'Ex-CEA's paper does not

consider key indicators'

TCA SHARAD RAGHAVAN

Commission Member, has

Mr. Subramanian had re-

cently written a paper for the Harvard University in

which he had said that In-

dia's GDP growth during

2011-17 had been over-esti-

mated. Where the official

numbers showed that the

economy grew at an average

of 7% during the period, Mr.

Subramanian said the more

accurate number was more

stand, Mr. Subramanian is

saying that he thinks there is

some doubt about the accu-

racy of the GDP growth esti-

mates," Mr. Vaidyanathan

said. "And that he was devis-

ing a procedure to verify

whether this bias exists or

not on the basis of the rela-

tionship between certain se-

lected proxy variables and

asked is what the relation-

ship between these proxy

variables and the overall

growth rate is, Mr. Vaidya-

"There is no explanation

about any of this," he added.

"He (Mr. Subramanian)

takes about 17 variables and

relates all of these to the en-

tire GDP estimate, not to any

particular sector." I am say-

ing that this is a totally in-

"You could say, perhaps,

that the variable used is im-

correct procedure."

Industrial output

The first question to be

the official estimates."

nathan said.

"From what I can under-

likely about 4.5%.

said in an interview.

NEW DELHI

MARKET WATCH

	18-06-2019	% CHANGE
Sensex	39,046	0.22
US Dollar	69.70	0.30
Gold	33,720	0.30
Brent oil	62.71	1.78

NIFTY 50		
		CHANGE
Adani Ports		
Asian Paints		
Axis Bank	775.75.	1.95
Bajaj Auto	2855.60	19.40
Bajaj Finserv		
Bajaj Finance		
Bharti Airtel		
BPCL	385.55.	7.40
Britannia Ind	2867.25	31.95
Cipla	547.60	2.45
Coal India		
Dr Reddys Lab	2591.25	37.10
Eicher Motors		
GAIL (India)	308.05.	2.10
Grasim Ind		
HCL Tech		
HDFC		
HDFC Bank		
Hero MotoCorp		
Hindalco		
Hind Unilever		
Indiabulls HFL		
ICICI Bank		
IndusInd Bank		
Bharti Infratel		
Infosys		
Indian OilCorp		
ITC		
JSW Steel		
Kotak Bank		
L&T		
M&M		
Maruti Suzuki		
NTPC		
ONGC		
PowerGrid Corp		
Reliance Ind		
State Bank		
Sun Pharma		
Tata Motors		
Tata Steel		
TCS		
Tech Mahindra		
Titan		
UltraTech Cement		
UPL	999.70.	4.75

EXCHANGE RATES				
Indicative direct rates in rupees a unit except yen at 4 p.m. on June 18				
CURRENCY	TT BUY	TT SELL		
US Dollar	69.50	69.82		
Euro	77.76	78.11		
British Pound	86.98	87.41		
Japanese Yen (100).	64.19	64.49		
Chinese Yuan	10.04	10.09		
Swiss Franc	69.51	69.86		
Singapore Dollar	50.68	50.92		
Canadian Dollar	51.77	52.01		
Malaysian Ringitt	16.61	16.73		

109.30

.. 339.35..

YES Bank

Zee Entertainment.

4.05

June 18 rates in rupees with previous

ASHISH RUKHAIYAR

Capital market participants

have suggested the govern-

ment establish a 'National

Development Mission' by in-

centivising investments in

public issues and mutual

funds that could help the ex-

chequer garner ₹1.75 lakh

crore during the current fi-

The funds can be used for

The suggestion, which is

part of the pre-budget pro-

posals submitted by market

participants, states that the

government can provide cer-

tain tax benefits for such in-

vestments that could also, in

turn, enhance the equity in-

vestment culture in the

TCA SHARAD RAGHAVAN

E-commerce companies on

Monday voiced their con-

cerns about the Reserve

Bank of India's data localisa-

tion norms with Commerce

They also highlighted the

data-related provisions of

the draft e-commerce policy during the meeting. Mr.

Goyal asked them to submit

their concerns in writing

within 10 days and assured

them that his Ministry would

take them on board.

Minister Piyush Goyal.

NEW DELHI

"We propose that all indi-

development

nancial year.

national

activities.

country.

