ECONOMY

GOLD ₹34,120 | RUPEE ₹68.95 | OIL $65.00* | SILVER ₹38,500

*Indian basket as on July 1, 2019

SENSEX: 39,816.48 ▲ 129.98 NIFTY: 11,910.30 ▲ 44.70 NIKKEI: 21,754.27 ▲ 24.30 HANG SENG: 28,875.56 ▲ 332.94 FTSE: 7,538.52 ▲ 41.02 DAX: 12,518.66 ▼ 2.72

International market data till 1900 IST

SECTOR SCAN AVIATION

Focus on stabilised approach: DGCA tells airlines for monsoon operations

Move comes after four runway excursion incidents in three days

PRANAV MUKUL
NEW DELHI, JULY 2

FOLLOWING A spate of runway excursion incidents at Indian airports — four in the last three days — the aviation regulator DGCA has issued an air safety circular asking airlines to take precautionary measures while planning operations during monsoon conditions.

On Tuesday, a SpiceJet aircraft veered off towards the right from the runway center during landing roll at Kolkata airport damaging four runway edge lights. This was preceded by an incident at Mumbai late Monday, where another SpiceJet plane shot off the runway during heavy rains.

According to a senior government official, top level meetings were held on Tuesday including by civil aviation secretary and the Director General of Civil Aviation to discuss the situation and a decision was taken to issue the safety circular.

"Aircraft operations during monsoon season poses challenges, which of late have resulted in a number of occurrences... keeping the above in view, operators are advised to adhere to the following precautions while planning operations during the monsoon conditions," the Directorate General of Civil Aviation (DGCA) noted, pointing out eight measures for airlines.

The aviation safety watchdog said that emphasis should be laid on conducting a stabilised approach and that crew should be encouraged to go around when approach becomes unstabilised or in case of any condition which reduces visual references to enable a safe landing. It also said that the airline should factor in the crew's fatigue element associated with the operations while rostering during the adverse weather conditions, adding that the crew should be well aware of the aircraft limitations and of take-off/landing performance calculations when operating in adverse weather.

Prior to the two SpiceJet incidents on Monday and Tuesday, another aircraft operated by the low-cost carrier veered off the runway at Surat on Sunday. This was after an Air India Express plane veered off the taxiway after landing and got stuck in soft ground at the Mangaluru airport earlier that day.

While the probable causes and the contributory factors of the four recent incidents have not been found out yet, Air India Express, in a statement had said tailwinds and wet runway at Mangaluru along with inadequate braking action was reported following the excursion incident.

In its safety circular, the DGCA also said that airlines should ensure that experienced crew are sufficiently available to operate when weather conditions are poor and also that the crew are made aware of the lighting system available at the airport.

CREW MUST KNOW PLANE LIMITATIONS

■ The crew should be well aware of the aircraft limitations and of take-off/landing performance calculations when operating in adverse weather

■ Air India Express had said tailwinds and wet runway at Mangaluru along with inadequate braking action was reported

'NEED SHORT-TERM & LONG-TERM STEPS FROM GOVT, RBI'

Fund-starved NBFCs seek dedicated liquidity window

ENS ECONOMIC BUREAU
MUMBAI, JULY 2

HIT BY liquidity crunch and high cost of borrowings, non-banking finance companies on Tuesday sought short-term and long-term measures from the government and the Reserve Bank of India (RBI), including a dedicated liquidity window for NBFCs through banking channels, a permanent refinance window for NBFCs on the lines of National Housing Bank and access for small and medium sized NBFCs to avail refinancing from MUDRA.

"The crying need of the hour is to create a dedicated liquidity window for NBFCs through the banking channels. The same may be provided for a period of one year. Precedence may be drawn from a special repo window created by the RBI in 2008 for banks under the liquidity adjustment facility (LAF) for on-lending to NBFCs," said Raman Aggarwal, chairman, FIDC, a representative body of NBFCs. Banks are showing reluctance to renew existing credit lines, FIDC officials said in a press conference here ahead of the Budget.

The issue of a dedicated liquidity window cropped up soon after the IL&FS crisis surfaced last year. However, the RBI, when Urjit Patel was the Governor, was not very keen to open any such window, fearing that the window will be misused by shady and weak NBFCs. Since 1999, the RBI had allowed all banks lending to NBFCs for on-lending to the priority sector to be treated as priority sector lending by banks. This gave a huge incentive to banks to lend to NBFCs. While it ensured sufficient bank funding to NBFCs at a reasonable cost, it also facilitated banks to meet their PSL targets. "However, this was abruptly withdrawn in 2011. The same arrangement may be restored urgently," Aggarwal said.

FIDC officials also proposed a dedicated 'refinance window for NBFCs' on the lines of National Housing Bank which provides refinance to housing finance companies. The Parliamentary Standing Committee on Finance in their 45th report dated June 2003 (relating to the Financial Companies Regulation Bill, 2000) had recommended setting up of a new refinance institution for NBFCs.

