

## POLICY WATCH

### STATISTICAL SYSTEM

# Govt goes back on stat restructuring order, says NSO to be headed by Chief Statistician

ENSECONOMIC BUREAU NEW DELHI, JUNE 7

ISSUING A corrigendum to its earlier order of restructuring the statistical system, the government has now stated that the National Statistical Office (NSO) will be headed by Chief Statistician of India-cum-Secretary (Statistics and Programme Implementation). The May 23 order, which had cleared merger of National Sample Survey Office (NSSO) and Central Statistics Office (CSO), had only mentioned Secretary (Statistics and Programme Implementation) as the head of NSO and not mentioned Chief Statistician of India. The May 23 order had not equated the Secretary (S&PI) with the post of Chief Statistician of India as was done in the earlier resolution notified by Ministry of Statistics and Programme Implementation (MoSPI) on June 1, 2005, and had also skipped any mention of National Statistical Commission (NSC).

**An earlier order, which cleared NSSO & CSO merger, had only mentioned Secretary (S&PI) as head of NSO**

This modification takes care of the problem as mentioned only Secretary would have changed the nature of the position of the head of NSO. "Selection of Chief Statistician is based on the criteria of someone being familiar with statistics, data, whereas a Secretary doesn't require those conditions. Mentioning only Secretary (as the head) would have changed the nature of the post and this modification takes care of the problem," Sen told *The Indian Express*.

The previous NDA government in one of its last decisions on May 23 had cleared merger of the NSSO with the CSO under an overarching body, NSO, under the MoSPI, a decision which was perceived by many experts as a dent on the autonomy of the Indian statistical

line with recommendations of the Rangarajan commission, had said that the NSO would be headed by an officer of the rank of secretary, who will be designated as the Chief Statistician of India and will also function as the Secretary of the NSC, whereas the May 23 order had mentioned NSO to be headed by Secretary (S&PI), with various divisions reporting to Secretary through the Director Generals.

Experts said not equating the post of Secretary, MoSPI with the CSI would have meant making the reporting authority for statistics to be a bureaucrat, rather than giving it as ex-officio charge to the Chief Statistician of India for carrying out statistical work. Pronab Sen, the Country Director for the India Programme of the International Growth Centre and former Chief Statistician of India, said

present nodal functions" of the ministry and "to bring in more synergy by integrating its administrative functions within the ministry."

Experts had said that NSC's control over NSSO would go away with the merger. They had also pointed that there is no clarity regarding the role of NSC in the May 23 order.

In January, the acting chairman of NSC, PC Mohanan and JV Meenakshi, Professor at the Delhi School of Economics resigned from NSC protesting against withholding of the NSSO's first Annual Survey on Employment and Unemployment for the year 2017-18. The NSC is yet to be reconstituted.

## AT ₹980/SHARE

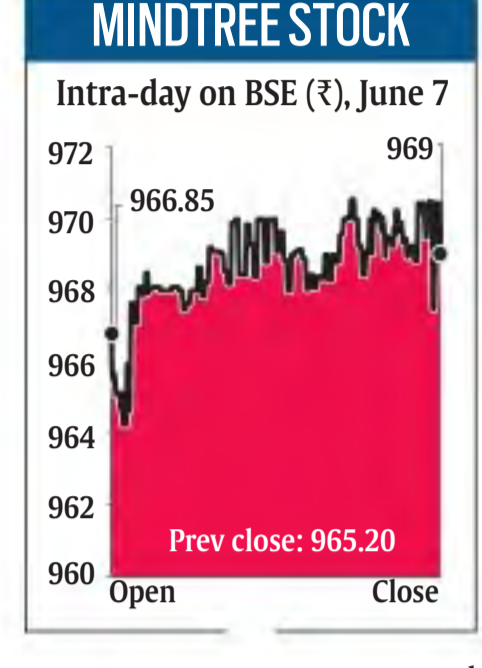
# L&T announces ₹5,030-crore open offer for IT firm Mindtree

ENSECONOMIC BUREAU MUMBAI, JUNE 7

ENGINEERING MAJOR Larsen and Toubro (L&T) on Friday put out its delayed letter of offer for Mindtree shares without raising the Rs 980 per share offer price and said that there were no competing offers for the mid-size IT firm.