'Investor sentiment lowest since 2008'

Fund managers stay away from equities and banks, prefer bonds and cash, says BofAML survey

SPECIAL CORRESPONDENT MUMBAI

Concerns related to an escalating trade war, possible recession and ineffective monetary policy have made fund managers bearish to a level last seen during the sub-prime crisis of 2008.

According to the latest global fund manager survey by Bank of America Merrill Lynch (BofAML), fund managers are moving away from placing bets on equities and banks and preferring bonds and cash with the cash levels with fund managers seeing the biggest jump since the 2011 U.S. debt crisis.

"... pessimism driven by concerns over trade war/recession, monetary policy impotence, low strike prices for policy puts; tactical 'pain trade' is higher yields and



Bleak future: Cash levels with fund managers have seen the biggest jump since the 2011 U.S. debt crisis. • AFP

higher stocks, especially if Fed cuts 25 bps [basis points] Wednesday," stated the survey report released on

The survey, based on responses of 230 fund managers, who collectively manage assets worth \$645 billion, also revealed that the global growth expectations of fund managers plunged by the largest quantum since Novem-

tional financial crisis. Further, the cash levels – a higher level signifies lack of

with the provisions of the

Companies Act and no addi-

tional directors being apoint-

ed and the process of bank-

led resolution plan not mov-

ber 1994 when the Mexican

peso crisis led to an interna-

conviction – saw its biggest jump and is currently at 5.6%, which is one percentage point higher than the 10-year average of 4.6%.

The survey also showed huge June rotation to bonds, cash, staples, utilities, and huge rotation away from equities, banks, Eurozone, tech."

Incidentally, the survey saw the second biggest ever month-on-month drop in terms of equity allocation even as growth expectations collapsed by a record 46 percentage points month-onmonth to net 50% investors expecting global growth to weaken over the next 12 months.

While the survey did not specifically look at Indiaspecific issues, the record bearish stance is likely to affect equities across the world.

China impact

The recent past has seen the equity markets in the emerging market pack, including that of India, fall on account of concerns related to the ongoing trade war between the U.S. and China.

Further, the slowdown in China has impacted markets across the world, clearly showing that no single market or economy is insulated from the global economic concerns. Incidentally, the India VIX index, which is looked upon as a measure of near-term volatility, has been on the rise in the last few trading sessions as investors remained jittery over the trade war happening between India and the U.S.

RBI slaps ₹1 cr. penalty on HDFC Bank

SPECIAL CORRESPONDENT

The Reserve Bank of India (RBI) has imposed a ₹1 crore penalty on private sector lender HDFC Bank for violating know your customer (KYC) and antimoney laundering (AML) norms, the central bank said on Tuesday.

"RBI had received a reference from customs' authorities regarding submission of forged bill of entries (BoEs) by certain importers to the bank for remittance of foreign currency," the RBI said.

The central bank added that the examination in this regard revealed violations of the RBI directions on KYC/AML norms and on reporting of frauds.



Arvind Subramanian

portant for industrial output," Mr. Vaidyanathan explained. "But even that is not at all clear to me. What does loan disbursal or electricity generation tell you about the GDP growth, even in manufacturing? That is itself problematic."

He further says that the variables used by Mr. Subramanian had nothing to do with the agriculture, services or informal sectors.

"Therefore, the inference that this proves over-estimation is totally off-base," Mr. Vaidyanathan said. "I am surprised that the media and the economic policy establishment is discussing it seriously as something that requires a special commission to be set up. You don't judge these arguments on the basis of the weight of someone's office but on the basis of the argument itself."

He went on to explain that the trends for each of the three major sectors agriculture, manufacturing and services - show that growth dropped off about seven years ago and that there is no indication of an over-estimation in any of the sectoral

numbers. "None of these trends suggests any over-estimation," Mr. Vaidyanathan said. "If anything, people will say you are under-stating growth."

Lenders move NCLT against Jet Airways

Remaining directors Ashok Chawla and Sharad Sharma quit carrier's board

LALATENDU MISHRA

State Bank of India (SBI)-led consortium of lenders on Tuesday started insolvency proceedings by dragging defaulter Jet Airways (India) Ltd. and its promoters to the National Company Law Tribunal (NCLT)

Jet, 51% owned by Naresh Goyal and 24% by Etihad Airways, owes about ₹8,000 crore to a consortium of len-

The airline has a total liabilities, including bank loans, of about ₹25,000 crore. A petition had been filed in the Mumbai bench of NCLT to recover the dues, lenders confirmed. The petition is expected to come up for hearing on Wednesday.

