GOLD	RUPEE	OIL	SILVER
₹34,140	₹68.94	$64.83*	₹38,570

*Indian basket as on June 27, 2019

SENSEX: 39,686.50 ▲ 291.86 **NIFTY:** 11,865.60 ▲ 76.75 **NIKKEI:** 21,729.97 ▲ 454.05 **HANG SENG:** 28,542.62 ▼ 78.80 **FTSE:** 7,529.83 ▲ 104.20 **DAX:** 12,554.82 ▲ 156.02

International market data till 1900 IST

SECTOR WATCH
COMMERCE & INDUSTRY

New policy to aim to bring e-tailers, brick-and-mortar businesses closer

Government also looking to set up National Traders' Welfare Board

PRANAV MUKUL
NEW DELHI, JULY 1

A NATIONAL policy on retail trade, promised by the ruling Bharatiya Janata Party in its 2019 election manifesto, is expected to lay down an overarching framework for the sector to cover various segments such as physical retail, direct selling, hypermarkets and e-commerce, a senior government official told *The Indian Express*, pointing out that the policy will focus on spelling out regulations, improving access to funds and compliance costs, while improving the enabling environment for the retail sector as a whole. A draft of the policy is expected to be out over the coming week.

The retail policy will also aim to bridge the gap between various stakeholders in the retail ecosystem, such as online commerce and traditional small retailers. In its 2019 manifesto, BJP said that for the welfare of small traders, its government will establish a National Traders' Welfare Board and create a National Policy for Retail Trade for growth of retail businesses.

E-commerce firms and traditional retail traders have been at loggerheads, with the latter accusing online retailers of distorting the level-playing field by offering deep discounts on back of foreign funding. However, e-commerce players have pointed out that currently online retail occupies less than 5 per cent of the total retail pie in India.

According to the official cited above, stakeholder meetings will be held over the coming week, which will be aimed at getting e-commerce players to handhold brick-and-mortar retail firms who want to enter the online retail space. However, for e-retailers a separate e-commerce policy is being drafted, which would be readied over the next year.

Last week, at the first formal meet between trade associations and the Department for Promotion of Industry and Internal Trade, representatives of the Confederation of All India Traders (CAIT) had said the policy should include upgradation and modernisation of existing formats of retail trade. "The government has almost moved to e-system whereas till now only 35 per cent of traders out of 7 crore have been able to computerise their business," CAIT secretary general Praveen Khandelwal said while participating in the deliberations.

EXPLAINED E.

Could offer level playing field to all players

AS E-COMMERCE firms look to expand into new segments, such as groceries, alongside going deeper into India's geography, the conflict between online retailers and traditional ones could widen.

A broad policy framework covering different segments could offer a level playing field to all players in the ecosystem, while helping the smaller retailers modernise to meet the growing demand.

AMID FEARS OF FURTHER SPREAD OF SOLVENCY RISKS

Govt may enhance RBI powers for better supervision of NBFCs

Regulatory changes and measures likely to be announced in Budget on July 5

SUNNY VERMA
NEW DELHI, JULY 1

THE GOVERNMENT is considering a proposal from the Reserve Bank of India (RBI) seeking more powers to improve its regulatory and supervisory mechanism for non-banking financial companies (NBFCs). Recent defaults by a section of NBFCs have created turbulence in the financial markets, including debt market, leading to fears that potential solvency risks at certain companies can be contagious.

Sources said some regulatory changes and measures relating to NBFCs sector are likely to be announced in the Union Budget slated on July 5. The RBI has already reduced the periodicity of the NBFC supervision to 12 months from 18 months earlier.

"Government has received a proposal from RBI to strengthen RBI's regulatory and supervisory powers under the Reserve Bank of India Act, 1934, and the same is under consideration," Union Finance Minister Nirmala Sitharaman had said in response to a query in Lok Sabha.

"RBI has informed that it is closely monitoring the liquidity position of the NBFCs and will continue to monitor the activity and performance of the NBFC sector with a focus on major entities and their inter-linkages with other sectors," Sitharaman said.

She also clarified the government has no plans to provide equity support to beleaguered NBFCs in the private sector. "Government, from time to time, infuses capital in public sector NBFCs based on an objective assessment of requirements. There is no proposal under consideration of the government to recapitalise private NBFCs," she said.

The RBI has conventionally adopted light-touch regulatory approach towards NBFCs, to enable them to reach the masses through innovative financial products and service delivery mechanisms. "In light of recent developments, there is a case for having a fresh look at their regulation and supervision. It is our endeavour to have an optimal level of regulation and supervision so that the NBFC sector is financially resilient and robust," Reserve Bank Governor Shaktikanta Das had said during a lecture in Pune on June 8.

The central bank has taken various measures to help NBFCs tide over the recent crisis, including raising the single-borrower exposure limit for NBFCs that do not finance infrastructure to 15 per cent from 10 per cent, relaxation in minimum holding period norm to encourage securitisation of loans assets and asking NBFCs with assets of more than Rs 5,000 crore to appoint a chief risk officer.

Amid payment delays and defaults in the housing finance companies and NBFCs, the RBI in its Financial Stability Report last Thursday warned that the failure of any NBFC or HFC will act as "a solvency shock" to its lenders and solvency losses caused by these shocks can "further spread by contagion". NBFCs depend largely on public funds such as bank borrowings, debentures and commercial papers, which account for 70 per cent of the total liabilities of the sector.

NBFCs were the largest net borrowers of funds from the financial system, with gross payables of around Rs 844,600 crore and gross receivables of around Rs 723,000 crore as on end-March 2019.

