

# 22 ECONOMY

## BRIEFLY

### Reliance arm extends NCDs maturity date

**New Delhi:** Anil Ambani-led Reliance Home Finance Saturday said it has extended by four months the maturity date on its bonds worth Rs 400 crore due to continuing liquidity pressure. In view of the continuing severe liquidity crisis in the sector, the maturity of certain NCDs of Rs 400 crore has been extended till October 31, 2019, with the formal written consent of concerned debenture trustees and non-convertible debenture holders, Reliance Home Finance said in a release.

### IL&FS securities case: Payment obligation stayed

**New Delhi:** NSE Clearing Limited Saturday said a Supreme Court order has stayed payment obligation under option contract in a matter related to IL&FS Securities Services. "The Supreme Court in matter of IL&FS Securities Services Limited Vs SEBI & others, has passed an order dated June 26, 2019 wherein payment obligation under the option contract (NIFTY CE 5000 27-JUN-2019) has been stayed," NSE Clearing said in a release. **PTI**

### Honda recalls another 1.6 mn vehicles in US

**Washington:** Honda said Friday it will recall 1.6 million vehicles in the US as it moves toward wrapping up the process of replacing defective Takata air bags in cars sold in America. It said the plan involves Honda and Acura vehicles with air bag inflators used in earlier recall repairs. **AFP**

## FOR LIFE POLICIES, DEDUCTION IS ALLOWED ONLY UP TO ₹1.5L

# Life insurers seek tax parity with National Pension Scheme

The firms also want principal amount in an annuity to be given tax exemption

ENS ECONOMIC BUREAU  
MUMBAI, JUNE 29

THE LIFE INSURANCE industry, including 23 life insurers and Life Insurance Corporation, has sought further tax exemption for the industry in the maiden Union Budget to be presented by Finance Minister Nirmala Sitharaman on July 5.

They want parity to be given to the life insurers vis-a-vis the National Pension Scheme (NPS) scheme which has been allowed tax exemption of an additional amount of Rs 50,000. The additional deduction of Rs 50,000 allowed for investment in NPS is over and above the limit of Rs 1.5 lakh since Budget 2015.

"Separate deduction of Rs

## EXPLAINED Deduction demand as firms give life cover with long-term savings

LIFE INSURANCE players are seeking parity vis-a-vis the National Pension Scheme (NPS) scheme, which has been allowed tax exemption of an additional amount of Rs 50,000 over and above the limit of Rs 1.5 lakh.

Life insurance players are seeking separate deduction of Rs 50,000 for their products as they provide products that extend life cover as well as long-term savings.

50,000 should be allowed in the case of life insurance products as life insurance companies provide products which cover life cover as well as long-

term savings," said V Manickam, Secretary General, Life Insurance Council.

For life policies, deduction is allowed only up to a maxi-

mum of Rs 1.5 lakh.

Life insurers also want the principal amount in an annuity to be given tax exemption. Currently, the entire amount including principal and interest are getting taxed.

"Like a housing loan in which the principal amount enjoys the tax benefit, in the annuity also, principal should be allowed tax benefit. An EMI like formulae should be considered to compute the income component of each payout," said Manickam.

"Parity should be given vis-a-vis interest deduction in the case of senior citizen. Deduction of Rs 50,000 should be granted in the case of accretion income earned under annuity pension products of life insurers," insurance officials said.

## 'Falling LNG prices to revive prospects of stressed units'

Falling spot prices of liquefied natural gas (LNG) makes this an opportune time for revival of stressed gas-based power assets in the country, according to a report by Crisil

**NEW PROJECTS:** Decline has been due to increasing supply in global markets from newly commissioned projects in Australia and the US

**TREND LOWER:** It expects spot LNG prices to trend lower in 2019, averaging \$5-6 per mmbtu. Beyond this year, prices could increase slightly to \$6-7 per mmbtu, as the demand in winter season improves

**KEY REASON:** Higher prices of LNG made the power generated through this route far more expensive compared with conventional sources, deterring offtake by power distribution companies



LNG prices, down from a peak of \$10 per million metric British thermal unit (mmbtu) as recently as November 2018

(discoms)

**STIFF COMPETITION:** Crisil said to make matters worse,

the cost of power generation through renewable sources has dropped significantly in the last 3-4 years, posing

stiff competition to gas-based power

**2.57%:** Government plans to waive off customs duty of 2.57 per cent as well as bring natural gas under the GST regime. This will reduce the delivered cost of LNG further, reducing the cost of generation for power plants

**14GW:** As per the report of Parliamentary Committee on Energy, nearly 14 GW of gas based capacity is stranded due to lack of domestic gas, of which 11 GW is operational and generating on an intermittent basis, resulting in low average plant load

## HUL creates end-to-end digital transformation system, says Mehta

ENS ECONOMIC BUREAU  
MUMBAI, JUNE 29

FMCG MAJOR Hindustan Unilever (HUL) on Saturday said over 80 experiments are underway to accelerate the company's journey on digital transformation.