George Alexander Muthoot, managing director, Muthoot Group, said banks have been reluctant to extend funds to NBFCs and they have also increased their lending rate. "The RBI has reduced the repo rate but banks are still lending at about 9.5 per cent to 10 per cent," he said. "Banks have withdrawn unutilised credit lines to NBFCs and shown reluctance and hesitation to renew existing credit lines. The cost of borrowing from banks has gone up — even AAA rated NBFCs are faced with increase in rates by up to 100 bps. Portfolio buyout is a 'band aid' solution which does not result in growth," FIDC said.

For small & medium sized NBFCs, eligibility norms for availing refinance from MUDRA should be made favourable by allowing all RBI registered NBFCs to avail refinance. "Systemically important NBFCs should be allowed to act as aggregators by availing refinance from MUDRA for on lending to small and medium sized NBFCs," FIDC said. According to the NBFCs, asset-liability mismatch is predominantly an issue only for long term lenders such as HFCs and infra financing NBFCs and not for general NBFCs, since 25-30 per cent assets mature within a year. "Some NBFCs resorted to short term commercial paper borrowing to take benefit of the interest rate arbitrage keeping unutilised banks credit line as a cushion. This has been significantly corrected by March 2019," it said. "Nine months have passed since IL&FS defaulted, without any NBFC defaulting. NBFCs have fully met their liabilities, though restricted their lending," said an NBFC official. Total disbursement by NBFCs during Q4 of FY19 dropped by 31 per cent.

EXPLAINED

Sorting out issues to infuse confidence and push demand

AS SEVERAL NBFCs and HFCs are starved for funds and unable to disburse loans in the market, the industry players have been calling for government and regulatory support on infusion of liquidity.

A liquidity window for them will not only help the sector come out of its woes to an extent, it will also infuse confidence among lenders and borrowers thereby pushing consumption demand in the economy.

Ola Electric gets $250-million push from SoftBank

ENS ECONOMIC BUREAU
NEW DELHI, JULY 2

OLA'S ELECTRIC vehicle arm — Ola Electric Mobility — has secured a funding of over Rs 1,725 crore ($250 million) from SoftBank, according to documents sourced from business signals platform *paper.vc*.

With this latest round of funding, the company joins the unicorn list — the likes of Flipkart, Zomato, Paytm — as it is valued at an estimated $950 million to $1 billion, according to Vivek Durai, co-founder at *paper.vc*.

So far, the firm has raised about $310 million, according to data from Crunchbase.

"Celebrating five years of strong partnership, looking forward to the years ahead. Very excited about our partnership to build mobility and electric mobility for India and the world," Bhavish Aggarwal, co-founder and CEO at Ola, tweeted regarding Ola's partnership with SoftBank. As per the filings, OEM issued "4,326 fully and compulsorily convertible series B preference shares of face value of Rs 10 each having the rights, privileges and preferences..." to SB Topaz (Cayman) Ltd. The total amount paid was about Rs 1,725.04 crore, it added.

The allotment was made on Tuesday following a special resolution passed by the board members on June 25, the filing showed.

SoftBank is also the single largest investor in Ola. In May, Tata Sons chairman emeritus Ratan Tata — who is also an investor in Ola — and Gaurav Deepak reportedly jointly invested Rs 14.9 crore in OEM as part of Series A funding round. Also as part of the Series A, OEM had announced raising Rs 400 crore led by Tiger Global and Matrix India in March this year.

Ola Electric is currently running several pilots involving charging solutions, battery swapping stations, and deploying vehicles across two, three and four-wheeler segments. In 2018, Ola announced 'Mission: Electric' to bring 1 million electric vehicles on Indian roads by 2021. **FE**

NOW A UNICORN

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■ So far, the firm has raised about $310 million, according to data from Crunchbase

'APAC M&As in H1' 19 slows down to lowest level since 2013'

Merger and acquisition activity in the Asia Pacific region, excluding Japan, moderated significantly during the first-half of 2019, amid an escalating US-China trade and technology war, as per a report by Mergermarket

INDIA'S PERFORMANCE

The second-largest merger and acquisition market after China, also performed badly as it registered 52.8 per cent year-on-year decline despite not being directly involved in the US-China trade war

