highlighting risks to world growth. Flaring up of geopolitical tensions in the Middle East fol-

lowing attacks on two oil tankers and continued uncertainty over US-China trade talks also weighed on risk sentiment.

Jayant Manglik, president, Religare Broking, said, "Markets traded volatile and ended lower, tracking weak global cues. The sentiment dampened on the news of geopolitical tension, after the attack on two oil tankers in Gulf of Oman. After the initial fall, Nifty hovered in a range for most part of the session but sharp fall in the last half an hour pushed the index to 11,800. Mostly sectoral indices traded in line with the benchmark index and closed lower."

"The ripple effect from a weak global market while premium val-

EXPLAINED  
Global cues, liquidity issues likely to keep markets volatile

RISING DOLLAR and crude oil prices and flaring up of geopolitical tensions led to the Indian rupee depreciating on Friday.

Tensions in the Middle East following attacks on two oil tankers and continued uncertainty over United States-China trade talks also weighed on risk sentiment, as both Indian stocks and currency ended lower while bonds inched up. Global jitters, along with liquidity issues at non-banking finance companies, are likely to keep domestic markets volatile ahead of the Union Budget next month.

uation and slow economy is hurting the market. Continuous exchange of words between US and Tehran regarding the oil tanker attack, progress of US-China trade war, Fed policy outcome on June 19 and progress of monsoon will be closely watched by the investors. The market is cautious today awaiting these important events while highly leveraged companies are being mostly impacted," said Vinod Nair, head of research, Geojit Financial Services.

Sectorally, BSE realty, telecom, bank, auto, finance and FMCG indices ended up to 2.11 per cent lower. Capital goods gained 0.21 per cent. The broader BSE midcap and smallcap indices followed the

benchmarks, shedding up to 1.02 per cent. "Markets were in narrow range as stable inflation, decent IIP growth print and falling crude prices supported markets even as fresh concerns related to the ADAC group and Dewan Housing led to selling pressure in banks. Also, the NBFC sector stocks were under pressure on fears of default and more regulatory measures from the RBI," said Sanjeev Zardade, vice president - PCG Research, Kotak Securities Ltd.

In Asia, while Tokyo stocks ended in the green, bourses in Shanghai, Hong Kong and Seoul closed lower. Exchanges in Europe were also trading in the red in early deals.

## ATTACKS ON TWO OIL TANKERS IN THE GULF OF OMAN HAVE GIVEN PRICES A FLOOR

## Oil price rises but set for weekly loss as demand fears outweigh geopolitics

REUTERS  
LONDON, JUNE 14

OIL PRICES rose about 1 per cent on Friday after attacks on two oil tankers in the Gulf of Oman this week raised concerns about potential supply disruptions, but prices remained on track for a weekly loss on fears that trade disputes will dent global oil demand.

Brent crude futures were up 66 cents at \$61.97 a barrel by 1457 GMT. US West Texas Intermediate crude futures were up 49 cents a barrel at \$52.79. The attacks on oil tankers near Iran and the Strait of Hormuz pushed up oil prices by as

much as 4.5 per cent on Thursday. It was the second time in a month tankers have been attacked in the world's most important zone for oil supplies as tensions increase between the United States and Iran.

"Yesterday's attacks on the Japanese and Norwegian tankers in the Gulf of Oman underscore the severity of the security risks stemming from the Iran crisis and the difficulty of achieving a diplomatic off-ramp as long as the crippling US sanctions remain in place," RBC bank said.

Still, Brent was on course to register a weekly decline of about 2 per cent and United States crude



Yutaka Katada, president of Kokuka Sangyo Co, the Japanese firm operating one of two oil tankers attacked near the Strait of Hormuz, shows a photo of the attacked tanker on Friday. AP

was down nearly 3 per cent. "The deteriorating demand outlook is holding back prices, de-

spite these tensions," said John Kilduff, a partner at Again Capital LLC in New York.

Slowing economic conditions have eaten into demand growth, overshadowing ongoing tensions between the US and Iran, Kilduff said. As a result, prices may be stuck in a holding pattern. "We are stalemated here."