HUL has created a full-fledged end-to-end digital transformation programme that will redefine the ways of working going forward, HUL chairman and managing director Sanjiv Mehta said in his address to the shareholders at the 86th AGM. The company has set up a digital council comprising a cross-functional team of leaders, for its 'Reimagining HUL'.

"With the world changing at a furious pace, we are continually adapting to remain future-fit. We will continue to leverage Unilever's global knowledge and our deep local understanding to serve our consumers better be it through path-breaking innova-

"Despite being one of the fastest growing markets globally for FMCG products in recent times, the per capita FMCG consumption spend in our country is still amongst the lowest in the world, giving the sector a long runway for growth,"

SANJIV MEHTA  
CHAIRMAN AND MD, HUL

tions or our expertise in new channels," he said.

On the FMCG sector, Mehta said faster economic growth and technological changes provide an exciting future for the industry.

"Despite being one of the fastest growing markets globally for FMCG products in recent times, the per capita FMCG consumption spend in our country is still amongst the lowest in the world, giving the sector a long runway for

growth, Mehta said.

"Key factors like rising affluence, changing family structures, emerging new large cities and a young working population will positively impact growth of the industry," he said.

He noted that if the country can bend the growth curve and deliver a consistent growth rate of 9 percent and above, it could transform into a \$10 trillion economy by 2032.

On the rapidly evolving technology and its use at workplaces, Mehta said, "Re-skilling of our workforce will become a national priority. Machines will augment human cognition and it will be imperative for companies to optimally leverage human talent and machines at the same time".

He noted that HUL's focus is on reimagining itself from the lens of portfolio, organisation, capabilities and culture. "We are clear that we do not want to simply follow, we will lead the change," he said.

## Acharya credits low crude prices, better food supply management for lower inflation

PRESSTRUST OF INDIA  
MUMBAI, JUNE 29

OUTGOING DEPUTY governor of the Reserve Bank of India Viral Acharya credited flexible inflation targeting, low crude prices and efficient food supply management for successful taming of headline inflation in recent years Saturday.

The RBI shifted to flexible inflation targeting with a headline target of 4 percent (+/- 2 per cent) when the Monetary Policy Committee (MPC) was instituted in 2016.

"The important reform of flexible inflation targeting, helped by low oil prices and better food supply management, has kept the headline inflation under control during the last five years, relative to the mandated target," Acharya was quoted as saying in a statement on RBI website.

Acharya, whose resignation

was announced early this week, delivered a lecture on 'Development of viable capital markets- The Indian Experience' at the Indian School of Business, Hyderabad. He said two preconditions for macro-economic stability - stable growth and low inflation - which are also necessary for financialisation of savings and capital market development, are now in place in the country.

The deputy governor said major segments of capital markets - central government securities (G-Sec), state development loans (SDL), corporate bond market and equity markets - have experienced consistent growth during the past few decades in terms of primary issuance, market capitalisation and trading volumes in the secondary market.

Though the equity market remains the largest segment, G-Secs, SDL and corporate bond markets have also grown steadily.

## BANKING WATCH

### SYNDICATE BANK TO RAISE UP TO ₹500 CR

**New Delhi:** State-owned Syndicate Bank said Saturday it will raise Rs 500 crore during this fiscal by various means, including QIP or preferential allotment. The decision was taken at the board meeting of the bank held Saturday, it said in a regulatory filing. **PTI**



US President Donald Trump and China's President Xi Jinping at the start of their bilateral meeting at the G20 leaders summit in Osaka, Japan on Saturday. **Reuters**

## US PRESIDENT, CHINESE COUNTERPART MEET DURING G-20 SUMMIT

# Trump says China trade talks 'right back on track,' new tariffs on hold

ROBERTA RAMPTON  
& MICHAEL MARTINA  
OSAKA, JUNE 29

THE UNITED States and China agreed on Saturday to restart trade talks after President Donald Trump offered concessions including no new tariffs and an easing of restrictions on tech company Huawei in order to reduce tensions with Beijing.

China agreed to make unspecified new purchases of US farm products and return to the negotiating table. No deadline was set for progress on a deal, and the world's two largest economies remain at odds over significant parts of an agreement. The last major round of talks collapsed in May.

Financial markets, which have been rattled by the nearly year-long trade war, are likely to cheer the truce. Washington and Beijing have slapped tariffs on billions of dollars of each other's imports, threatening to put the brakes on an already slowing global economy. Those tariffs remain in place while negotiations resume.