The open offer of nearly Rs 5,030 crore for acquisition of over 5.13 crore equity shares, representing 31 per cent of the voting share capital of Mindtree, will now open on June 17 and end on June 28. "Larsen and Toubro makes a cash offer of Rs 980 per fully paid up equity share of the face value of Rs 10 each, to acquire up to 5,13,25,371 equity shares representing 31 per cent of the voting share capital... to the shareholders of Mindtree Ltd," said the letter of offer communicated to the BSE by Mindtree Ltd, according to a PTI report.

"The target company is expected to operate as an independent company within the Larsen & Toubro Group in the short to medium term. The board of directors of the target



company may recommend consolidation of the target company with other entities in the Larsen & Toubro Group, which may be given effect to after obtaining the necessary approvals under applicable law," it added.

Earlier, the open offer was supposed to commence on May 14 and end on May 27. However, L&T delayed in sending responses to the queries raised by the Securities and Exchange Board of India regarding the letter of offer.

Mindtree shares closed up 0.39 per cent at Rs 969, while Larsen and Toubro's share price closed down 0.21 per cent at Rs

## Nippon Life makes open offer for 22.49% RNAM stake

New Delhi: Nippon Life Company has announced an open offer to acquire nearly 22.49 per cent stake in Reliance Nippon Life Asset Management (RNAM) for Rs 3,179 crore under a deal with Reliance Capital which is exiting mutual funds business.

Nippon Life Company would acquire up to 13.82 crore equity shares or about 22.49 per cent shares of Reliance Nippon Life Asset Management (RNAM) at Rs 230 per share, according to the RNAM's draft filed with regulator Sebi on Friday. PTI

1,513.25 at the BSE on Friday. The last date by which a committee of independent directors of the target company (Mindtree) is required to give its recommendation to its shareholders for this offer is June 13, 2019.

Meanwhile, the last date for upward revision of the offer price and/or the offer size is June 14, 2019, according to the filing on the exchanges.

After having acquired a near 20 per cent stake in Mindtree from Cafe Coffee Day founder V G Siddhartha in March, L&T mandated Axis Capital to buy as much as 15 per cent shares of

Mindtree from the open market. Over the last few weeks, the engineering major has been busy shoring up shares in the IT firm. The total shareholding of L&T as on June 6, 2019 stood at 28.90 per cent, according to data on BSE.

On March 18, L&T had signed a definitive share purchase agreement with Siddhartha and his related entities — Coffee Day Trading Limited and Coffee Day Enterprises Limited — to acquire 20.15 per cent stake in Mindtree at Rs 980 per share aggregating to approximately Rs 3,269 crore. FE & PTI

# SBI cuts cash credit, overdraft rates by 25 bps; set for repo linked home loans

ENSECONOMIC BUREAU MUMBAI, JUNE 7

STATE BANK of India (SBI), the country's largest bank with almost a quarter share of the banking business, has decided to fully pass on the reduction in Repo rate by 25 basis points by the Reserve Bank of India to its customers of cash credit (CC) and overdraft (OD) [limits above Rs 1 lakh] with effect from July 1, 2019.

According to SBI, the effective Repo Linked Lending Rate (RLLR) for CC and OD customers will be 8 per cent. The bank has also introduced repo-linked loan product for home loans with effect from July 1, 2019. As per SBI's formula announced in May, the new rate for savings bank deposits above Rs 1 lakh and up to Rs 1 crore will be 2.75 per cent below the current repo rate. The current Repo rate is 5.75 per cent.

In May, SBI linked its interest rates on savings bank deposits and short term loans to the repo rate of the RBI. SBI went ahead even though RBI had deferred the plan to link the rate of interest to external benchmarks like the repo rate or Treasury Bill rate following opposition from other banks.

## BoM cuts 1-year MCLR by 0.10%

New Delhi: Bank of Maharashtra has cut the benchmark one-year MCLR by 0.10 per cent to 8.60 per cent with effect from June 7, 2019. The one-year MCLR is the benchmark against which most customer loans such as auto, personal and home loans are priced. PTI

fixed for these accounts. This interest rate is also subject to change by the bank as per RBI rules, but it will not be reset automatically as the repo rate moves. Many banks were lobbying against linking loans to an external benchmark rate, fearing a fall in margins. On April 4, the RBI announced that it has put on hold its proposal to link interest rates on deposits and short-term loans to an external benchmark like the repo rate or Treasury Bill "taking into account the feedback received during discussions held with stakeholders on issues such as management of interest rate risk by banks from fixed interest rate linked liabilities against floating interest rate linked assets and the related difficulties and the lead time required for IT system upgradation".