On Thursday, the Organization of the Petroleum Exporting Countries (OPEC) cut its 2019 forecast for growth in global oil demand even lower than the IEA, to 1.14 million bpd.

Surging US supply, as well as gains from Brazil, Canada and Norway, would contribute to an increase in non-OPEC supply of 1.9 million bpd this year and 2.3 million bpd in 2020.

## IEA cuts 2019 estimate for oil demand growth

REUTERS  
LONDON, JUNE 14

THE OUTLOOK for oil demand growth in 2019 has dimmed due to worsening prospects for world trade, the International Energy Agency (IEA) said on Friday, although stimulus packages and developing countries should boost growth going into 2020.

The Paris-based IEA, which coordinates the energy policies

of industrial nations, revised down its 2019 demand growth estimate by 100,000 barrels to 1.2 million barrels per day (bpd), but said it would climb to 1.4 million bpd for 2020.

"The main focus is on oil demand as economic sentiment weakens... The consequences for oil demand are becoming apparent," the IEA said in its monthly oil report. "The worsening trade outlook (is) a common theme across all regions", it added.

## Hexaware acquires Mobiquity for \$182 mn

ENSECONOMIC BUREAU  
MUMBAI, JUNE 14

IT CONSULTANCY firm Hexaware Technologies on Friday acquired US-based Mobiquity Inc for a total consideration of about \$182 million (around Rs 1,260 crore).

Under the cash deal, Hexaware will make an upfront payout of up to \$131 million and a deferred consideration of up to \$51 million, part of which is contingent on earnouts, Hexaware said in a regulatory filing. This acquisition would help gain traction in banking and pharma verticals, which are the focus areas for Hexaware, the filing said.

Mobiquity is a digital consultancy that partners with the world's leading brands to design and deliver compelling digital products and services for their customers. It creates digital products for brands like Amazon Web Services, Rabobank, Philips, Wawa, Backbase and Otsuka. Mobiquity group revenue was \$70 million for the year ended December 31, 2018. "This is the largest ever investment by Hexaware and the combined entity aims to directly compete with large digital agencies and consulting firms," Hexaware said in a statement.

R Srikrishna, CEO of Hexaware Technologies, said with this acquisition, Hexaware enters an exciting new phase of growth and capability.



# CITU, AITUC oppose decision to reduce ESI contribution rate

ENSE ECONOMIC BUREAU  
NEW DELHI, JUNE 14

ADAY after the Centre announced reduction in contribution under the Employees' State Insurance (ESI) Act from 6.5 per cent to 4 per cent, trade unions opposed the decision saying it is a unilateral decision and not in line with the decision taken by the tripartite governing council of the ESI.

The Centre of Indian Trade Union (CITU) said it is a gross violation of the 175th tripartite Governing Body meeting of ESI held on September 18, 2018, where it was unanimously decided to reduce the employers' contribution to ESI to 4 per cent of the wages of the enrolled workers from 4.75 per cent and the workers' contribution to 1 per cent from 1.75 per cent making the total ESI contributions at 5 per cent annually.

Subsequently, in the 177th governing body meeting held on February 19, 2019, chaired by the Union Labour Minister, ESI Budget for the coming financial year (2019-20) was finalised on the basis of this contribution generation of 5 per cent, CITU said.

As per the Centre's decision announced Thursday, employers' contribution under ESI scheme has been reduced to 3.25 per cent from 4.75 per cent and that of employees down to 0.75 per cent from 1.75 per cent, taking the total contribution to 4 per cent. The government estimates that the reduced rates, effective July 1, are likely to benefit 3.6 crore employees and 12.85 lakh employees.

Meanwhile, the All India Trade Union Congress (AITUC), in its statement, said that instead of reducing the rate of contribution,

## 'HUGE BENEFITS FOR EMPLOYERS'

■ CITU said the decision "would lead to huge benefits of employers to the tune of estimated Rs 8,000-Rs 10,000 crore"

■ AITUC said more benefits should be planned under health insurance scheme

more benefits should be planned under the health insurance scheme and inspections should be restored to ensure compliance.

CITU added that employers' obligation to ESI being reduced by 1.5 per cent and that of workers' by only 1 per cent "would lead to huge benefits/savings of the employers to the tune of estimated Rs 8,000-Rs 10,000 crore."