The consolidated balance sheet size of the NBFC sector grew by 20.6 per cent to Rs 28.8 lakh crore in FY19, as against an increase of 17.9 per cent to Rs 24.5 lakh crore in 2017-18. Gross NPAs of the NBFC sector as a percentage of total advances rose from 5.8 per cent in 2017-18 to 6.6 per cent in 2018-19.

LIGHT-TOUCH REGULATORY APPROACH SO FAR

- **The Reserve Bank has conventionally adopted light-touch regulatory approach towards non-banking financial companies (NBFCs), to enable them to reach the masses through innovative financial products and service delivery mechanisms**
- **In a response to a query in Lok Sabha, Finance Minister Nirmala Sitharaman had said that the government has "received a proposal from RBI to strengthen RBI's regulatory and supervisory powers under the Reserve Bank of India Act, 1934, and the same is under consideration"**

'IPO activities may gain momentum in H2 of 2019'

India recorded 16 initial public offerings (IPOs) in the second quarter of calendar year 2019, the EY India 'IPO Trends Report: Q2 2019' said, adding that IPO activities may gain momentum in second half of the year

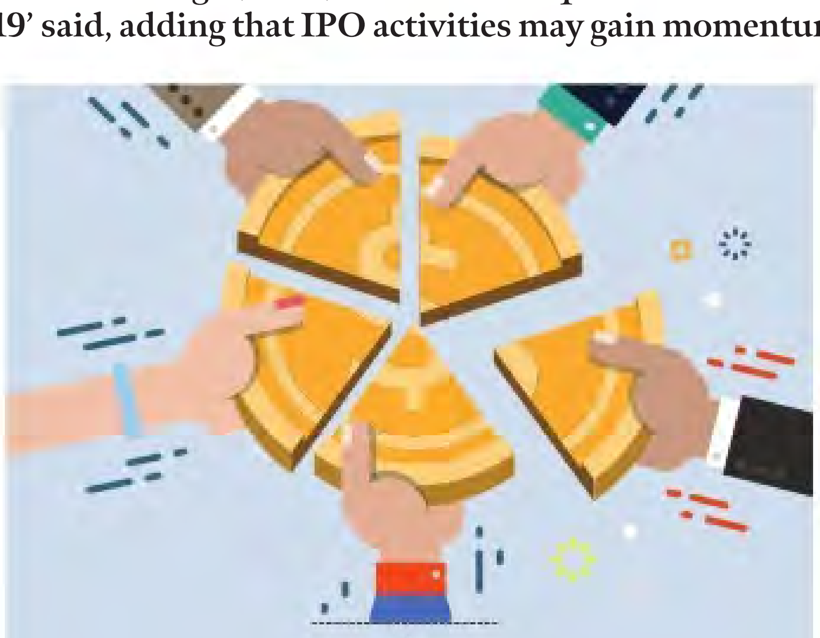
70: Number of companies that have received Securities and Exchange Board of India (Sebi) clearance

19: Number of companies currently awaiting clearance from Sebi

$194 mn: IPO size of most awaited entity in base metals in Q2 2019

MAJOR SECTORS COVERED IN THE 16 IPOs:

- Base metals
- Transportation and infrastructure
- Healthcare and equipment



4 Number of IPOs in main markets (i.e., BSE and NSE) in Q2 2019
43% fall, as compared to 7 IPOs in Q2 2018
20% fall, as compared to 5 IPOs in Q1 2019

12 Number of IPOs in SME markets in Q2 2019
69% fall, as compared to 39 IPOs in Q2 2018
8% fall, as compared to 13 IPOs in Q1 2019

GLOBAL CONTEXT

266: IPOs accounted for by technology, health care and industrial sectors in H1 2019, i.e. 52 per cent of global IPOs by deal numbers

$47.8 bn: Money raised by all these IPOs global IPOs, i.e. accounting of 66 per cent of global proceeds

87: Number of IPOs in the Americas in Q2 2019, which raised $28.1 billion

5% rise by deal numbers from Q2 2018

50% rise by proceeds from Q2 2018

'Few unscrupulous traders' actions make majority of honest taxpayers uncompetitive'

MoS for Finance Anurag Thakur at an event to mark the second anniversary of GST in New Delhi. *Anil Sharma*

CASES OF FAKE INVOICES

Period/Financial Year	No. of Cases	Amount (in ₹ crore)	Persons arrested
2017-18 (July 1, 2017 to March 31, 2018)	5	12.67	2
2018-19	1,620	11,251.23	154
2019-20 (till June 25, 2019)	535	2,565.40	40

ENS ECONOMIC BUREAU
NEW DELHI, JULY 1

TERMING THE issue of fake invoices under GST as a menace, the government on Monday warned of action against it, urging trade and industry to shun the unfair practices due to which the honest taxpayers suffer and result in loss of its tax revenues.

Minister of State for Finance and Corporate Affairs Anurag Thakur, speaking at an event to mark the second anniversary of GST, said the government intends to follow the policy of "*imandaar trader se bair nahi, fake invoices walon ki khair nahi*" (no enmity against any honest trader, but those generating fake invoices will not be spared).

"Government will take strict action against those involved in generating fake invoices. The menace of fake invoices needs to be checked as the actions of a few unscrupulous traders make the majority of honest taxpayers uncompetitive and cause loss to government revenue. The government is serious about curbing this menace," he said.