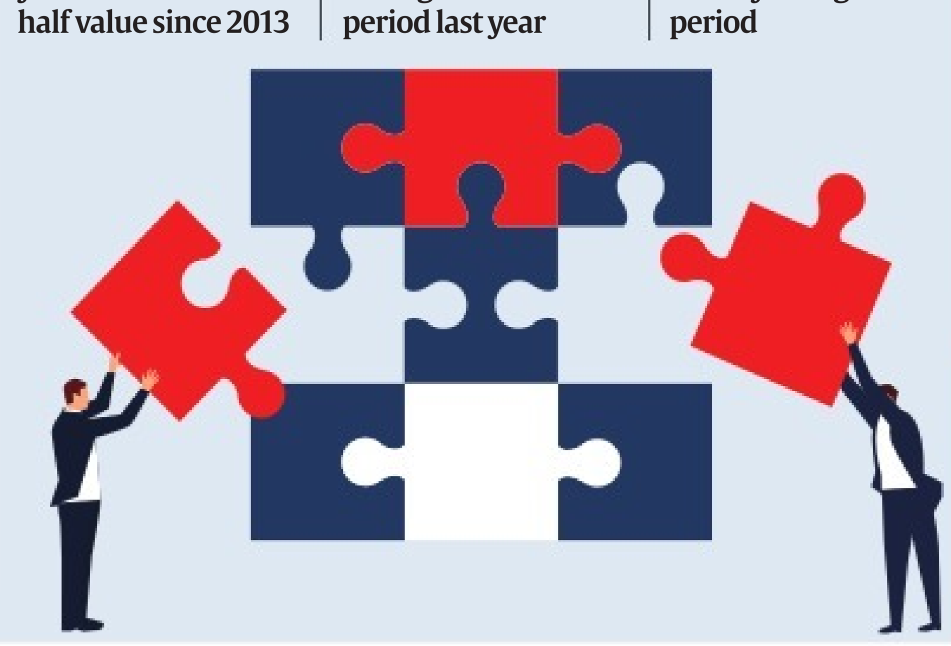
REASONS BEHIND

The first quarter M&A activity was hampered by cautious approach ahead of general elections, while deal-making failed to gain momentum in the second quarter as well owing to a slowdown in gross domestic product growth and domestic consumption

1,525 DEALS were generated in Asia Pacific region, valued at $241 billion in the first half of this year — lowest first-half value since 2013

13.4% global market share of Asia Pacific region, down from 18.6 per cent during the same period last year

44.7% China's deal value plunged in the first half of this year compared to the year-ago period



3RD-LARGEST DEAL

India was home to third-largest deal in APAC, excluding Japan, in first half of 2019 — the takeover of Essar Steel India by ArcelorMittal and Nippon Steel & Sumitomo Metal for $6 billion

$1.80 TRILLION worth of deals were announced globally across 8,201 transactions in H1 of this year, down 11 per cent

India ratifies convention to check tax evasion

ENS ECONOMIC BUREAU
NEW DELHI, JULY 2

THE CENTRAL Board of Direct Taxes (CBDT) on Tuesday said that India has ratified the Multilateral Convention to Implement Tax Treaty Related Measures (MLI) to prevent Base Erosion and Profit Shifting (BEPS), which will pave way for amendments to double taxation avoidance agreements (DTAA) with the countries signatories to the convention to plug revenue leakages.

"On 25th June, 2019, India has deposited the instrument of ratification to OECD, Paris along with its final position in terms of Covered Tax Agreements (CTAs), reservations, options and notifications under the MLI, as a result of which MLI will enter into force for India on October 1, 2019 and its provisions will have effect on India's DTAAs from FY20-21 onwards," CBDT said in a statement.

The board said that the MLI will modify India's tax treaties to curb revenue loss through treaty abuse and base erosion and profit shifting strategies by ensuring that profits are taxed where substantive economic activities generating the profits are carried out.

It added that MLI will be applied alongside existing tax treaties, modifying their application in order to implement the BEPS measures. "Out of 93 CTAs notified by India, 22 countries have already ratified MLI as on date and the DTAA with these countries will be modified by MLI," it said. After the MLI takes effect, India's DTAA will have a new Preamble and Principal Purposes Test. Changes would also lead to curbing of artificial avoidance of Permanent Establishment status through various arrangements. **FE**

Non-members back OPEC's extension of cuts in production

ASSOCIATED PRESS
VIENNA, JULY 2

OPEC MEMBERS won the support Tuesday of other major oil producing nations to extend a production cut for another nine months in a bid to shore up prices at a time of waning demand.

Member nations of the Organization of the Petroleum Exporting Countries on Monday agreed to the extension. With strong backing from Russia, the biggest member of the non-OPEC group meeting Tuesday, the others unanimously approved the proposal.

"In order to help maintain the current stable status of the market and avoid buildup of inventories, we have decided to keep the level and the magnitude of the cuts intact," Russian Energy Minister Alexander Novak told the forum after the vote.