Reacting to the news, the Jet Airways stock plunged

MFs, set up development mission'

Can help govt. earn ₹1.75 lakh cr. this fiscal: memorandum

IP0

viduals and HUFs should be

eligible to invest in IPO/

FPOs/mutual funds for... a

sum of ₹50,000 per annum.

ment, 50% of the amount in-

vested should be allowed as

a deduction from the gross

total income of the indivi-

dual/HUF," stated the mem-

orandum submitted to the

localisation issues with Goyal

E-com firms take up data

Also flag data provisions in draft e-commerce policy

To incentivise this invest-

■ GETTYIMAGES/ISTOCK

+ Incentivise investments in IPOs,



54% intraday to finally close the day at ₹40.45, down 40.78% on the BSE.

Meanwhile, the two remaining directors on its board, Ashok Chawla and Sharad Sharma, resigned.

In a regulatory filing, Jet Airways said they left "in view of the board continuing

Finance Ministry.

avenue to invest.

The memorandum furth-

states that the govern-

ment would be able to gar-

ner at least ₹1.75 lakh crore

in 2019-20 even if only 50%

of the tax assesses use this

'No-obligation capital'

The advantage of this fund

raising is that as it is in the

form of equity so it is sunk

capital with no obligation to

either return the funds or to

give regular return on the

funds invested, added the

mobilised could go up to as

much as ₹2.45 lakh crore in

the next five years as the

number of assesses rise and

more tax-payers use the in-

centives to invest in equity,

as per the note.

Interestingly, the amount

ing forward. Mr. Goyal, who was eased out by the banks in March

along with his wife Anita Goyal to facilitate the entry of a new buyer, expressed sadness over the development which landed Jet in NCLT after complete erosion of value. "I feel sad and deeply dis-

tressed mainly for our loyal employees, who have waited for months and hopefully awaiting for a positive outcome to the bank-led resolution plan," Mr. Goyal said in a statement.

"I can only hope and pray that even now a solution can emerge and Jet can fly and fulfil the needs not only of the employees but for air travellers who feel the absence of the Joy of Flying," he said.

Etihad's response

In an e-mailed response to a query by *The Hindu*, Etihad Airways said it did its best to salvage the airline and would continue the efforts in the rescue plan.

Jet Airways employees expressed shock on the development and said it was too late to revive the airline. "What is left now of Jet?...

The NCLT process will take time and all the value will be wiped out. Even if a bidder comes, there will [be] no pilots, engineers and employees left to fly any plane if any," said Rohit Chaudhaury, senior commander, Jet Air-

Airlines post 3% rise in

SPECIAL CORRESPONDENT

The summer holiday sea son helped airlines register nearly 3% growth in passenger traffic in May after witnessing a contraction in the previous month for the first time in six years.

In April, the suspension of operations by Jet Airways, the second largest market player, led to a sharp rise in airfares leading to airlines collectively seeing a negative growth of

India has been among the fastest growing aviation markets in the world and saw double-digit growth for more than four years

Peak travel season

May 2018.

Domestic carriers altogether flew 1.2 crore pas-

craft and discounts offered by the airlines have marginally lifted the passenger traffic."

growth in the coming months as more seat capacity comes in and airlines are also likely to announce further sales as we move into the off-peak period," said Sharat Dhall, COO(B2C), Yatra.com

Low-cost carrier IndiGo has the largest share of the market pie at 49% of total passengers, followed by SpiceJet (14.8%), Air India

at the top in terms of passenger load factor or seat occupancy on flights with its planes being 93.9% full.

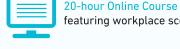


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data protection

'Towards a framework' "The meeting was held by [Mr.] Piyush Goyal in order to understand their concerns and take their suggestions towards building a ro-



framework that will achieve the dual purpose of privacy and innovation and strengthen India's position as a global tech leader with focus on trust and innovation," the Commerce Ministry said in a statement.