Finance Minister Nirmala Sitharaman, in a written reply in the Lok Sabha on Monday, said 535 cases of fake invoices involving a total fraudulent claim of Rs 2,565 crore of input tax credit (ITC) have been booked and 40 persons have been arrested so far in the current financial year. In 2018-19, 1,620 cases of fake invoices were registered and as many as 154 persons were arrested.

With moderate tax rates and increased tax base, GST has the potential to promote economies of scale and enhance our competitiveness and boost growth, Thakur said. Former Finance Minister Arun Jaitley, in a blog on Monday, also highlighted the increase in tax base under GST, saying that the assessee base in the last two years has increased by 84 per cent.

"The number of assessees covered under GST today are at 1.20 crore. This obviously leads to higher revenue collections," Jaitley said.

Jaitley also said the 12 and 18 per cent tax slabs in GST could be merged going forward as revenues increase, thereby effectively making it a two-tier tax. He added that as many as 20 states are already showing more than a 14 per cent increase in their revenues and do not require the centre to compensate them for revenue loss arising out of GST rollout.

Most items of consumer use have been brought in the 18 per cent, 12 per cent and even 5 per cent category, he said, adding that this rate rationalisation exercise has already resulted in annual revenue loss of over Rs 90,000 crore.

Outlining the future course of Goods and Services Tax (GST), Thakur said the government aspires to make it the best system in the world. "It's a work in progress and the foundation has been laid and we are optimistic that we will deliver on our commitment. What we have put in place is already better than what we had pre-GST. There can be no better evidence for this than the fact that my party is back in the government even after implementing GST. I am told this is the first for any country or any party across the globe, so it's a great achievement," he said.

Thakur said the new I-T system, after having provided a "faceless, contactless" tax regime, will keep evolving to meet the future needs and challenges to ensure even easier compliance. "In the recent GST Council meeting, I could sense an urgency among all members to further improve processes and leverage automation to reduce compliance burden even further. I get the sense that GST is an indirect tax revolution that will surely propel India to become a global economic power, much sooner than predicted by some," he said.

Thakur also said that the government will meet the Budget target for GST. "Even if there is any shortfall in a particular month's collection, we will achieve the budget target at the end of the fiscal. I can assure you that in the coming months you will see an increase in GST collections," Thakur said. Urging GST officers to be sensitive to the concerns of honest taxpayers, Thakur said their interaction with trade moulds public opinion about GST. "Therefore, I urge all GST authorities to remember at all times that as public servants they serve the trade by being sensitive to their concerns and resolving their genuine difficulties in accordance with the law. It is only through this partnership that we can achieve the goal of 'one nation, one market, one tax'," he said.

GST collections dip below ₹1L cr mark in June

New Delhi: Goods and Services Tax (GST) receipts in June fell to Rs 99,939 crore, down from over Rs 1 lakh crore in the previous month, the Finance Ministry said on Monday.

While the GST collections in June were lower than Rs 1,00,289 crore in May, they were higher than Rs 95,610 crore receipts in the same month of the previous year. The total number of GSTR-3B returns filed up to June 30, 2019, is 74.38 lakh, as against 72.45 lakh filed in May.

"Total gross GST revenue collected in the month of June, 2019 is Rs 99,939 crore of which CGST is Rs 18,366 crore, SGST is Rs 25,343 crore, IGST is Rs 47,772 crore and cess is Rs 8,457 crore," the statement said. **PTI**

INTERVIEW WITH NIMESH SHAH, MANAGING DIRECTOR & CEO, ICICI PRUDENTIAL AMC

'NBFC crisis an isolated, company-related event ... does not pose any systemic risk'

As mutual funds have come under criticism over investments in troubled NBFCs, NIMESH SHAH, MD and CEO, ICICI Prudential AMC told SANDEEP SINGH that while the issue does not pose any systemic risk, fund houses will have to make distinction between NBFCs which possess securitisable portfolios. He, however, added that there are attractive pockets for investment within the segment even in the current market. Excerpts:

Do you see the NBFC crisis having a contagion effect on the overall financial services and investment sector?

We believe the NBFC crisis is an isolated, individual company-related event, which does not pose any systemic risk. Concerns pertaining to debt papers gone bad are largely restricted to specific schemes of select fund houses. This is not at an industry-wide level, as it is being thought of. The core of the recent credit events was largely due to borrowers relying on short-term market borrowings to finance their long-term use of funds, lack of adequate disclosure from companies with complex group structures leading to challenges in issuer assessment.

The other cause of concern was that credit spreads of issuer companies was significantly higher than similar rated papers. The biggest learning from the NFBC-related development is the increased focus on risk management and portfolio diversification in debt funds. Investors must understand that just as volatility is an integral part of equity investments, rating upgrades and downgrades too are a part of credit investments. However, it is important to differentiate between various ratings downgrades. Owing to recent events, the asset (investment) side of mutual funds is under scrutiny. At the same time, it is equally important to ensure there is granularity in liability (AUM) side as well.

While HFC's have asset liability mismatch, do you think MFs should totally ignore them?

NBFC space in India is heterogeneous in nature. The business model of a gold loan NBFC will be poles apart from a two-wheeler financing company or an HCV financier or a housing finance company. The loan duration ranges from 3-6 months to 15-20 years. As a result, each of these segments has a unique asset-liability profile, of which some are under pressure currently. An NBFC which borrows short-term to lend long-term, as may be the case with a house finance company, could have an asset-liability mismatch. But it may not be the case with consumer finance NBFC where the lending duration is not more than 24 months. As an investor, the fund houses will have to make distinction between NBFCs which possess securitisable portfolios and otherwise. We believe there are attractive pockets for investment even in the current market. We have increased our exposure to NBFCs backed by strong corporate groups or banks.