"We're right back on track," Trump told reporters after an 80-minute meeting with Chinese President Xi Jinping at a summit of leaders of the Group of 20 (G20) major economies in Osaka, Japan.

"We're holding back on tariffs and they're going to buy farm products," Trump said, without giving details about the purchases. The US president had threatened to slap new levies on roughly \$300 billion of additional Chinese goods, including popular consumer products, if the meeting in Japan proved unsuccessful. Such a move would have extended existing tariffs to almost all Chinese imports into the United States.

In a lengthy statement on the two-way talks, China's foreign ministry quoted Xi as telling Trump he hoped the United States could treat Chinese companies fairly. "China is sincere about continuing negotiations with the

## US ALSO EASES RESTRICTIONS ON HUAWEI

■ Easing restrictions on Chinese gear maker Huawei, Trump said he did not think that was fair to US suppliers, who were upset by the move. "We're allowing that, because that wasn't national security," he said

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return to the negotiating table. No deadline was set for progress on a deal

■ "China is sincere about continuing negotiations with the United States ... but negotiations should be equal and show mutual respect," the foreign ministry quoted Xi as saying.

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Trump offered an olive branch to Xi on Huawei, world's biggest telecom network gear maker. The Trump administration has said the Chinese firm is too close to China's government and poses a national security risk, and has lobbied US allies to keep Huawei out of next-generation 5G telecommunications infrastructure.

Commerce Department has put Huawei on its "entity list," effectively banning the company from buying parts and components from US companies without US government approval. But Trump said on Saturday he did not think that was fair to US suppliers, who were upset by the move. "We're allowing that, because that wasn't national security," he said.

Trump said the US Commerce Department would study in the next few days whether to take Huawei off the list of firms banned from buying components and technology from US companies without government approval. China welcomed the step. "If the US does what it says, then of course, we welcome it," said Wang Xiaolong, the Chinese foreign ministry's envoy for G20 affairs. US microchip makers also applauded the move.

"We are encouraged the talks are restarting and additional tariffs

are on hold and we look forward to getting more detail on the president's remarks on Huawei," John Neuffer, president of the US Semiconductor Association, said in a statement.

Trump said he and Xi did not discuss the extradition proceedings against Meng Wanzhou, Huawei's chief financial officer, who was arrested in Canada in December on charges alleging she misled global banks about Huawei's relationship with a company in Iran. Huawei has come under mounting scrutiny for over a year, led by US allegations that "back doors" in its routers, switches and other gear could allow China to spy on US communications. The company has denied its products pose a security threat. It declined to comment on the developments on Saturday.

The problems at Huawei have filtered across to the broader chip industry, with Broadcom Inc warning of a broad slowdown in demand and cutting its revenue forecast. Financial markets and businesses worldwide were eager to get relief from the US-China trade war.

"Returning to negotiations is good news for the business community and breathes some much needed certainty into a slowly deteriorating relationship," said Jacob Parker, a vice-president of China operations at the US-China Business Council. **REUTERS**

## 'New GST return filing system will simplify process'

PRESSTRUST OF INDIA  
BENGALURU, JUNE 29

THE NEW GST return filing system will enable traders to file returns in a single format once a month instead of multiple formats, Bihar deputy chief minister Sushil Modi, who heads the GoM to look into revenue shortfall after the Goods and Services Tax rollout, said Saturday.

Modi said the GST council has decided that new filing system would be launched from October 1. The deadline for implementation of new system for small taxpayers is January 1, 2020 whereas for big taxpayers above Rs 5 crore, it is October 1, 2019, he said, adding the prototype of the filing system will be made available Monday. New forms, Sahaj and Sugam, have been developed for different class of traders, he said, adding the GST implementation would complete two years on July 1 and emphasis would be on more simplification of process, compliance and how to check tax evasion.

## BS-VI transition may lead to dumping of old stock: Bajaj Auto

PRESSTRUST OF INDIA  
NEW DELHI, JUNE 29

TERMINING THE transition to Bharat Stage VI (BS-VI) emission norms from April next year as "joker in the pack", Bajaj Auto Ltd has cautioned that there could be dumping of old BS-IV stock in the domestic market, triggering an "unwarranted price war" in the second half of the ongoing fiscal.

In its Annual Report for 2018-19, the Pune-based firm said while its motorcycles, three-wheelers and quadricycles will be "fully BS-VI compliant not just on April 1, 2020 but some months earlier"

"For the industry as a whole, we believe that the joker in the pack will be the tough Bharat Stage VI, or BSVI, emission norms that will come into play from 1 April 2020," the company wrote to its shareholders.