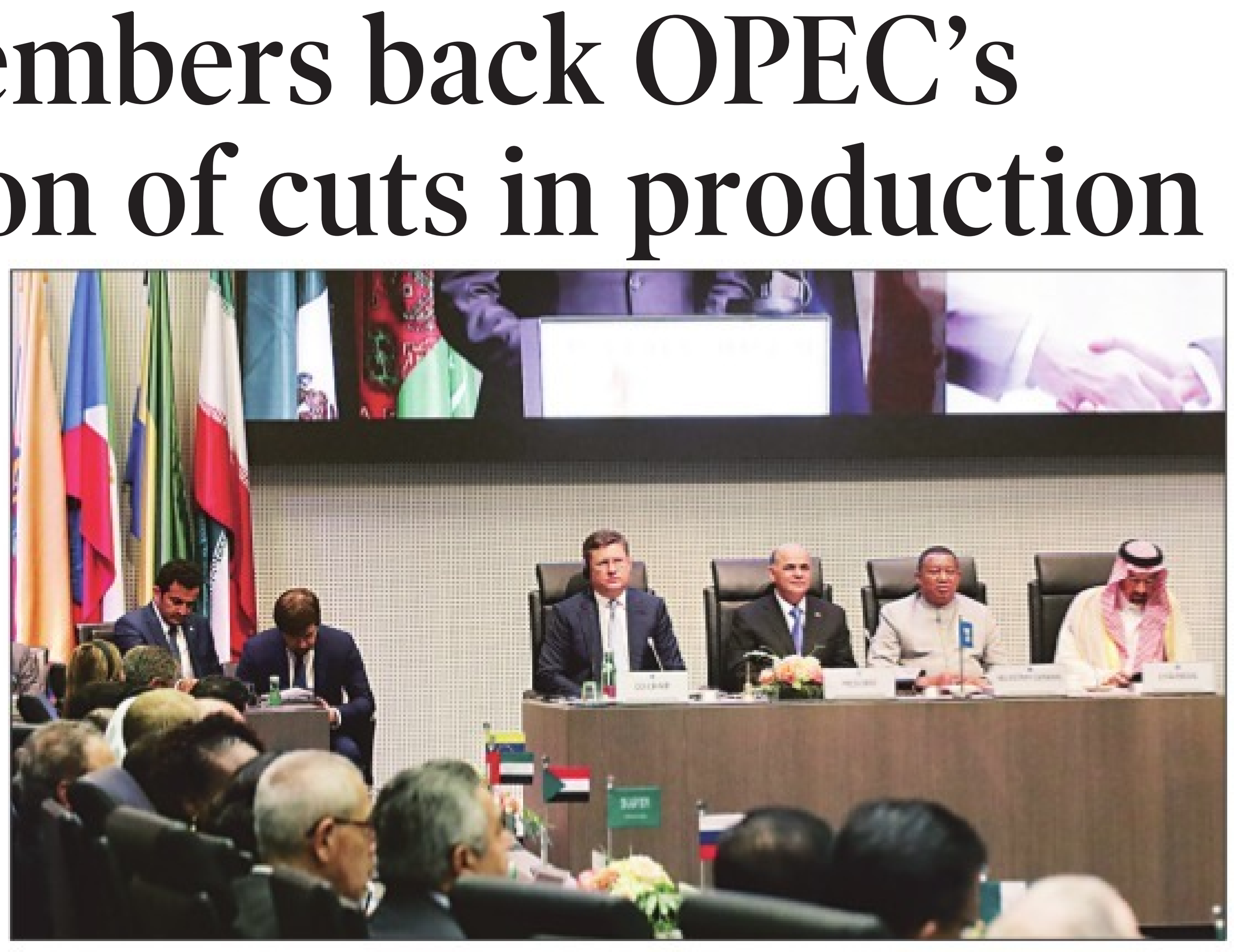
The 10 non-OPEC nations present at the meeting at OPEC's headquarters in Vienna also included Mexico, Bahrain, Oman and Kazakhstan. The United States, one of the world's major oil producers, is not involved in the discussions and won't be bound by any agreement.

Opening the Tuesday meeting, Novak urged approval of the extension.

"In the current unstable market and the huge uncertainty we are seeing, our coordinated action aimed at consecutive and stable supply to the market and ensuring its stability are key to give us longer visibility," Novak said.

Heading into the meeting, OPEC heavyweight Saudi Arabia said the nine-month extension was the right move to make given the current market conditions.

"I see demand picking up strongly in the second half of the year and I see compliance greatly improving," Saudi Arabia's Energy Minister Khalid Al-Falih told reporters. "And I see the length of this agreement as nine months sufficiently long to bring inventories down and to balance the market." The current deal to support prices reduced production by 1.2 million barrels per day starting from January 1 for six months, and will now run into next year with the extension.



Russia's Energy Minister Alexander Novak, Venezuela's Oil Minister Manuel Quevedo, OPEC Secretary General Mohammad Barkindo and Saudi Arabia's Oil Minister Khalid Al-Falih are seen during the beginning of an OPEC and NON-OPEC meeting in Vienna on Tuesday. *Reuters*

Oil falls 3% on demand worries

London: Oil prices fell about 3 per cent on Tuesday, even after OPEC and allies including Russia agreed to extend supply cuts until next March, as weak manufacturing data had investors worried that a slowing global economy could dent oil demand.