With banks and MFs looking to avoid the real estate segment, do you think there should be a special window for them?

We believe for the economy to do well, lower land price is a must. Today, cost of capital and labour is reasonable, but land prices are yet to see a sizeable correction even as the sector remains over-leveraged. In India, land and capital prices tend to move in tandem, as can be seen from 1991 to 2003. Thereafter, over the next decade, both rates and land prices moved higher. However, post 2013, interest rates have come off but land prices continue to remain higher.

Mutual fund inflows have slowed and SIPs are witnessing closure. When do you see this trend reversing?

Mutual fund SIPs have grown manifold over the past few years. Industry's SIP book has grown from Rs 4,584 crore in May 2017 to Rs 8,183 crore in May 2019. Through the last financial year, the industry SIP book has grown steadily, barring the month of May (de-growth of Rs 55 crore). However, along this journey, there have been times when the inflow would have moderated. That does not necessarily translate to the SIP's closure. Mutual funds typically tend to be a pro-cyclical business. Investors tend to invest based on past returns. It is important to remember that to make outsized gains, one has to invest in a relatively cheap market.

With the new government in place, how do you see the equity market rally?

One of the positives for India is a decade of a single party rule with a strong majority. Post elections, our outlook on equities has improved. While equity as an asset class tends to perform well on favourable election outcome, in the long term, the market seeks direction from macro-economic indicators. From a valuation perspective, markets are not cheap, barring certain cyclical stocks. Those investing with an investment horizon of at least five years can consider SIP in mid and smallcap fund. In case of lumpsum investment, one can opt for balanced advantage category of funds. In terms of debt investment, we are positive on credit risk fund owing to the attractive yield at which corporate debt papers are available today.

You have been actively recommending credit risk funds at a time when the category is facing teething troubles?

Currently, we are of the view that credit risk category of fund presents an interesting investment opportunity, given the attractive valuations. Since yields are elevated, it could be beneficial to lock-in investments at current high yields.

ICRA board sends CEO Takkar on leave

ENS ECONOMIC BUREAU
MUMBAI, JULY 1

IN AN unprecedented step, the board of directors of ratings firm ICRA has sent its MD and CEO Naresh Takkar on leave with immediate effect till completion of enquiry on an anonymous complaint sent to the company by the Securities and Exchange Board of India (Sebi).

While ICRA did not specify the reasons for the move, the decision has come at a time when credit rating agencies are under a cloud following the collapse of IL&FS, which was enjoying top rating right till the time of its first default in late August last year. ICRA had filed a consent application before the Sebi, which is also investigating three rating agencies including ICRA, for their role in the IL&FS crisis, *The Indian Express* reported on May 9. The Sebi probe began after the rating agencies failed to warn investors in time about the deteriorating credit profile of IL&FS. At least two rating agencies had given IL&FS the highest rating of AAA, even when its subsidiary, IL&FS Transport Networks, defaulted in June 2018. Subsequently, the rating agencies downgraded its debt papers /credit facilities citing weak financials.

Officials of four credit rating agencies, including ICRA, were summoned and questioned by the SFIO in the last one month on their role in rating the debt papers of IFIN between 2014 and 2018.

Sources said the Serious Fraud Investigation Office (SFIO) claimed that these credit rating agencies did not downgrade the ratings of the debt papers of IL&FS Financial Services (IFIN), even though they were aware of its weak financials. In one case, the SFIO allegedly found evidence which shows that top officials of a rating agency did not downgrade the high ratings to IFIN despite being alerted by their subordinates.

There were also reports that investigation into the IL&FS fraud has showed that the then CEO of the ILFS Financial Services helped the senior director of a leading rating agency buy a duplex villa worth crores at a discount.

In a stock exchange filing on Monday, ICRA said, "The board of directors of ICRA has at its meeting today decided pending the completion of the examination of the concerns raised in the anonymous representation that was forwarded to the company by the Securities and Exchange Board of India to place Naresh Takkar on leave effective immediately, until further notice."

"The board has also decided to appoint Vipul Agarwal as interim chief operating officer (COO) apart from his role as group chief financial officer effective from July 1," ICRA said.

> **"The board of directors of ICRA has ... decided pending the completion of the examination of the concerns raised in the anonymous representation that was forwarded to the company by Sebi to place Naresh Takkar on leave effective immediately ..."**
>
> **ICRA**

Core sector growth at 5.1% on better electricity, steel output

ENS ECONOMIC BUREAU
NEW DELHI, JULY 1

THE EIGHT core sector industries recorded a growth of 5.1 per cent in May on the back of healthy output in steel and electricity.

The growth of India's eight core sectors — coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity — is a lead indicator of the monthly industrial performance. The cumulative growth of these sectors during the 2018-19 financial year was 4.3 per cent.

The growth rate for these eight key sectors for April 2019 has been revised upward to 6.3 per cent from 2.6 per cent reported earlier mainly due to upward revisions in production of coal, crude oil, steel, cement and electricity, according to a *PTI* report quoting a Commerce Ministry statement.

Data released by the Ministry on Monday showed that the overall index of these eight segments had grown by 4.1 per cent in May 2018. Growth in the electricity sector, which accounts for nearly 20 per cent of the index, accelerated 7.2 per cent in May 2019, up from 5.9 per cent in April. Growth in steel — which makes up 17.92 per cent of the index — still remained higher than the 6.7 per cent recorded in March, growing 19.9 per cent in May. Growth in this sector was 19 per cent in April.