## FOR ₹950 CR

# Indiabulls Real Estate promoters to exit realty biz; sell 14% to Embassy

PRESS TRUST OF INDIA NEW DELHI, JUNE 7

INDIABULLS REAL Estate promoters have sold 14 per cent stake through open market transactions to Embassy Group for Rs 950 crore, as part of the group's strategy to focus on financial services and exit from realty business.

Promoters have around 39 per cent stake in Indiabulls Real Estate, of which 14 per cent, representing over 6.3 crore shares, have been offloaded through bulk deal on Friday. Indiabulls Group is looking to exit the real estate business so that it can get regulatory ap-

provals for the proposed merger of Indiabulls Housing Finance with the Lakshmi Vilas Bank.

With this deal, Bengaluru-based developer Embassy group will get entry into Mumbai and Delhi-NCR, the two biggest property markets in the country.

According to the bulk deal data available on the BSE, promoters entities have sold 6,30,95,240 shares to privately-held Embassy Property Developments Pvt Ltd at Rs 150.45 apiece, aggregating to nearly Rs 950 crore. At this price, the company has been valued at nearly Rs 6,800 crore, higher than the current market cap of nearly Rs 5,800 crore.

## 'Rate cut may not push credit demand as NBFC crisis deepens'

Credit growth is unlikely to pick up despite the three successive rate cuts by the RBI due to the capital constraints at banks and the deepening crisis in the non-banking lenders sector, warns a report by ratings agency Fitch

**Slow growth:** Credit growth is expected to remain slow, despite the latest interest rate cut, as most banks are capital-constrained and NBFCs are facing tighter funding conditions

**\*20% of all credit with NBFCs:** Non-banking financial companies (NBFC) currently account for a fifth of the overall credit as against 15 percent five years ago

**On DHFL crisis:** On the troubled Dewan Housing Finance Corporation crisis, the report termed the recent events as a "demise", highlighting the funding risks for the broader NBFC sector

**Increased cost, slow loan growth:** The funding



squeeze has led to increased cost for the shadow banking sector and a slowdown in loan growth them, the report said

**NBFCs' dependence on short-term funding:** Liquidity of NBFCs is sensitive to market sentiment as their

business models rely on short-term wholesale funding, which can dry up fast if market sentiment turns negative

**More issuing in offshore bond markets:** The agency expects NBFCs to become more regular issuers in the offshore bond markets, which can be "credit positive" if managed prudently

**Bank NPAs fuelled NBFCs growth:** Issued related to non-performing assets (NPA) issues at banks only led to NBFCs' importance growing much higher, which was funded by short-term funding, in particular, commercial papers issued to mutual funds

**20%** of all credit with NBFCs: Non-banking financial companies (NBFC) currently account for a fifth of the overall credit as against 15 per cent 5 years ago

# Europe's 5G to cost \$62 bn more if Chinese vendors banned, say telcos

GWÉNAËLLE BARZIC PARIS, JUNE 7

A BAN on buying telecoms equipment from Chinese firms would add about 55 billion euros (\$62 billion) to the cost of 5G networks in Europe and delay the technology by about 18 months, according to an industry analysis seen by Reuters.

The United States added Huawei Technologies, the world's biggest telecoms equipment maker, to a trade blacklist in May, prompting global tech giants to cut ties with the Chinese company and putting pressure on European countries to follow suit.

Washington alleges Huawei's equipment can be used by Beijing for spying, something the company has repeatedly denied.

The move by US President Donald Trump's administration comes as telecoms operators worldwide are gearing up for the arrival of the next generation of mobile technology, or 5G, which promises ultra-fast mobile internet for those able to make the heavy investment needed in networks and equipment.

The estimate is part of a report by telecoms lobby group GSMA, which represents the interests of 750 mobile operators.

GSMA has already voiced concerns about the consequences of a full ban on Huawei, whose products are widely purchased and used by operators in Europe. Huawei is one of the key supporters of the lobby group, several industry sources said.