"There seems to be some disappointment that OPEC didn't make a larger production cut. Or a sense that demand is really bad," said Phil Flynn, analyst at Price Futures Group in Chicago. Signs of a global economic slowdown, which could hit oil demand growth, means OPEC and its allies could face an uphill battle to shore up prices by reining in supply.

Meanwhile, US crude oil stockpiles were seen falling for a third consecutive week, a preliminary Reuters poll showed. Industry data will be released at 4:30 pm, with government data to follow on Wednesday. **REUTERS**

USTR proposes $4 billion in potential additional tariffs over EU 'aircraft subsidies'

REUTERS
WASHINGTON, JULY 2

JUST DAYS after reaching a truce in the US-China trade war, the US government on Monday ratcheted up pressure on Europe in a long-running dispute over aircraft subsidies, threatening tariffs on $4 billion of additional EU goods.

The US Trade Representative's office released a list of additional products — including olives, Italian cheese and Scotch whiskey — that could be hit with tariffs, on top of products worth $21 billion that were announced in April.

USTR said it was adding 89 tariff sub-categories to its initial list, including a variety of metals, in response to public comments, but gave no further explanation. Over 40 individuals testified about products included on initial list at a public hearing on May 15 and 16. The United States and the EU have threatened to impose billions of dollars of tit-for-tat tariffs on planes, tractors and food in a nearly 15-year-old dispute at the World Trade Organization over aircraft subsidies given to US planemaker Boeing Co and its European rival, Airbus SE.

Senior officials from Boeing and a US aerospace trade group urged the US government last month to narrowly tailor any tariffs imposed on the EU over illegal aircraft subsidies to avoid harming American manufacturers. No comment was immediately available from Boeing or Airbus.

The Distilled Spirits Council of the United States criticised the Trump administration's latest tariff threats and warned they would jeopardise US jobs and hurt consumers. "We strongly oppose the inclusion of distilled products in the proposed retaliation list," said spokeswoman Lisa Hawkins.

"US companies - from farmers to suppliers to retailers - are already being negatively impacted by the imposition of retaliatory tariffs by key trading partners on certain US distilled spirits ... and these additional tariffs will only inflict further harm," she said.

Monday's move followed news during the Paris Air Show that the United States could be open to negotiations on an "enforceable mechanism" that could allow Airbus to receive government funding on commercial terms, potentially paving the way for an end to the aircraft subsidy fight. Such a deal would also include moves by the United States to address tax incentives provided by Washington state to Boeing and make them compliant with trade rulings, as part of a possible new framework for aircraft industry funding, two US sources said at the time. The WTO has found that the world's two largest planemakers received billions of dollars of harmful subsidies in a pair of cases marking the world's largest-ever corporate trade dispute.

It is expected to rule on the US sanctions request over the summer, although the date could slip to September. USTR said it would hold a hearing on the proposed additional products on Aug. 5.

It said it could immediately impose increased duties on the products included in the initial list, if the WTO arbitrator issued a decision before the public comment period ended on the supplemental list.

Huawei remains blocked from US 5G: White House trade advisor

Washington: China's Huawei remains barred from the development of 5G wireless networks in the United States, a senior White House trade advisor said Tuesday.

"US policy on Huawei with respect to 5g in this country has not changed," Peter Navarro told *CNBC*.

"All we've done, basically, is to allow sale of chips to Huawei. These are lower tech items which do not impact national security whatsoever." **AFP**

US-China trade talks 'back on track', says White House

AGENCE FRANCE-PRESSE
WASHINGTON, JULY 2

US-CHINA TRADE negotiations are now headed in a positive direction following this weekend's meeting between President Donald Trump and his Chinese counterpart Xi Jinping, a top White House aide said on Tuesday.

"We're reengaged. We're talking on the phone already. There will probably be visits. It's all good," Navarro told *CNBC*.

"From an investor's point of view, here is all you have to know: Talks are back on track with the work that has been done to date." The US trade delegation has been led by Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin. After talks nearly collapsed in May, Trump and Xi on Saturday agreed at a meeting in Japan to resume negotiations toward ending their year-long trade war.

Trump accused the Chinese side of reneging on commitments made during the talks and jacked up duty rates on a $200 billion tranche of Chinese imports.

And the tariffs put in place since last year by both Washington and Beijing — which currently cover more than $360 billion in two-way trade — remain in place.

RCom spectrum usage charges: SC dismisses DoT plea against telecom dispute tribunal's order

INDU BHAN
NEW DELHI, JULY 2

THE SUPREME Court on Tuesday dismissed an appeal by the Department of Telecommunications (DoT) against a Telecom Dispute Settlement Appellate Tribunal (TDSAT) order which held that liabilities of past dues related to spectrum usage charges (SUC) rested only with Reliance Communications (RCom) — the seller — and not the buyer of its 800 MHz spectrum, which then was RJio.