Production of fertilisers, which had dropped 4.4 per cent in April as opposed to a growth of 4.3 per cent in March, continued to drop in May. However, the degrowth slowed to 1 per cent.

At the same time, refinery products, which make up nearly 30 per cent of the index, experienced a degrowth of 1.5 per cent, upsetting the positive trend of growth from March this year.

Coal, which accounts for 10.33 per cent, grew by a mere 1.8 per cent, continuing the trend of slowed growth in the sector after touching 9.1 per cent in March.

Cement, which accounts for 5.37 per cent of the index, grew slightly at 2.8 per cent in May after falling drastically to 2.3 per cent in April from 15.7 per cent in March.

The crude oil segment continued to drop, registering a degrowth of 6.9 per cent. This is the fourth month that oil production has fallen over by 6 per cent.

ICICI Bank cuts rates by 10 bps; PNB, Central Bank by 5 bps

ENS ECONOMIC BUREAU
MUMBAI, JULY 1

ICICI BANK, Punjab National Bank (PNB) and Central Bank of India on Monday cut their marginal cost of funds-based lending rates (MCLRs) across tenures for the first time after the Reserve Bank of India lowered the repo rate by 25 bps to 5.75 per cent in June.

ICICI Bank cut its one-year MCLR, the benchmark for most customer loans, by 10 bps to 8.65 per cent. The MCLR for shorter periods now stands at 8.60 per cent for six months, 8.45 per cent for three months, 8.40 per cent for one month and overnight lending. ICICI Bank has announced these rates to get into immediate effect.

PNB and Central Bank of India also revised their MCLR with a 5 basis-point cut across tenures. Now, the one-year MCLR of these public-sector lenders stands at 8.40 per cent and 8.50 per cent, respectively.

Compared to other top banks, the one-year MCLR for HDFC Bank stands at 8.70 per cent, SBI's stands at 8.45 per cent and Bank of Baroda's at 8.70 per cent. **FE**

Manufacturing sector PMI declines in June

ENS ECONOMIC BUREAU
MUMBAI, JULY 1

MANUFACTURING PMI AT 52.1 IN JUN

■ The IHS Markit India Manufacturing PMI was at 52.1 in June, down from May's 52.7

■ Activity in China's manufacturing sector also fell in June

INDIA'S MANUFACTURING sector growth moderated in June amid softer increase in new work intakes, leading to slower rise in output and employment, a survey has said. The IHS Markit India Manufacturing Purchasing Managers' Index (PMI) was at 52.1 in June, down from May's three-month high of 52.7, indicating a slight setback in the Indian manufacturing sector. This is the 23rd consecutive month that the manufacturing PMI has remained above the 50-point mark.

Pollyanna de Lima, principal economist at IHS Markit, said, "Gauges of factory orders, production, employment and exports remained inside growth territory, but rates of expansion softened in all cases as domestic and international demand showed some signs of fading." In PMI parlance, a print above 50 means expansion, while a score below that denotes contraction.

According to the survey, consumer goods was the key source of growth, where robust increases in sales, output and employment were registered. Modest expansions in production and new work were noted in the intermediate goods category, but jobs stagnated. At the same time, operating conditions in the capital goods sector were broadly unchanged.

Meanwhile, growth of new export orders also showed signs of weakness. "Also, a further decline in unfinished business points to excess capacity among goods producers; meaning that job creation may come to a halt in the near term should demand growth fail to revive," Lima said.

On the prices front, June data continued to show only a moderate rise in input costs and enabled firms to lower charges. Easing price pressure might prompt the Reserve Bank of India to continue with its dovish stance in its upcoming policy review in August.

Meanwhile, activity in China's manufacturing sector — the largest in Asia — fell in June following three months of growth.

DESPITE SHUTDOWNS, INVENTORY STAYS HIGHER THAN USUAL

Passenger vehicle sales muted for 12th straight month in June

ENS ECONOMIC BUREAU
NEW DELHI, JULY 1

SALES LIKELY TO BE HIT TILL FESTIVE SEASON

■ According to analysts, rise in vehicle prices due to regulatory changes and higher financing costs are likely to hit car sales for a few more months till the festive season

■ Demand for two-wheeler remained lacklustre for the eighth consecutive month, while wholesales of commercial vehicles also fell nearly 12 per cent year-on-year in June

IMPACTED BY shutdowns at some plants and little consumer interest, wholesale despatches of passenger vehicles (PVs) were down by over 15 per cent year-on-year (y-o-y) in June — the 12th consecutive month of subdued numbers. Despite the shutdowns, however, inventory stayed at levels that were higher than the normal 20-30 days with companies struggling to stimulate demand.

Analysts said weak retail demand and inventory correction affected carmakers' wholesale despatches to dealers. Besides, the rise in vehicle prices due to regulatory changes and higher financing costs are likely to hit car sales for a few more months till the festive season. "It's a grim volume scenario at present partly due to a weak model launch phase," analysts at Axis Capital said.

While Maruti Suzuki had its annual maintenance shutdown of seven days in June, others, including Tata Motors and Mahindra & Mahindra (M&M), left their plants shut for three-nine days to reduce unsold inventory piled up from the 2018 festive season, when demand was weaker than expected due to a hike in insurance premiums and costlier finance.

Maruti's domestic volumes in June fell 15.3 per cent y-o-y, while Hyundai's volumes were down 7.3 per cent. M&M was the only manufacturer to buck the trend by registering a 4 per cent y-o-y growth in June, on the back of new launches like XUV300. Tata Motors posted a sharp 27 per cent y-o-y dip in PV wholesales.