Employees wait for a shuttle bus at a 5G testing park at Huawei's headquarters in Shenzhen, China. Reuters File Photo

## Facebook stops Huawei from pre-installing apps on phones

London: Facebook said on Friday it has stopped letting its apps come pre-installed on smartphones sold by Huawei in order to comply with US restrictions, a move that deals a fresh blow to the Chinese tech giant. The social network said it has suspended providing software for Huawei to put on its devices while it reviews re-

cently introduced US sanctions. Owners of existing Huawei smartphones that already have Facebook apps can continue to use them and download updates. But it's not clear if buyers of new Huawei devices will be able to install Facebook's apps on their own. AP

reflects the total additional costs implied by a full ban on purchases from Huawei and Chinese peer ZTE for the roll out of 5G networks in Europe. The two Chinese vendors have a combined market share in the European Union of more than 40 per cent. "Half of this (additional cost)

would be due to European operators being impacted by higher input costs following significant loss of competition in the mobile equipment market," the report said. "Additionally, operators would need to replace existing infrastructure before implementing 5G upgrades." REUTERS

# 'Urgent measures needed on export credit decline'

ENSECONOMIC BUREAU NEW DELHI, JUNE 7

COMMERCE MINISTER Piyush Goyal Friday asked the Reserve Bank of India, ECGC and other banks to work out modalities to make credit in foreign currency available to exporters at the London Interbank Offered Rate (LIBOR) plus a maximum of 200 basis points. Pointing out that the volume of export credit has been on a declining trend for the last few years, the minister said the situation needed "urgent measures".

"The Reserve Bank of India (RBI) has been asked to look into \$25 billion line of credit from its foreign currency reserves for swap to well performing Banks, and also to look into priority sector lending norms for export credit. Concerned departments have been asked to provide details for improving gold card scheme for export credit to be submitted to RBI," stated the commerce ministry in a release following a meeting on export credit chaired by the minister.

He has also told the Federation of Indian Export Organisations (FIEO) to submit a report on issues like shifting from subsidies to "cheaper" availability of loan in foreign currency to exporters and ECGC enabling a credit guarantee to cover foreign currency lending to and extending export factoring for micro, small and medium enterprises. Other issues in focus include simplification of banking procedures for exports and the EXIM bank's provision of refinancing in foreign



Union Commerce and Industry Minister Piyush Goyal along with Minister of State for Commerce Som Parkash at a meeting to discuss issues related to export credit, in New Delhi on Friday. PTI

currency to commercial bank to support export credit, particularly to MSMEs.

The minister further deliberated on the interest subvention scheme utilisation and stressed the importance of finding ways to maximise the impact of such subvention, suggesting that the subvention scheme may be used better as backstop guarantee for credit, increasing ECGC's coverage for export lending purposes. He asked RBI, EXIM Bank and SBI to study the matter "in detail" and present it in a follow up meeting to be held in Mumbai on June 30. He also directed the con-

## G-20 MEETING

# Trade war clouds outlook as finance chiefs meet in Japan

ASSOCIATED PRESS FUKUOKA, JUNE 7

FINANCE MINISTERS and central bank governors meeting in Japan this weekend will try to make headway on longstanding issues such as how much global giants like Facebook and Amazon should pay in taxes.

They're likely to end up focusing a large share of their attention on how to keep global growth on track when the world's two biggest economies are entrenched in an escalating trade war.

US Treasury Secretary Steven Mnuchin, who has headed trade talks with Beijing along with US Trade Representative Robert Lighthizer, was due to meet with Yi Gang, governor of China's central bank, on the sidelines of the G-20's annual financial gathering in Fukuoka in southern Japan.

But it was unclear if their meeting, a possible prelude to talks at the G-20 summit later this month between US President Donald Trump and Chinese President Xi Jinping, might lead to a restart of those talks after weeks of stalemate.

As the Trump administration prepares to expand retaliatory tariff hikes of up to 25 per cent to another \$300 billion of Chinese products, Beijing has sought to highlight China's capacity to endure and overcome hardship.

# UTI Mutual Fund writes off exposure to crisis-hit DHFL

ENS ECONOMIC BUREAU  
MUMBAI, JUNE 7

UTI MUTUAL FUND (MF) on Friday said it has written off its entire exposure to the securities of crisis-hit of Dewan Housing Finance Corporation Ltd (DHFL), which has defaulted on repayments. DHFL shares, which crashed around 16 per cent on Thursday, plunged another 11 per cent on Friday to close at Rs 83.50 on the BSE following the rating downgrade to the default status.

Care Ratings 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.

"In light of the above development UTI MF anticipates there would be enhanced pressure and legal action on DHFL from all creditors, including exercise of early redemption clause and legal options by various lenders. This is expected to further delay the recovery efforts of the company in disposal of its assets in an orderly manner," UTI MF said in a release.