Reduction in ESI contribution is mainly to benefit the employers/business class, CITU said, adding that the increase in enrollment in ESI as claimed by the government is due to upward revision of entitlement level from Rs 15,000 to Rs 21,000 from January 1, 2017, as decided by the Tripartite Governing Body.

"This is going to create serious difficulty to meet its obligations of social security and medical benefits to the enhanced number of beneficiaries. CITU vehemently condemns such arbitrary move of the NDA-II government in the interest of the corporate lobby and demands implementation of the Governing Body decision on ESI contribution dated on September 18, 2018 in letter and spirit," it said.

# WPI inflation near 2-yr low at 2.45% in May

PRESS TRUST OF INDIA  
NEW DELHI, JUNE 14

WHOLESALE PRICE-BASED inflation hit a 22-month low of 2.45 per cent in May helped by falling prices of food articles, fuel and power items, and this in turn may prompt the Reserve Bank of India to go for another cut in key interest rates in the current fiscal.

The Wholesale Price Index (WPI)-based inflation was at 3.07 per cent in April this year. It was 4.78 per cent in May 2018.

Inflation in food articles basket was 6.99 per cent in May, 2019, down from 7.37 per cent in April, official data released Friday said.

However, onion prices spiked during the month with inflation at 15.89 per cent, as against (-) 3.43 per cent in April. Inflation in pulses continued in double digit for four consecutive months at 18.36 per cent in May, up from 14.32 per cent in the previous month.

WPI inflation in May this year is the lowest in 22 months, since July 2017, when it was at 1.88 per cent.

## PRE-BUDGET MEETING WITH ECONOMISTS, SOCIAL SECTOR REPRESENTATIVES

# IBC-type framework for NBFCs, simplified GST among several issues raised with FM

Government committed to improving skilling of youth, enhancing job opportunities: Finance Minister

ENSE ECONOMIC BUREAU  
NEW DELHI, JUNE 14

FOCUS ON boosting growth and a debate on whether or not fiscal targets should be eased formed part of the pre-Budget discussion of economists with Finance Minister Nirmala Sitharaman Friday. The economists in their meeting also stressed on the need to promote labour intensive sectors and manufacturing through Make in India, further simplification of GST, Insolvency and Bankruptcy Code (IBC)-type framework for NBFC sector, implementation of Direct Tax Code and constitution of independent fiscal policy committee, a Finance Ministry statement said.

S Mahendra Dev, director, Indira Gandhi Institute of Development Research, said the discussion focused on growth and jobs. "The fiscal policy and monetary policy need to be improved. Some people asked the sanctity of FRBM, whether it can be relaxed. Some were of the opinion that fiscal space isn't there. For monetary policy, transmission of interests are not taking place. Banking system should be stabilised. The Budget should be growth-oriented. PM Kisan and all being done, concentration



Union Finance Minister Nirmala Sitharaman (right) with Rajiv Kumar (left), Secretary, Department of Financial Services, during a pre-Budget consultation meeting with representatives from social sector, in New Delhi, Friday. PTI

should be on growth. Coming to jobs, value chains need to be improved," Dev said.

Former Chief Economic Adviser Arvind Virmani suggested GST simplification and labour reforms can help attract investment. "Make in India manufacturing is a once in a generation opportunity. Tax reforms were some of the things one can do. Cross-border ease of doing business has not improved. GST simplification, labour reform can help attract investment," he said.

The meeting was attended by NITI Aayog Vice-Chairman Rajiv Kumar, Finance Secretary Subhash C Garg, Revenue Secretary Ajay Bhushan Pandey, Chief Economic Adviser K V Subramanian and other senior officials of the Ministry of Finance.

Other economists who attended the meeting included NIPFP chief executive and director Rathin Roy, SBI chief economist Soumya Kanti Ghosh, Aditya Birla Group chief economist Ajit Ranade, and former RBI Deputy

Governor and economist Rakesh Mohan among others.

Manoj Panda, director, Institute of Economic Growth, said agriculture must be liberalised and subsidies should be rationalised, otherwise budgetary burden cannot be managed. "I am telling for recalibration of subsidies, to protect the interests of the farmers. Like direct benefit transfers. Current regime of subsidies add to exchequer and is inefficient at the crop level, distorting market prices," Panda said.