Maruti Suzuki chairman RC Bhargava earlier said loans have become more expensive since the second half of the previous fiscal, which might continue impacting consumers for the next few months. "With the RBI easing interest rates, I hope the banks will pass on the benefits to customers in the next few months, which may help in inventory easing out," Bhargava had said.

N Raja, deputy MD, Toyota Kirloskar Motor, said slowdown in domestic sales had been a result of several factors. "The prevailing economic uncertainty, uncertainty on monsoons, high interest costs, tight liquidity and also the underlying apprehensions surrounding BS VI introduction in few months have steered the slowdown," Raja said.

Demand for two-wheeler also saw a trend similar to PVs, remaining lacklustre for the eighth consecutive month in June.

Among two-wheelers, Hero MotoCorp's sales dropped 12 per cent y-o-y, while TVS Motor's domestic sales dipped 8 per cent. Volumes of Royal Enfield, meanwhile, fell 24 per cent. Bajaj Auto performed relatively better, with domestic two-wheeler volumes falling 1 per cent y-o-y in June.

Demand for two-wheelers was impacted by a rise in insurance premium in September 2018 and subsequent price hikes effected by companies on April 1, as they had to add several features to the vehicles to comply with the new safety norms.

Wholesales of commercial vehicles (CVs) too fell nearly 12 per cent y-o-y in June, with the management of major companies attributing the slowdown in demand to a halt in several infrastructure projects and the revised axle load norms. Ashok Leyland's domestic sales fell 14 per cent y-o-y, while Tata Motors and M&M posted a fall of 7 per cent and 15 per cent y-o-y, respectively.

"Both M&HCV and SCV segments have been hit by poor consumer sentiment, falling freight rates and difficulty of funding by NBFCs," said Girish Wagh, president, CV business, Tata Motors.

After around seven months of growth in FY19, CV volumes began dwindling from November 2018. The government last year hiked the loading limit for CVs, as a result of which fleet operators got more bandwidth to load goods and new purchases are getting postponed. **FE**

'HFCs' asset growth likely to go up to 14% by FY21'

Asset growth for housing finance companies (HFCs) is likely to go up to 14 per cent in FY20 and FY21, and will be led by two biggest players in the segment which command half of the industry, a report by Crisil Ratings said

₹93,000 cr Amount raised via securitisation and direct assignment of mortgages in FY19

₹12.4 lakh cr Assets under management in industry in FY19, recording 16 per cent growth

5% Growth in loans to developers and loans against property in second half of FY19 on an annualised basis, as against 28 per cent in first half

7.5% Share of commercial papers in total on-book borrowings as on March 31, 2019, down from 12 per cent as on September 30, 2018

10% Assets under management for HFCs for second half of FY19 on an annualised basis

1.4% Overall gross non-performing assets (NPAs) in FY19, as against 1.1 per cent in FY18

BRIEFLY

Vishwanathan reappointed RBI Deputy Guv

New Delhi: The Appointments Committee of the Cabinet on Monday approved reappointment of N S Vishwanathan as Deputy Governor of the Reserve Bank of India for another year, with effect from July 4, an order issued by the Personnel Ministry said. His existing tenure was to end Wednesday. **ENS**

ATF cheaper by 5.8%; ₹3 cut in subsidised LPG

New Delhi: Jet fuel price was on Monday cut by a steep 5.8 per cent to a four-month low on softening international oil prices, according to state-owned fuel retailers. ATF, or aviation turbine fuel, price in Delhi was cut by Rs 3,806.44 per kilolitre to Rs 61,200.36 per kl. Meanwhile, oil firms also cut price of LPG. Subsidised LPG in Delhi rate was cut by Rs 3.02 per 14.2-kg cylinder to Rs 494.35.

Stakeholder comments sought on FTP

New Delhi: The Commerce Ministry has sought views of all stakeholders for the formulation of the next foreign trade policy (FTP) which provide guidelines for enhancing exports to push economic growth and create jobs, the Directorate General of Foreign Trade (DGFT) said in a notice.

Sebi fines former MCX director

New Delhi: The Securities Exchange and Board of India (Sebi) said it has imposed a fine of Rs 1.25 crore on former Multi Commodity Exchange (MCX) director Hariharan Vaidyalingam for insider trading. **PTI**

Maharashtra CM appointed convenor of committee on agri reforms

EXPRESS NEWS SERVICE
MUMBAI, JULY 1

MAHARASHTRA CHIEF Minister Devendra Fadnavis has been appointed as convenor of a high-powered committee of chief ministers for Transformation for Indian Agriculture, an official statement said on Monday.

The nine-member panel also includes chief ministers of Karnataka, Haryana, Gujarat, Uttar Pradesh, Madhya Pradesh and Arunachal Pradesh, in addition to NITI Aayog's Ramesh Chand serving as the member secretary. Union Minister of Agriculture Narendra Singh Tomar will also be part of the committee.

An official statement issued by the Maharashtra CMO said, "The committee will discuss measures for transformation of agriculture and raising farmers income."

The modalities for adoption and time-bound implementation of agriculture sector reforms would be the main agenda of the committee which will submit its report after two months, it said.