Considering the high level of uncertainty as to recovery timelines and value, the fund house said it has raised "the markdown to DHFL debt securities from 75 per cent to 100 per cent in the schemes which has an exposure

**The fund house also introduced an exit load on certain schemes from Friday, which been done to deter speculative action in the funds and to safeguard the interests of the existing investors**

to DHFL." If there is any recovery in future, the provision would be written back to the schemes on actual receipt basis, it added.

The fund house also introduced an exit load on certain schemes from Friday, which are UTI Treasury Advantage Fund, UTI Ultra Short Term Fund, UTI Short Term Income Fund, UTI Dynamic Bond Fund and UTI Bond Fund. "The introduction of the exit load is on prospective basis (i.e. will be applicable only to investors who invest in these schemes from June 7, 2019 onwards and not to existing investments)," the release said.

This has been done to deter speculative action in the funds and to safeguard the interests of the existing investors, it added.

Meanwhile, DHFL said on Friday it was taking all necessary steps to ensure payment of the due interest within the seven-day period as prescribed under the respective trust deeds pertaining to the non-convertible debentures.

On Thursday, Tata Asset Management Ltd said it has proposed to create segregated portfolio of securities of DHFL held by three schemes immediately after expiry of mandatory load free exit period of 30 days. The schemes

are Tata Corporate Bond Fund, Tata Medium Term Fund and Tata Treasury Advantage Fund.

According to rating firm ICRA, the liquidity position is stretched as evidenced by delay in meeting debt obligation by the company. "The company has Rs 750 crore commercial paper (CP) programme maturing in June 2019 with first repayment on June 7, 2019. Given the stretched liquidity position and limited visibility on fund raising, DHFL is unlikely to be able to service its debt obligation with regard to CP programme in a timely manner," ICRA said.

Banks are also worried about their huge exposure of close to Rs 50,000 crore. "Challenges faced by accounts like DHFL have already been factored in when we have given our estimate for the stress that the bank would have to deal with in FY19-20 and included in our estimates for slippage and loan loss provisioning for the current financial year," SBI said.

Reserve Bank Governor Shaktikanta Das on Thursday said the central bank is closely monitoring the developments in the NBFC sector and housing finance companies and will ensure that financial stability is maintained.

# TO BE APPLICABLE DURING FY2019-20, SAYS CERC Average power purchase cost rises to ₹3.60/kWh in FY19

Discoms face burden of growing losses and over ₹70K cr worth of additional costs

ENS ECONOMIC BUREAU  
NEW DELHI, JUNE 7

THE NATIONAL average cost of procuring non-renewable energy-sourced power from generators, or the national Average Power Purchase Cost (APPC), for distribution companies (discoms) in FY19 has increased nearly 2 per cent from the last financial year to Rs 3.60/kWh.

"This APPC shall be applicable during FY2019-20 and until further orders for the purpose of deviation settlement in respect of the open access and captive wind and solar generators fulfilling the requirement of regional entities," stated the Central Electricity Regulatory Commission (CERC) in an order issued on Friday.

The national APPC in 2016 was set at Rs 3.40/kWh, accord-

## RISE OF 6% IN NATIONAL APPC SINCE 2016

- Since 2016, the national APPC has seen an overall increase of 6 per cent
- The national APPC in 2016 was set at Rs 3.40/kWh, according to the order. It increased 2.35 per cent to Rs 3.48/kWh in 2017, with the hike in cost decelerating in 2018 to Rs 3.53/kWh — a growth of 1.44 per cent
- Discom losses rose 43 per cent to over Rs 21,500 crore at the end of 2018-19, from around Rs 15,100 crore in the preceding financial year
- Improving financial health of discoms, including reducing their debt and losses, is expected to be a major focus for the Narendra Modi government

ing to the order. It increased 2.35 per cent to Rs 3.48/kWh in 2017, with the hike in cost decelerating in 2018 to Rs 3.53/kWh — a growth of 1.44 per cent.

Since 2016, the national APPC has seen an overall increase of 6 per cent.

At the same time, discoms face a burden of growing losses and over Rs 70,000 crore worth of additional costs that they are unable to recover from consumers, due to infrequent hikes in electricity tariffs by states.

Discom losses increased 43 per cent to more than Rs 21,500

## NDDB'S RESPONSE TO MINISTRY OF AGRICULTURE

# Mother Dairy holding firm terms ₹1K cr fraud allegations 'baseless'

ENS ECONOMIC BUREAU  
NEW DELHI, JUNE 7

FOLLOWING A complaint of alleged fraud amounting to over Rs 1,000 crore at Mother Dairy Fruit and Vegetable Private Ltd (MD-FVPL) that was forwarded by the Department of Economic Affairs (DEA) to the Ministry of Corporate Affairs (MCA) for "necessary action" and to the Ministry of Agriculture, the National Dairy Development Board (NDDB) — the holding company of MDFVPL — has termed the allegations of fraud as "false and baseless" in a written response to the Department of Animal Husbandry and Dairying.