A bench led by Justice R F Nariman upheld TDSAT's February 26 judgment which held that Reliance Jio Infocomm (RJio) cannot be held liable for dues prior to the sale of spectrum. The tribunal had also asked the government to reconsider RCom's plea for grant of a no-objection certificate (NoC) to the spectrum sale.

Since insolvency proceedings against RCom have already been initiated, the significance of the order is not much barring that the issue cannot be raised by DoT in the NCLT. However, here also DoT's position is that the spectrum is given by the government to an operator on lease and if the company fails to pay its dues to the government, the spectrum should be surrendered before it rather than be sold through an insolvency proceeding.

Tuesday's development comes in the backdrop of a fiercely fought legal fight between the Anil Ambani firm, DoT and RJio on the spectrum deal which fell through as the government refused to give an NoC to the spectrum sale, thus forcing RCom to go for insolvency proceedings. DoT wanted RJio to give an undertaking that it would be responsible for past liabilities of RCom as well when it buys spectrum from RCom.

In December 2018, RJio had written to DoT saying that it should not be held responsible for discharging spectrum-related dues that become payable prior to the sale.

TDSAT'S FEB 26 ORDER UPHELD

- An SC bench led by Justice R F Nariman upheld TDSAT's February 26 judgment which held that Reliance Jio Infocomm cannot be held liable for dues prior to the sale of spectrum
- Since insolvency proceedings against RCom have already started, the significance of the order is not much barring that the issue cannot be raised by DoT in the NCLT

DoT in its appeal against the tribunal's order said that the Guidelines for Trading of Access Spectrum provides that all dues have to be cleared prior to concluding any agreement for spectrum trading and any dues recoverable up to the effective date of trade shall be the liability of the buyer.

"The government shall be at its discretion be entitled to recover the amount, if any, found recoverable subsequent to the date of trade," it stated. It further said that Clause 11 made "no distinction as to whether partial spectrum is being traded or otherwise. It gives liberty to DoT to recover all dues from the buyer or seller jointly or severally".

According to DoT, TDSAT while interpreting the guidelines ignored the apex court's judgment in the case, RCom vs SBI, where it observed that it was for RJio to undertake the responsibilities for payment of the erstwhile debts of RCom and because the buyer refused to give an undertaking to pay the said NoC could not be given.

As part of its debt resolution plan, Anil Ambani's RCom in December 2017 had struck a Rs 25,000-crore deal with elder brother Mukesh Ambani's Reliance Jio for the sale of its towers, spectrum and fibre assets mortgaged with different banks to cut down its debt of around Rs 45,000 crore. The nod for the spectrum deal was crucial for the ADAG firm to pare off its Rs 46,000-crore debt. RCom's spectrum was then valued at over Rs 7,000 crore.

The National Company Law Appellate Tribunal had on April 30 resumed insolvency proceedings against RCom in the Mumbai bench of the National Company Law Tribunal (NCLT) after vacating its stay on such proceedings it had granted in May last year.

The Mumbai bench of the NCLT had on May 16 last admitted an insolvency petition filed by Ericsson India against RCom and its two subsidiaries, Reliance Infratel and Reliance Telecom, for failing to pay its dues.

DoT had before TDSAT insisted that RCom furnish bank guarantees worth Rs 29,000 crore and had opposed its stand to pledge land to cover the SUC dues, saying either the debt-laden firm or RJio should give an undertaking that they would clear any past liabilities that arose. The past liabilities may also include licence fee, penalties on violation of electromagnetic radiation norms, penalties on customer application/verification, etc, it said.

Earlier, Reliance Realty, a unit of RCom, had furnished redeemable preferential shares worth Rs 1,000 crore as corporate guarantee towards outstanding spectrum usage charges of Rs 2,940 crore, as per the directions of the Supreme Court. This was in addition to the land parcel that has been given as security, as directed by the TDSAT in its October 1, 2018 order. The tribunal while favouring RCom had directed it against alienating its Navi Mumbai property so as to secure the government at least for Rs 1,400 crore for the time being. FE

PREMISES OF SEVERAL FIRMS SEARCHED

Loan frauds in seven banks: CBI raids 300 offices in 61 places across country

Operation involved over 300 officers who fanned out across Delhi, Mumbai, Thane, Pune, Gaya etc

EXPRESS NEWS SERVICE
NEW DELHI, JULY 2

BASED ON complaints from seven different banks, the Central Bureau of Investigation (CBI) on Tuesday launched a nation-wide search operation, in which 61 locations across 18 cities were raided and 17 FIRs were registered.

In these FIRs, loan money of more than Rs 1,139 crore is alleged to have been swindled by various companies, including jeweller Jatin Mehta-owned Winsome Diamonds. According to the CBI, the operation involved over 300 officers who fanned out across Delhi, Mumbai, Ludhiana, Thane, Valsad, Pune, Palani, Gaya, Gurugram, Chandigarh, Bhopal, Surat and Kolar among others to conduct the raids.