The terms and reference of the committee include taking stock of the agriculture produce and livestock marketing (promotion and facilitation), as well as examining various provisions of Essential Commodity Act (ECA), 1955, and suggesting changes to it for attracting private investments in agriculture marketing and infrastructure. The panel will also suggest a mechanism for linking of market reforms with e-NAM, GRAM and other centrally sponsored schemes; suggest policy measures to upgrade agri-technology to global standards and improve access of farmers to quality seed, plant propagation material and farm machinery in agriculturally advance countries; and to propose reforms for increasing farmers income.

At the NITI Aayog Governing Council meet on June 15, Prime Minister Narendra Modi, had announced to set-up the panel on structural reforms in agriculture.

Bhushan Steel loan defaults: SFIO finds 'extreme misuse' of corporate structure by firm's promoters

PRESS TRUST OF INDIA
NEW DELHI, JULY 1

According to sources, the Serious Fraud Investigation Office has unearthed fraudulent misuse of letters of credit of around Rs 45,000 crore

THE SERIOUS Fraud Investigation Office (SFIO) Monday filed a 70,000-page complaint in the Bhushan Steel case wherein the probe agency has found "extreme misuse" of the corporate structure by the promoters which reduced corporate governance requirements to paper formalities, sources said.

Bhushan Steel had defaulted on loans and the banks had to take a haircut of more than Rs 20,000 crore as part of the resolution process. The complaint has been filed at the special court, Dwarka. Earlier, SFIO had arrested the company's former MD Neeraj Singal, who is now on interim bail.

The investigation has inter alia unearthed fraudulent misuse of letter of credits to the tune of around Rs 45,000 crore and gross misuse of the first-time adoption of Ind-AS in mis-stating the firm's financial statements, sources said.

There was fraudulent overvaluing of assets by around Rs 15,000 crore to inter alia write-off inventory worth around Rs 6,000 crore, trade receivables to the extent of Rs 1,250 crore, they added.

As per sources, promoters used more than 150 companies to build a complex web of transactions to carry out the siphoning off funds to hoodwink lenders and other investors in the company.

The probe brought out the extreme misuse of the corporate form by the promoters who ran the listed firm more like a proprietorship concern reducing corporate governance requirements to paper formalities, they added.

Sources also said the role of statutory auditors has again come in focus with their conniving role glaringly coming out. SFIO has also raised questions on the role of bank officials in perpetuating the fraudulent activities, they added.

Warren Buffett donates $3.6 bn to five charities

REUTERS
NEW YORK, JULY 1

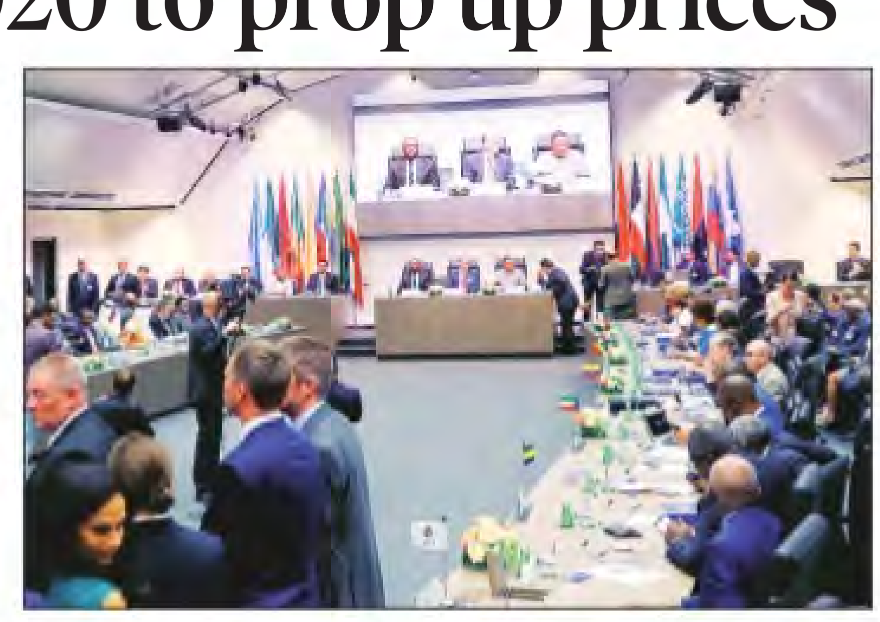
WARREN BUFFETT is donating roughly $3.6 billion of Berkshire Hathaway Inc stock to five charities, including the Bill & Melinda Gates Foundation, the biggest contribution in Buffett's plan to give away his fortune. Berkshire said Buffett's 14th annual donation comprises about 16.81 million Class "B" shares of Berkshire.

The donation will boost the total amount Buffett has given to the charities to more than $34.5 billion since the 88-year-old billionaire pledged in 2006 to give his shares away.

Four-fifths of the donations go to the Gates Foundation. The rest goes to the Susan Thompson Buffett Foundation, named for Buffett's late first wife, and charities run by his children Howard, Susan and Peter: the Howard G. Buffett Foundation, the Sherwood Foundation and the NoVo Foundation.

'OPEC agrees to extend oil cut till Mar 2020 to prop up prices'

REUTERS
VIENNA, JULY 1



Officials at the beginning of the OPEC meeting in Vienna, Austria, on Monday. *Reuters*

OPEC AGREED on Monday to extend oil supply cuts until March 2020, three OPEC sources said, as the group's members overcame their differences in order to prop up the price of crude amid a weakening global economy and soaring US production.

The move will likely anger US President Donald Trump, who has demanded OPEC leader Saudi Arabia supply more oil and help reduce prices at the pump if Riyadh wants US military support in its standoff with arch-rival Iran.