Economists further gave suggestions on tariff reforms, removing bottlenecks in supply-chain, EXIM policy for agriculture, removal of specific duties on textiles, maintaining fiscal consolidation, revival of inter-state councils for holistic domestic growth, boosting employment by focusing on skilling and giving fillip to services and manufacturing sector.

Earlier in the day, Sitharaman also held a meeting with representatives of social sector, wherein they suggested the government should focus on education, hygiene, women safety and nutrition of infants in the forthcoming Budget.

They also asked the Minister to levy higher taxation on sweetened and salted products,

rationalise taxes on medical devices, earmark funds for healthcare infrastructure, and provide free drugs as well as diagnostic facilities.

Sitharaman, in her opening remarks, said that the present government is committed to improving educational standards, skilling the youth, enhancing job opportunities, reducing disease burden, empowering women and improving human development in order to have an inclusive development. The main areas of discussion included issues relating to health, education, social protection, pensions and human development.

They also suggested expansion of healthcare infrastructure, provision of free drugs and diagnostic facilities, rationalisation of taxes on medical devices, promotion of public private partnership in secondary and tertiary healthcare sectors, fiscal incentives for recycling of waste water and rain-water harvesting, among others.

National Commission for Women chairperson Rekha Sharma, Centre for Policy Research president Yamini Aiyer, Helpage India chief operating officer Rohit Prasad, and National Commission for Protection of Child Rights chairperson Priyanka Kanoongo attended the meeting.

# Exports up 3.93% in May; trade deficit widens to \$15.36 bn

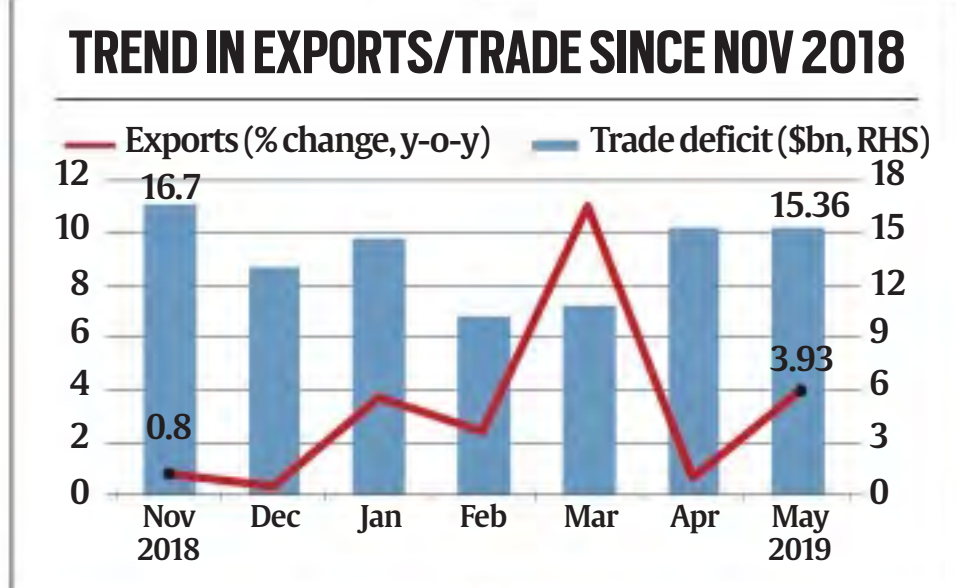
PRESS TRUST OF INDIA  
NEW DELHI, JUNE 14

INDIA'S EXPORTS increased by 3.93 per cent in May to \$30 billion on the back of healthy growth in electronics and chemicals shipments, even as the trade deficit widened to a six-month high, official data showed Friday. Imports increased by 4.31 per cent to \$45.35 as crude oil and gold shipments shot up in the month.

The trade deficit, difference between imports and exports, aggregated at \$15.36 billion, the widest since November 2018, when it stood at \$16.67 billion.

Sectors which recorded healthy export growth included electronics (51 per cent), engineering (4.4 per cent), chemicals (20.64 per cent), pharma (11 per cent) and tea (24.3 per cent).