Some of the companies also raised concerns about the draft e-commerce policy released by the government, especially provisions related to treatment of data. "For example, we tried to

explain to them that the provision that the government should have the sovereign right over all data at all times was unviable," the CEO of one of the companies present at the meeting told *The* Hindu. "For many businesses that is the only intellectual property that they have. I think, on the aggregate data point, they are coming around.

The other issue was the government's demand for data from companies, where the companies argued that the data should be shared only for law and order and investigation situations.

passenger traffic in May

until December 2018.

The peak travel season as well as induction of planes by airlines to fill the gap left by Jet Airways led to their seeing two lakh more passengers last month than

sengers last month, according to Directorate General of Civil Aviation (DGCA's) monthly data. "Induction of new air-

"We expect higher

(13.5%) and GoAir (11.1%). SpiceJet continues to be

Tea Board,

mjunction in

e-marketplace

SPECIAL CORRESPONDENT

The Tea Board has inked a

memorandum of under-

standing (MoU) with

mjunction Ltd. for intro-

ducing a new e-market-

The initiative is expect-

ed to improve cost-effec-

tiveness and price-discov-

ery. The new system is

expected to be in place by

The MoU is to design,

place for tea.

September.

pact for tea

IN BRIEF



SEBI allows futures on commodity indices

The Securities and Exchange
Board of India (SEBI) has
allowed exchanges with
commodity derivatives
segment to launch futures
contracts on commodity
indices. The capital markets
regulator further said that
exchanges wanting to launch
such futures contracts would
have to take its approval and
submit at least three years'
data of the index constructed
along with certain other

Essel fiasco: HDFC AMC stock tanks 6.3%

NEW DELHI Shares of HDFC Asset Management Company dropped 6.32% to close at ₹1,807.75 on the BSE on Tuesday after it decided to provide liquidity to some fixed maturity plan schemes of HDFC MF that have exposure to Essel Group firms. The move assumes significance with the mutual fund industry grappling with liquidity crisis after concerns over the ability of Essel Group and IL&FS to meet their debt obligations. PTI

Cognizant to buy Irish firm Zenith Technologies

Cognizant has agreed to acquire Ireland-based Zenith Technologies for an undisclosed value. The buy will strengthen Cognizant's Internet of Things capabilities and life sciences domain expertise. Zenith Technologies specialises in implementing digital technologies to manage and optimise drug and medical device production for operational efficiency and regulatory compliance.

Bajaj Holdings acquires majority control in Maharashtra Scooters

Tussle ends; BHIL's holding in MSL rises to 51%

SPECIAL CORRESPONDENT

After a long legal battle, WMDC (Western Maharashtra Development Corporation), a Government of Maharashtra undertaking, has transferred its 27% stake in Maharashtra Scooters Ltd. (MSL) to Bajaj Holdings & Investment Ltd. (BHIL) for ₹71.58 crore plus 18% interest from January 2006.

WMDC has transferred 3,085,712 shares at a price of ₹232 a share compared with ₹151.63 which BHIL was willing to pay previously.

BHIL said it had made the necessary payment to WMDC by way of cheques on January 14, 2019 and the



Piecing together: WMDC has transferred about 3.1 million shares at ₹232 apiece. • GETTY IMAGES/ISTOCK

shares had been transferred. Upon the acquisition of 27% stake of MSL from WMDC, BHIL's holding has increased to 51% in MSL and

thus, MSL has become a sub-

sidiary of BHIL with effect from June 17, 2019, the company said. MSL, which was incorporated on June 11, 1975 as a joint sector company promoted by Bajaj Auto Ltd. (BAL) and WMDC Ltd., started manufacturing geared scooters from August 13, 1976, in technical collaboration with the erstwhile BAL. WMDC, in 2003, offered

to sell its 27% shareholding in MSL and Bajaj Holdings & Investment Ltd. had confirmed its willingness to buy these shares. But since WMDC and BHIL could not agree on a price, the price at which the shares were to be sold was jointly referred to a sole arbitrator that valued MSL at ₹151.63 a share. But the WMDC challenged it in the Bombay High Court and filed a special leave petition. The Supreme Court ordered the revised price.

Readymade garment exports rise in May

'Government scheme aids industry'

M. SOUNDARIYA PREETHA

Export of readymade garments has increased 9.25% in April-May this year compared to the corresponding period last year.