Benchmark Brent crude has climbed more than 25 per cent so far this year after the White House tightened sanctions on OPEC members Venezuela and Iran, slashing their oil exports.

OPEC and its allies led by Russia have been reducing oil output since 2017 to prevent prices from sliding amid soaring production from the United States, which has overtaken Russia and Saudi Arabia as the world's top producer.

Fears about weaker global demand as a result of a US-China trade spat have added to the challenges faced by the 14-nation Organization of the Petroleum Exporting Countries.

"Saudi Arabia is doing its best to achieve oil prices at $70 per barrel despite what Trump wants. But they haven't accomplished that even with Iranian and Venezuelan oil exports dropping. And the reasons for that are weak demand and US shale growth," said Gary Ross from Black Gold Investors.

The United States, the world's largest oil consumer, is not a member of OPEC, nor is it participating in the supply pact. A jump in oil prices might lead to costlier gasoline, a key issue for Trump as he seeks re-election next year.

Brent rose as much as $2 on Monday towards $67 per barrel as traders cited OPEC's resolve to curb output.

The OPEC meeting on Monday will be followed by talks with Russia and other allies, a grouping known as OPEC+, on Tuesday.

Russian President Vladimir Putin said on Saturday he had agreed with Saudi Arabia to extend existing output cuts of 1.2 million barrels per day, or 1.2 per cent of global demand, until December 2019 or March 2020.

Oil prices could stall as a slowing global economy squeezes demand and US oil floods the market, a *Reuters* poll of analysts found. "I think nine months gives us enough runway to wait for the market to balance," Saudi Energy Minister Khalid al-Falih said.

He said Saudi Arabia would continue reducing supplies to customers in July.

Iran's exports plummeted to 0.3 million barrels per day in June from as much as 2.5 million bpd in April 2018 due to Washington's fresh sanctions.

CCI: Google conduct may deny market access for competitors

PRESS TRUST OF INDIA
NEW DELHI, JULY 1

THE COMPETITION Commission of India (CCI) has ordered a detailed probe against Google for alleged abuse of Android mobile platform after concluding that the conduct might result in denial of market access for competing apps. The order came on a complaint alleging that the search giant indulged in anti-competitive practices by mandating smartphone and tablet manufacturers to exclusively pre-install Google's apps and services in smartphones manufactured or sold in India.

"Mobile search has emerged as a key gateway for users to access information and Android is a key distribution channel for mobile search engines. Search engines exhibit data-driven scale effects. Improvements in search algorithm require sufficient volume of data, which, in turn, needs sufficient volume of queries from users who are increasingly resorting to mobile search.

"Thus, the impugned conduct of Google may help perpetuate its dominance in the online search market while resulting in denial of market access for competing search apps...," the CCI order said.

West Bengal FM writes to Sitharaman, seeks 'comprehensive paper' on GST

EXPRESS NEWS SERVICE
KOLKATA, JULY 1

WEST BENGAL Finance Minister Amit Mitra has written to Union Finance Minister Nirmala Sitharaman on the Goods and Services Tax (GST), seeking a comprehensive paper on the indirect tax system. Sources in the state secretariat Nabanna said Mitra stated that despite completing two years, the GST regime was plagued by problems of structure, function and implementation.

Mitra argued that the GST slab of 28 per cent should be completely abolished on items other than some goods and services.

He also wrote that there should be rationalisation of rate of goods and services attracting 12 per cent and 18 per cent.

"At this juncture, I would humbly request that a comprehensive paper needs to be prepared, which addresses the issues raised above along with concerns of others. Such a comprehensive paper may kindly be placed before the GST Council as a single agenda for collectively deciding upon the future course of action," read Mitra's letter, according to sources, dated July 1.

According to sources, the West Bengal Finance minister also said that the key concern with the GST is huge complexity in the rules and procedures, especially those relating to return forms. He also raised the issue of delayed refunds and the need for checking evasion, sources added.

SBI to float ₹7,000 crore AT1 bond issue

Mumbai: The board of State Bank of India (SBI) has approved the proposal to raise AT1 (additional tier one) bonds to the tune of Rs 7,000 crore from the market.

"The Central Board accorded approval to raise AT1 capital up to an amount of Rs 7,000 crore by way of issuance of Basel-III compliant debt instrument in rupee and/or any other convertible currency through a public offer or private placement to overseas and/or Indian investors (dollar AT 1 Masala AT 1) in such number of tranches," it said in a statement.

The coupon rate may be decided at the time of actual issuance during FY20, the public sector lender further said. **ENS**

SBI, NIIF ink MoU on capital for infra projects

ENS ECONOMIC BUREAU
MUMBAI, JULY 1

STATE BANK of India and the National Investment and Infrastructure Fund (NIIF) on Monday signed a memorandum of understanding (MoU) to boost availability of capital for infrastructure projects. The scope of the MoU includes equity investments, project funding, bond financing, renewable energy support and take-out finance for operating assets.

"The objective of this initiative is to aid in filling the gap at a time when the availability of equity and debt financing for infrastructure has moderated," said Rajnish Kumar, chairman, SBI.

Sujoy Bose, managing director and CEO, NIIF said, "The availability of post-construction take-out equity and debt financing for developers and builders of infrastructure projects will play an important role in the infrastructure development cycle in India. NIIF's partnership with SBI will allow us to design large-scale long-term financing solutions to address this need."

In the last financial year, SBI — through its specialised Project Finance & Structuring Business Unit — extended financial assistance of about Rs 51,000 crore to 47 infrastructure projects. For the current financial year, the bank has a robust pipeline.