"It was a massive operation that involved wading through waterlogged streets of Mumbai, where offices of Winsome Diamonds among others were raided," a CBI official said.

16 FIRs REGISTERED AGAINST JATIN MEHTA

- Winsome Diamonds owner Jatin Mehta has been booked in a fresh FIR, taking the total number of FIRs registered against him to 16; the diamantaire has been accused of defaulting on a Rs 202 crore-loan from Exim Bank, and of swindling funds to the tune of Rs 6,500 crore overall
- Three FIRs pertaining to alleged irregularities in disbursal of housing loans in a Union Bank of India branch in Bhubaneswar were also registered by CBI, in which senior bank officials have been named as accused; these loans resulted in the loss of Rs 24.17 crore to the bank

Mehta has been booked in a fresh FIR, taking the total number of FIRs registered against him to 16. The diamantaire has been accused of defaulting on a Rs 202 crore-loan from Exim Bank. He is also accused of swindling funds to the tune of Rs 6,500 crore overall.

The searches in Mumbai also covered two other firms booked in separate FIRs on a complaint by Union Bank of India. Five places were searched in connection with the Rs 57 crore-loss caused to the bank by Supamad Trading Pvt Ltd and one place was searched in connection with Asuti Trading Pvt Ltd for causing loss of Rs 50 crore to the bank.

Two places were searched in Delhi and Mumbai in connection with Asuti Trading. By Tuesday evening, the Bureau had already registered 17 FIRs across the country and the process of registering more FIRs is going on, sources said.

They added that other companies which have been booked by the agency in separate FIRs include Ludhiana-based Supreme Tex Mart for causing a loss of Rs 143.25 crore to State Bank of India (SBI), Bengaluru-based Aegan Batteries for loss of Rs 98.75 crore to SBI, Gaya-based Ramnanndi Hotels and Resorts Ltd for loss of Rs 131.79 crore to Central Bank of India and Noida-based Naftogaz India Pvt Ltd for causing loss of 93 crore to Corporation Bank.

Furthermore, Delhi-based SL Consumer Products Ltd has been booked by the CBI for causing loss to Union Bank of India (UBI) to the tune of Rs 55 crore, Aligarh-based Samprash Foods Ltd for loss Rs 60 crore to UBI, Chandigarh-based International Mega Food Park Ltd for loss of Rs 40.17 crore to Small Industries Development Bank of India (SIDBI), Bhopal-based Ranjeet Automobiles for loss of Rs 34.36 crore to Bank of Baroda, and Surat-based Jalpa Textiles Pvt Ltd for loss of Rs 28 crore to Bank of Baroda, sources alleged.

Three FIRs pertaining to alleged irregularities in disbursal of housing loans in a UBI branch in Bhubaneswar were also registered by the agency, in which senior bank officials have been named as accused. These loans resulted in the loss of Rs 24.17 crore to the bank, officials said, adding that searches were conducted at nine places in Odisha.

'Softening gas prices credit positive for urea sector'

With global natural gas prices declining significantly in the recent months, urea players are expected to witness a fall in their production cost following lower working capital funding requirements, according to an Icra report

$4 PER MMBTU
Asian spot liquefied natural gas (LNG) prices at present, compared to $9-10 per million metric British thermal units (mmbtu) in December 2018, owing to a supply glut and milder winter demand

70% Share of natural gas in total cost of manufacturing of urea

₹1,600-1,700 PER TONNE
Estimated decline in cost of production of urea for each $1 per mmbtu fall in gas price

FERTILISER SUBSIDY ROUTED VIA INDUSTRY:
- Fertiliser sector subsidy in India still being routed via industry
- Government reportedly planning to introduce direct benefits transfer (DBT) to farmers
- Subsidy will be transferred to farmers' bank account as part of scheme

NUTRIENT BASED SUBSIDY (NBS) SCHEME:
- Discussions ongoing on implementation of NBS scheme for urea, similar to scheme for Phosphatic & Potassic (P&K) fertilisers
- NBS to aim for uniform subsidy for urea players
- Retail price to become free for players to set, but within range

FALL IN UREA PRODUCTION COST:
Global natural gas price saw correction in recent months and with outlook same remaining benign, urea players will see their cost of production fall

BRIEFLY

'India, US officials likely to discuss trade'

New Delhi: Senior officials of India and the US are likely to meet next week here to discuss trade related issues, sources said Tuesday. A team of US Trade Representative (USTR) is expected to hold the meeting with senior officials of the commerce department, they said.

Nalin Shinghal appointed CMD of BHEL

New Delhi: State-owned engineering firm BHEL said Tuesday that Nalin Shinghal has been appointed its chairman and managing director for five years. "The competent authority has approved the appointment of Nalin Shinghal as chairman and managing director, BHEL, for a period of 5 years with effect from the date of his assumption of charge of the post on or after July 1, 2019, or till the date of his superannuation or until further orders, whichever is the earliest," a BSE filing said.