In May, *The Indian Express* reported that after having received a complaint from an individual Dharmendra Pratap Singh, the DEA directed the same to the MCA on April 29, 2019, "for necessary action under intimation to the department." It had also forwarded the same to the Ministry of Agriculture and Farmers Welfare.

In his letter, the complainant alleged various instances of fraud including investment of Rs 190 crore of farmer dues in IL&FS at a time when the infrastructure major was already defaulting on its debt papers and alleged fraud in utilising contributions of more than Rs 450 crore from NDDB in illegally setting up over 15 subsidiaries and channelising Rs 100 crore into them and then making the companies disappear.

The letter also alleged fraud in utilising over Rs 500 crore funds of central government in setting up milk producer companies for dedicated supply of milk but continuing to purchase large volumes of milk from other private dairies.

In its response to the Ministry of Agriculture and Farmers

**'INVESTMENT OF ₹190 CR IN IL&FS'**

- The complaint alleged various instances of fraud, including investment of Rs 190 crore of farmer dues in the debt-ridden IL&FS
- It further alleged fraud in utilising more than Rs 500 crore funds of central government in setting up milk producer companies

Welfare, NDDB said, "the investments in IL&FS were initiated in February 2016" under the previous chairman and MD and that these investments were made on temporary surplus cash available with the company.

Stating the allegations of fraud relating to investments in IL&FS were "false and baseless", it pointed that "even the Central Government Employees Provident Fund Organisation and private PF Trusts (including GCMMF - AMUL) have made investments in IL&FS." It made the case that, "shouldn't these organisations be also investigated whether powers to be in these organisations have received kickbacks." NDDB further stated that "no payment is due to farmers from MDFVPL."

On the allegations of setting up over 15 subsidiaries, NDDB stated that in 2002-03, MDFVPL formed eight subsidiaries/step down subsidiaries for various objectives such as to take care of processing operations, marketing operations, broad base marketing operations, as well as to take care of sales operations of joint ventures. It added

that after opposition from Dr Verghese Kurien, who was the former chairman of GCMMF, the then chairman of NDDB and GCMMF decided that NDDB would ask its subsidiary MDFVPL to discontinue this initiative.

"After discussions with state co-operative organisations and requisite approval of board and regulatory authorities, all the eight subsidiaries were amalgamated with MDFVPL ... by 2006-07," said NDDB in its response to the Ministry.

It further said that the subsidiaries were formed for "specific purposes and later amalgamated into the holding company, with proper approvals of board/regulatory authorities." "The allegations of fraud without any credible evidence are mischievous, misleading and factually incorrect," NDDB said in its response.

On the allegation of utilising central government funds in setting up milk producer companies but continuing to purchase large volumes of milk from other private dairies, NDDB responded that the producer companies are independent legal entities and an agreement is there between MDFVPL and producer companies and the price paid by MDFVPL is not below market price. It also said that the producer companies supplied about 21.25 lakh kg per day milk to MDFVPL in 2018-19, while MDFVPL's own procurement was about 7.5 lakh kg per day.

Of the balance requirement, about 2.25 lakh kg per day was supplied by co-operatives and only additional quantity of 3 lakh kg per day required to meet consumer demand was sourced from private sources. "In view of above any allegation of fraud in this matter is false and malicious," the NDDB response said.

## 'IT firms may face volatility in BFS space'

The banking and financial services (BFS) space for IT firms is expected to be volatile in the near term, and escalation of the global trade war may continue to weaken modest optimism of April 2019, says a latest report by Kotak Institutional Equities



**Dependence on global clients:** BFS segment is a staple for Indian IT services companies serving global clients, particularly in US and Europe, and it accounts for major chunk of overall tech services basket

**Lower overall tech spending:** Large BFS firms expect a better business environment from April, but the external environment has turned for the worse in the past few weeks, and overall tech spending growth will be lower than last year

**Escalating trade war, Brexit overhang:** The escalation of trade wars in the past few weeks and the Brexit overhang can continue to weaken the modest optimism of April 2019