"However, it is difficult to anticipate the state of BSVI readiness of our competitors. If some, or most, of them have a large stock of unsold BS-IV vehicles in the sec-

The firm said its motorcycles, three-wheelers and quadricycles will be fully BS-VI compliant not just on April 1, 2020 but some months earlier

ond half of FY2020, they will perforce have to dump these in the market before the advent of April 1, 2020. "That could trigger an unwarranted price war, to the detriment of all. We cannot claim that such a scenario will definitely play out; equally we cannot ignore a distinct risk overhang on that account," it added.

Bajaj Auto further said the domestic market will get more competitive across the various segments and "the days when a manufacturer could claim quasi-monopolistic presence in one or more segment is rapidly coming to an end".

It, however, said "armed with a surplus of over Rs 16,000 crore, we at Bajaj Auto have the strength to deal with such competition".

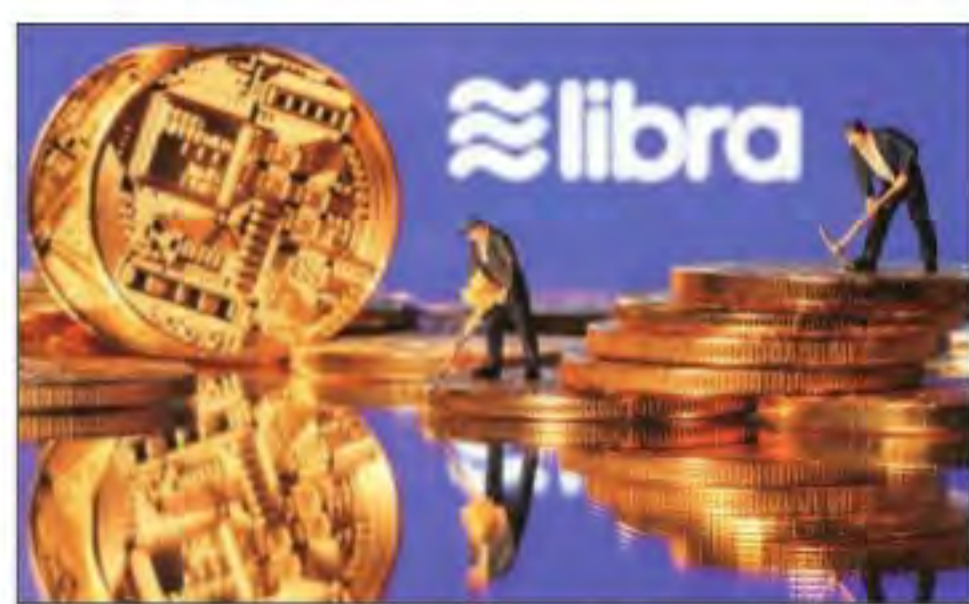
## FB ARM FORMED TO HANDLE TRANSACTIONS APPLIED FOR MONEY-TRANSFER LICENCES IN US

# Libra may face unprecedented regulatory scrutiny

ANNA IRRERA  
& KATIE PAUL  
NEW YORK/SAN FRANCISCO,  
JUNE 29

FACEBOOK INC will face unprecedented regulatory scrutiny over a new digital currency that the social media company hopes will become globally recognised legal tender within a year.

Since Facebook unveiled its cryptocurrency, called Libra, 10 days ago, Reuters has spoken with more than a dozen people with experience in financial regulation, financial technology, payments or cryptocurrency. Few expected government agencies to proceed lightly. The company's announcement was met with immediate backlash from US lawmakers and regulators across the globe, who are con-



Small toy figures are seen on representations of virtual currency in front of the Libra logo. **Reuters file photo**

cerned that Facebook is already too massive and careless with users' privacy.

Randal Quarles, chair of the Financial Stability Board, which

coordinates financial rules for G20 countries, warned this week that wider use of crypto-assets for retail payments needs close global scrutiny by regulators.

Cryptocurrencies such as bitcoin remain one of the least-regulated areas of finance.

"It's a complete disaster from a regulatory perspective," said Barry Lynn, executive director of antitrust advocacy group the Open Markets Institute. "This is a corporation that's got fires all over the world with regulators. It's only going to get worse."

The plan for Libra involves taking customer deposits, investing them in government bonds, holding traditional currencies in reserves and offering cross-border services and transacting in the new coin will require engagement with central banks, financial regulators and enforcement authorities around the globe. The Facebook subsidiary formed to handle Libra transactions, called Calibra, has applied for money-transfer li-

cences in the United States and registered with the US Financial Crimes and Enforcement Network (FinCEN) as a money services business, a spokesman said. It has also applied for the license required to operate a cryptocurrency business in New York from the state's Department of Financial Services, a person familiar with the matter said.

Representatives of Britain's Financial Conduct Authority, the Bank of England, and Switzerland's financial regulator FINMA have also said Facebook has been in touch.

"The scrutiny that we've seen is something that we expected and welcome," a Facebook spokesman said. "We announced this early by design in order to have this discourse in the open and gather feedback." **REUTERS**