However, certain key sectors including petroleum products,



man-made yarn/fabrics, gems and jewellery, marine products, coffee and rice recorded negative growth in May, according to Commerce Ministry data.

Oil imports grew by 8.23 per cent to \$12.44 billion and non-oil imports expanded by 2.9 per cent.

Gold imports jumped by 37.43 per cent to \$4.78 billion in May.

Cumulatively, exports in April-May FY20 rose 2.37 per cent to \$56 billion. Imports grew 4.39 per cent to \$86.75 billion, resulting in a trade deficit of \$30.69 billion.

Commenting on the data, Federation of Indian Export Organisations (FIEO) president Ganesh Kumar Gupta said exports and interest subsidy support to all agri exports.

growth in view of sluggish global trade.

"Such a growth in exports is a reflection of extremely modest growth in global trade and increasing protectionism. MSME sectors are still facing the problem of liquidity besides various other challenges including uncertainties owing to tariff war, volatility in commodities/currencies, rapid rise in trade restrictive measures and constraints on the domestic front," he said in a statement.

He also expressed concern on the rising trade deficit primarily on account of swelling crude import bill with further northward movement of prices and ban on Iranian imports along with rising gold imports. Kumar added that the government needs to look at issues like access to credit, cost of credit especially for merchant exporters and interest subsidy support to all agri exports.

## India's services exports up 2.8% to \$18 bn in Apr

Mumbai: India's service sector exports rose by 2.8 per cent to \$18.06 billion in the first month of the current fiscal, Reserve Bank data showed Friday. The services receipt or exports in April 2018 stood at \$17.56 billion.

Services payments or imports in April 2019 were at \$11.4 billion, up by 4.6 per cent from \$10.92 billion in the same month of 2018-19, according to the RBI data on India's international trade in services for April 2019.

The RBI releases monthly data on India's international trade in services with a lag of around 45 days. PTI

# 'No trust deficit between govt, industry'

PRESS TRUST OF INDIA  
NEW DELHI, JUNE 14

URGING THE industry to join hands in bringing innovative ways of financing, Union Minister Nitin Gadkari Friday said there was no "trust deficit" between industry and the government, which has been constantly doing away with "red-tapism".

Gadkari said the ban on the entry of corporates and private players in MSME sector has been lifted to pave way for formation of 700 clusters in order to reduce dependence on imports as well as for job creation.

Addressing 100 CEOs from across the country in their first interaction with the new govern-



Union Minister Nitin Gadkari meets delegates during the CII National Council Meeting in New Delhi, Friday. PTI

ment at CII National Conference, the Micro, Small & Medium Enterprises (MSMEs) Minister also said that to promote innovation a 'Bank of Idea and

Innovation' was on the anvil. "There is no trust deficit between the government and industry. Government is very positive and has faith and trust in the

industry. We are bringing improvements as per suggestions of industry and request for more recommendations.

"Government is investor-friendly and wants to support industry for employment, growth and exports. It is constantly striving to usher in more reforms and industry should come forward to be a partner in this journey of growth," Gadkari said.

Defining MSME as a sector with huge growth and employment potential, the minister said a decision has been taken to lift the ban on the entry of corporate and private sector in MSME clusters and urged them to come forward with suggestions and ideas which in turn would be supported by incentives like land.

# Data movement important ... but will be based on reciprocity: Prasad

PRESS TRUST OF INDIA  
NEW DELHI, JUNE 14

THE GOVERNMENT is ready with draft personal data protection law, and it may allow data mobility overseas based on reciprocity, IT and Telecom Minister Ravi Shankar Prasad said Friday.

He also said that people are not pleased with European data protection law, and are looking the way it will shape up in India.

"India will uphold its data sovereignty. That will not be negotiable. India is a huge country, generating a lot of data. I do acknowledge that some degree of data movement is important in a

digital world but that will be based on reciprocity and understanding," Prasad said at a CI event here.