**OTHER KEY RISKS TO BFS SECTOR:**

- Slowdown in economic growth
- Escalation of trade tensions,
- Lowering of interest rates
- Volatility in equity markets

**Shift to low-cost locations:** Some BFS firms have indicated greater shift to low-cost locations to manage costs

**Growth in tech budgets to be lower:** Overall growth in technology budgets of BFS companies would be lower than that in 2018

# Putin expresses solidarity with China; criticises US in trade, Huawei disputes

REUTERS  
ST PETERSBURG, JUNE 7

AGGRESSIVE US tactics such as a campaign against Chinese telecoms firm Huawei will lead to trade wars - and possibly real wars - Russian President Vladimir Putin said on Friday, in a show of solidarity with China alongside its leader Xi Jinping.

In some of his strongest words on the subject, Putin accused Washington of "unbridled economic egoism". He singled out US efforts to thwart a Russian gas pipeline to Europe and a US campaign to persuade countries to bar Huawei, the world's biggest telecoms equipment maker, from supplying network gear.

His broadside, at an economic forum in St Petersburg on the same platform as Xi, was a clear show of unity with China at a time when Beijing is locked in a trade war with Washington and Moscow's own ties with the



Russian President Vladimir Putin (right) along with Chinese President Xi Jinping at the St. Petersburg International Economic Forum in St. Petersburg, Russia, Friday. AP

West are at a post-Cold War low. "States which previously promoted free trade with honest and open competition have started speaking the language of trade wars and sanctions, of open economic raiding using arm-twisting and scare tactics, of eliminating competitors using so-called non-market methods," said Putin.

"Look for example at the situation around Huawei which they are trying not to just squeeze out,

but to unceremoniously push out of the global market. It's already being called the first technological war of the emerging digital era in some circles."

The world risked slipping into an era when "general international rules will be exchanged for the laws of administrative and legal mechanisms ... which is how the United States is unfortunately behaving, spreading its jurisdiction over the whole world," added Putin.

## Protect global multilateral trade system: Xi

Moscow: Chinese President Xi Jinping called on Friday for world powers to protect the global multilateral trade system and said it was important to find a solution to trade disputes despite disagreements. Speaking at the St Petersburg economic forum, Xi said China supported globalisation and described it as a historical trend that remained intact.

The Chinese President — speaking in Chinese, which was interpreted into Russian and translated into English by Reuters — also called US President Donald Trump his friend and said he believed the US was not interested in rupturing economic ties with China. REUTERS

## 'Former Deutsche Bank co-CEO included in tax scam probe'

REUTERS  
FRANKFURT, JUNE 7

GERMAN PROSECUTORS are probing former Deutsche Bank co-chief executive Anshu Jain and 78 other current and former bank officials as part of an investigation into a dividend tax-stripping scheme, German daily *Handelsblatt* reported on Friday.

Investigators suspect managers at Deutsche and other banks of helping to exploit a loophole which allowed two parties to claim ownership of the same shares, making it possible to claim dividend tax rebates running to billions of euros.

# Walmart to deliver groceries inside customers' homes in three US cities

REUTERS  
NEW YORK, JUNE 7

THE ONLINE delivery wars are heating up inside shoppers' homes. Walmart is now offering to have one of its employees deliver fresh groceries and put them in your refrigerator when you're not home. Walmart, the largest grocer in US, said Friday it will offer the service this fall for over one million customers in three cities: Pittsburgh, Kansas City, Missouri, and Vero Beach, Florida.

Later this year, the service, called InHome Delivery, will also accept returns for items purchased on Walmart.com. The new service is part of Walmart's drive to expand its shopping options that include curbside pickup and online grocery delivery.

Amazon offers a similar service in certain cities, dropping off packages inside homes, garages or car trunks. But the service is not



A box of merchandise is unloaded from a truck and sent along a conveyor belt at a Walmart Supercenter in Houston. AP

for groceries. With Walmart's new service, customers place a grocery delivery order online and then select InHome Delivery and a delivery day at checkout. Walmart workers will use smart entry technology and a proprietary wearable camera to access the customer's home.

That allows shoppers to control access into their home and give them the ability to watch the

delivery remotely. Walmart said that the workers will go through an extensive training program that would prepare them for things like how to select the freshest groceries and how best to organise the refrigerator. "Now, we can serve customers not in just the last mile, but in the last 15 feet," wrote Marc Lore, CEO of Walmart's US e-commerce division, in a corporate blog post.