"This is clearly because of the support announced by the government in March 2019 for garments and made-ups," said Sanjay K. Jain, chairman, Confederation of Indian Textile Industry. The Centre announced a Scheme for Rebate of State and Central Taxes and Levies (RoSCTL) in March.

"There has been pick up (in exports) during these two months (in April and May). We are awaiting operationalisation of the Scheme for Rebate of State and Central Taxes and Levies," according to Chandrima Chatterjee, adviser, Apparel Export Promotion Council.

Garment exports grew 14.15 % in May compared with the same period at last year. Garments worth \$1,528.02 million were exported in May this year compared with \$1,338.57 million in May last year, Mr. Jain said. However, textile exports dropped 1.94 % in May this year compared with last May. "We are just two months into this financial year. As we go along, export of textiles will pick up.

"There is a slowdown in China and so, export of yarn and fabric to this market was down," said Siddhartha Rajagopal, executive director, Cotton Textiles Export Promotion Council.

develop, implement and maintain the e-auction platform at Jorhat, Assam and mjunction has been appointed as the system integrator.

"[The] Tea Board will be provided an inclusive e-marketplace platform that will help in cost effective-

provided an inclusive emarketplace platform that will help in cost effectiveness and time management and secondary and tertiary buyers from all over the country are expected to get on board," miunction said. Though Assam grows the largest quantity of tea in India, it has only one auction centre and the process of production-topayment takes over a month. mjunction plans to shorten this cycle with features like automated catalogue management.

Tea Board officials said that they were introducing the platform to push price discovery. The platform is likely to initially handle about 200 million kg (which is grown in the vicinity of Jorhat).

mjunction MD and CEO Vinaya Verma said that the upcoming tea e-market-place in Jorhat would help the company make a difference to a large number of buyers and sellers, giving them access to a wide range of services from a single platform.

Revolt unveils its first electric bike

Promises mileage of 156 km on a single charge

 $\underline{\textbf{SPEC}} \textbf{IAL CORRESPONDENT}$

Electric two-wheeler start up Revolt Intellicorp on Tuesday unveiled its first electric motorcycle – the RV400. The company, founded by

co-founder of Micromax Rahul Sharma, will roll out the bike in Delhi initially, followed by the national capital region, Chennai, Pune, Bengaluru, Hyderabad, Nagpur and Ahmedabad in the next four months.

The bike, which comes

The bike, which comes enabled with artificial intelligence features, promises to give a mileage of 156 km on a single charge. The pre-bookings for the bike start from June 25 via the company's

website as well as Amazon's.

"The RV400 is the first step towards providing sus-



Charged up: Pre-bookings for the RV400 start from June 25 via the company's website and Amazon's. • KAMAL NARANG

tainable, affordable mobility to every Indian home," Mr. Sharma said.

To give customers options for charging, the Gurugramheadquartered firm will also set up "swapping stations," initially across Delhi where riders can swap their batteries. The rider can 'easily remove' the portable battery to charge at home or office, the company said in a

Cotton imports may rise to 22 lakh bales during the current season

Lower international prices lead to surge in shipments

SPECIAL CORRESPONDENT

Import of cotton in the 2018-2019 cotton season is expected to be 22 lakh bales, almost seven lakh bales higher compared with the previous season.

The Cotton Advisory Board, which met on Tuesday, estimated (provisional) cotton production this season (October 2018 to September 2019) to be 337 lakh bales of 170 kg each.

"Though the area under cotton has been almost the same for the last two years, productivity has dropped. The board, in its previous meeting, estimated production in the current season to be 361 lakh bales. However,



it is learnt that farmers did not go in for the fourth or fifth pickings for various reasons. Hence, the production estimate was revised," said K. Selvaraju, secretary general, Southern India Mills' Association, who took part in Tuesday's meeting. "In our estimate, the actual imports can be between 28 lakh bales and 30 lakh bales when the season ends. The board has estimated it to be 22 lakh bales," he added.

The international price of cotton is lower compared to the domestic price. It is not

the domestic price. It is not just the mills, but traders are also importing, especially African cotton. There are offers for American cotton too, added J. Thulasidharan, president of Indian Cotton Federation.

Meanwhile, cotton con-

Meanwhile, cotton consumption (total demand) during the current season is expected to be lower at 361.5 lakh bales as against 386.65 lakh bales last season.



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