The draft of Personal Data Protection Bill, 2018 - which is based on the recommendations of the government-constituted high-level panel headed by Justice B N Srikrishna - restricts and imposes conditions on the cross-border transfer of personal data, and suggests setting up of Data Protection Authority of India to prevent any misuse of personal information. "Data is going to become an important area of growth, commerce and vulnerable area of dispute. Data protection law we have finalised. I will take it to the cabinet. I feel data

anonymity should also be kept in focus. Anybody, Indian or international, seeking to indulge in data commerce will have to follow the rules of the game," Prasad said.

In response to a question from former Infosys executive vice-chairman Kris Gopalakrishnan, Prasad said the world is now looking at proposed data protection regulation in India.

"I went to Stanford to give a lecture and all of them are waiting for India's data protection law. All of them, because they are not happy with European product at all. Therefore, (the) world is looking at India. What is important, is India's moment must be seized properly," the minister said.

# Thyssenkrupp: Indian-origin Premal Desai is new CEO

ADITI KHANNA  
LONDON, JUNE 14

THYSSENKRUPP ON Friday announced the appointment of Premal Desai as the new chief executive officer for its steel division to oversee the restructuring of its business, following the collapse of a proposed joint venture with Indian steel manufacturer, Tata Steel, in Europe.

The 50-year-old Indian-origin executive, who has been chief financial officer of ThyssenKrupp Steel Europe AG since 2015, will take charge as the Chairman of the Executive Board of the company.

Having also served as a former Head of Strategy at ThyssenKrupp AG, Desai will now be in charge of formulating a "sustainable strategy" for the steel division. "Shaping the future of steel is a challenging task. There's a lot to do," he said. REUTERS

# GOQii, Flipkart resolve legal dispute over predatory pricing

ENSE ECONOMIC BUREAU  
NEW DELHI, JUNE 14

IN AN out-of-court settlement, start-up healthcare products firm GOQii on Friday said it has 'amicably' resolved a legal dispute with Flipkart and the products of the company will be listed back on Flipkart's platform.

"Flipkart engaged with us in a transparent way and their team worked on a resolution benefitting the brand and the customers. We look forward to a continued fruitful association and help serve millions of Flipkart customers in a better way," said Vishal Gondal, founder and CEO at GOQii, in a joint statement with Flipkart.

GOQii, a California-based preventive healthcare platform, last month took Walmart-owned Flipkart to court on charges of predatory pricing. Two of GOQii's products were

"Flipkart engaged with us in a transparent way and their team worked on a resolution benefitting the brand and the customers."

VISHAL GONDAL  
FOUNDER & CEO, GOQII

being sold at a discount of about 70 per cent on Flipkart without GOQii's consent, a source had said earlier.

Gondal had told news agency Reuters that the firm signed an agreement in September with a Flipkart unit, allowing it to sell the two GOQii devices at a price not below Rs 1,999 and Rs 1,499 after discounts. But GOQii last month found Flipkart's website showed the devices on sale for Rs 999 and Rs 699, respectively.

The case had been filed in a Mumbai city civil court, which on June 7 had adjourned the

matter to June 26. Earlier, the court had asked Flipkart and its sellers to halt sale of GOQii products.

"We are in the process of withdrawing the suit," said Amit Vyas, founder partner at Vertices Partners, the law firm representing GOQii. Vyas declined to give further details.

Adarsh K Menon, vice-president and head of private labels, electronics and furniture at Flipkart, said, "Flipkart is a customer-focused marketplace that works closely with brands and seller partners to ensure that all policies are aligned to industry standards and are in compliance with all applicable Indian laws.

"We have a zero tolerance policy on incidents that impact customer trust. In the last few days, we have ensured constant engagement with GOQii to resolve any differences and we are glad that the brand will be back on Flipkart." FE

# US suspends WTO IPR litigation against China

TOM MILES  
GENEVA, JUNE 14

THE US has halted a World Trade Organization dispute over China's treatment of intellectual property rights until December 31, the WTO dispute panel hearing the case said in a statement published on Friday. The panel of three adjudicators said the United States asked for the suspension on June 3 and China agreed the next day.