## Voda Idea gets NCLT nod to hive off fibre assets into separate entity

ENS ECONOMIC BUREAU  
NEW DELHI, JUNE 7

THE NATIONAL Company Law Tribunal (NCLT) has granted approval to Vodafone Idea to hive off its fibre assets into a separate entity named Vodafone Towers.

The move to hive off the fibre business was to achieve operational efficiency and also monetisation of the assets. As per estimates, around 1.56 lakh route kilometre of fibre assets owned by the company are worth around Rs 15,000 crore.

Vodafone Idea's CEO Balesh Sharma recently said all the options are being considered for fibre assets, including forming a joint venture with Airtel but no final decision has been taken. FE

# Protester arrested at Jeff Bezos' re:Mars conference in Vegas

ASSOCIATED PRESS  
LAS VEGAS, JUNE 7

A WOMAN was arrested Thursday after approaching Amazon CEO and founder Jeff Bezos and yelling about chicken farms on stage at a conference in Las Vegas, authorities said.

Bezos' appearance at Amazon's re:Mars event at the Aria resort was briefly interrupted before the woman was surrounded by security guards and ushered away. Direct Action Everywhere spokesman Matt Johnson identified the protester as 30-year-old Priya Sawhney of Berkeley, California.

Sawhney was held on suspicion of misdemeanor trespassing and may face more serious charges, Las Vegas police Officer

## At Amazon's re:Mars event at the Aria resort, 30-year-old Priya Sawhney was protesting conditions at a California poultry farm that supplies Amazon

Laura Meltzer said. Bezos was explaining plans to send satellites into space when the woman appeared on stage. Johnson said Sawhney was protesting conditions at a California poultry farm that supplies Amazon. She never got close to Bezos, who remained seated opposite a moderator to whom he joked, "Do you have a response to that?"

## BRIEFLY

### Govt welcomes new NPA norms

New Delhi: Welcoming the new norms announced by the central bank, which whittles down the February 12, 2018 circular struck down by the Supreme Court in April, commerce minister Piyush Goyal said the new stressed assets resolution framework offers "relief to businesses facing temporary financial issues, empower lenders to take decisions, improve credit availability in the economy and protect jobs, thereby boosting the economy."

### Sebi, MCA pact on data

New Delhi: To curb white collar frauds, the Ministry of Corporate Affairs and Sebi will start automatic sharing of data between them.

### RBI: Consumer confidence falls

Mumbai: After a sharp upsurge to 104.6 in the March 2019 round, the consumer confidence index fell to 97.3, suggesting that Indians turned pessimistic about jobs and price levels, the Consumer Confidence Survey (CCS) of RBI showed.

### Govt seeks Budget inputs

New Delhi: The government Friday sought inputs from citizens on the Union Budget 2019-20 with a view to make the Budget making exercise more inclusive. The comments have been sought on government's 'mygovin' portal by June 20.

### ₹2 crore fine on Kotak Mahindra

Mumbai: The Reserve Bank Friday imposed a fine of Rs 2 crore on Kotak Mahindra Bank for not complying with its directions regarding dilution of promoters' shareholding in the company.

### 'FY20 growth may hit 7.2%'

New Delhi: Goldman Sachs Friday pegged the Indian GDP growth to accelerate to 7.2 per cent in 2019-20 on lower oil prices, political stability and removal of infrastructure bottlenecks. PTI

### US employers add 75K jobs

Washington: US hiring slowed in May as employers added just 75,000 jobs, a sign that businesses may have become more cautious on slowing global growth. AP

### Crude oil rises nearly 2%

New York: Brent futures gained \$1.12, or 1.8 per cent, to \$62.79 a barrel, by 1717 GMT. US WTI crude rose 92 cents, or 1.8 per cent, to \$53.51 a barrel, after Saudi Arabia said OPEC was close to agreeing to extend an output production cut beyond June. REUTERS

## NCLAT halts liquidation process of Sterling Biotech

PRESS TRUST OF INDIA  
NEW DELHI, JUNE 7

THE NATIONAL The National Company Law Appellate Tribunal (NCLAT) has stayed the liquidation process of debt-ridden Sterling Biotech till further orders.

Two-member NCLAT bench headed by Chairman Justice S J Mukhopadhyaya stayed the operation of May 8, 2019 order of the Mumbai bench of National Company Law Tribunal (NCLT) directing liquidation of the firm. "Until further order, the operation of impugned order dated May 8, 2019 so far as liquidation is concerned shall remain stayed. However, the Liquidator will ensure that the company remains a going concern," the bench said.