It was not clear if the suspension might signal a thawing of trade relations between the United States and China ahead of a possible meeting between Presidents Xi Jinping and Donald Trump at a G20 summit in Japan later this month. US and Chinese officials did not immediately respond to requests for comment, and the panel's statement did not disclose any reason for suspension of the dispute. REUTERS

# Trump says he plans to keep criticising US Fed over interest rates

MARTIN CRUTSINGER  
WASHINGTON, JUNE 14

US PRESIDENT Donald Trump says he has no intention of ending his public attacks on the Federal Reserve's interest rate policies even though he knows he has made Chairman Jerome Powell's job more difficult.

Trump told ABC NEWS in an interview released Friday that he thinks economic growth and stock market indexes would be substantially higher if the chairman "wouldn't have raised interest rates so much." The Fed raised rates four times last year. But Powell has signalled that the Fed is prepared to cut rates should it decide that Trump's trade war with China threatened the economic expansion.

The Fed has long sought to operate free of political influence to maintain its credibility as the

world's leading central bank. Powell, whom Trump elevated to chairman, has said before that he wouldn't resign despite pressure from Trump.

In the ABC interview, which will air Sunday, Trump is asked if he was concerned that his public attacks on Powell were inappropriate and were putting the Fed chairman "in a box."

"I'm gonna do it anyway because I've waited long enough," Trump said.

"If he did the interest rate increases half as much, if he didn't do tightening," the economy would be growing faster and the stock market would be higher.

In an earlier interview this week with CNBC, Trump lamented he had to deal with a Fed that is "very destructive to us" and suggested that President Xi Jinping of China was much luckier because Xi essentially controls his country's central bank. AP

## BRIEFLY

### Corporation Bank cuts 1-yr MCLR by 5 bps

New Delhi: Corporation Bank Friday said it has reduced marginal cost of funds based lending rate (MCLR) for one-year tenor loan by 5 basis points to 8.85 per cent. The one-year MCLR is the benchmark against which most customer loans such as auto, personal and home loans are priced.

### Jet Airways shares tumble nearly 12%

New Delhi: Shares of grounded Jet Airways continued the downward trend, plunging nearly 12 per cent Friday, after stock exchanges, earlier this week, decided to impose restrictions on its stock trading from June 28. The scrip tanked 10.77 per cent to close at Rs 82.05 on the BSE. Intra-day, the airline's stock tumbled 13.37 per cent to touch its multi-year low at Rs 79.65.

### 'Grout ATMs to wall, pill or floor to boost security'

Mumbai: The Reserve Bank on Friday asked banks to ensure their ATMs are grouted to a wall, pillar, or floor by September-end, except those installed in high secured premises such as airports, to enhance security of the cash vending machines. In 2016, the RBI had set up a Committee on Currency Movement (CCM) to review the entire gamut of security of treasure in transit.

### Tata Commam sells Singapore data centre stake

New Delhi: Tata Communications said on Friday its data centre arm has sold its entire stake in the Singapore unit to STT GDC. "Tata Communications International Pte Ltd (TCIPL) has divested 26 per cent stake in STT Tai Send Pte Ltd, which operates data centre business in Singapore, to STT APDC Pte Ltd, a wholly owned subsidiary of STT GDC Pte Ltd at an agreed consideration based on fair market value and changing market conditions," a Tata Communications said. PTI

### Shukla takes charge as CMD of MCL

New Delhi: Bhola Nath Shukla Friday took charge as chairman-managing director of Mahanadi Coalfields Limited (MCL), a subsidiary of Coal India. Having spent 37 years in the coal industry, Shukla was the director (technical) at Ranchi-headquartered sister subsidiary Coal Mine Planning and Design Institute Ltd, before taking charge of MCL. MCL is targeting 167 million tonne coal production this financial year. ENS

# Malmstrom hopes Trump, Xi can reduce trade tensions

REUTERS  
GENEVA, JUNE 14

EUROPEAN UNION Trade Commissioner Cecilia Malmstrom is hoping United States President Donald Trump meets his Chinese counterpart, Xi Jinping, at the G20 summit in Japan later this month to try to reduce trade tensions between the two countries.

"If they are meeting, I think the whole world thinks that is a good idea," Malmstrom said in an interview on Friday. "The fact that there is at least a possibility that escalations will de-escalate rather and that these two countries are talking to each other would be a good sign for the whole world."

But the issues between the United States and China would not all be solved in Osaka, she further said.