₹325 cr infused into Airtel Payments Bank

New Delhi: Bharti Airtel and Bharti Enterprises have injected about Rs 325 crore in Airtel Payments Bank, as per regulatory documents. The fund infusion from Bharti Airtel stood at Rs 260 crore, and that from Bharti Enterprises at Rs 65 crore in the form of preference shares, according to details of the filing shared by market intelligence firm Tofler.

OYO forays into Vietnam with over 90 hotels

New Delhi: OYO Tuesday said it has forayed into Vietnam with over 90 hotels across six cities as it expands presence in South East Asia. It will invest $50 million over the next few years in Vietnam and create 1,500 direct and indirect jobs in the country, OYO said in a statement.

Tata Comm MD, Group CEO resigns

New Delhi: Tata Communications (Tata Comm) Managing Director and Group Chief Executive Officer Vinod Kumar has resigned from all positions in the company, the firm said Tuesday. "Vinod Kumar has submitted his resignation as the managing director and group CEO of the company, and as a director of the company and its associated companies for personal reasons," Tata Communications said in a BSE filing. PTI

RBI fines 3 PSBs ₹50 lakh each, another ₹25 lakh for violation of KYC norms

ENS ECONOMIC BUREAU
MUMBAI, JULY 2

THE RESERVE Bank of India (RBI) said it has imposed a penalty of Rs 1.75 crore on four public sector banks (PSBs) for non-compliance with know-your-customer (KYC) requirement and norms for opening of current accounts.

Punjab National Bank (PNB), Allahabad Bank and UCO Bank have been fined Rs 50 lakh each, while a penalty of Rs 25 lakh has been imposed on Corporation Bank, the banking regulator said.

The RBI said it found irregularities in current accounts opened by these banks after receiving a complaint.

"Based on the findings, Notices were issued to the banks advising them to show cause as to why penalty should not be imposed for non-compliance with the directions," it added.

According to the RBI, the action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the banks with their customers.

In a stock exchange filing on Tuesday, UCO Bank said, "We inform that the RBI in exercise of powers conferred under Section 47 (A) (1) (c) read with Section section 51 and 46 (4) (1) of the Banking Regulation Act, 1949, has imposed a penalty of Rs 5 million on UCO Bank for non-compliance of RBI directives on 'KYC norms/AML standards/CFT/obligation of banks and financial institutions under PMLA 2002' and also on 'opening of current accounts by banks — need for discipline'."

Payments made to Mindtree shareholders who tendered their stock in open offer: L&T

PRESS TRUST OF INDIA
NEW DELHI, JULY 2

The infrastructure major's open offer - at Rs 980 a share - began on June 17 and concluded on June 28

CONSTRUCTION MAJOR Larsen & Toubro (L&T), which holds over 60 per cent stake in Mindtree, said Tuesday it has made payments to shareholders who tendered their shares successfully in the recently-concluded open offer.

"...we wish to inform you that Larsen & Toubro has today made payment of consideration to the shareholders of the target company (Mindtree) who have tendered their shares in the open offer, in respect of the equity shares which have been accepted in the open offer and returned the equity shares which have not been accepted in the open offer to the demat accounts of the respective shareholders," L&T said in a regulatory filing.

The infrastructure major's open offer - at Rs 980 a share - began on June 17 and concluded on June 28.

"Consequent to the completion of the open offer, the shareholding of the company (L&T) in the target company, including the shares acquired under the Share Purchase Agreement and the Purchase Order, stands at 60.06 per cent of the total paid-up equity share capital of the target company," the filing added.

In a deal that had marked the country's first-ever 'hostile takeover' bid in the IT space, L&T had bought 20.32 per cent shares in Mindtree from V G Siddhartha and his coffee enterprise for over Rs 3,000 crore in March, and then stepped up its holding with more shares from the open market, and a subsequent open offer for additional 31 per cent stake.

OPEN ACREAGE LICENSING POLICY ROUND II & III

OIL wins 12 oil blocks; Vedanta gets 10, ONGC 9

PRESS TRUST OF INDIA
NEW DELHI, JULY 2

According to the Directorate General of Hydrocarbons, OIL won 6 out of the 14 blocks on offer in OALP-II, while Vedanta walked away with five. ONGC, Reliance-BP and IOC won one block each

OIL INDIA Ltd (OIL) Tuesday won 12 out of 32 oil and gas exploration blocks offered in latest auction while Vedanta Ltd walked away with 10 and Oil and Natural Gas Corp (ONGC) got eight blocks.

According to the list of winners of Open Acreage Licensing Policy (OALP) Round II and III put out by the Directorate General of Hydrocarbons (DGH), Reliance Industries and its British partner BP Plc won a KG basin gas block. Indian Oil Corp (IOC) also got one block. Reliance-BP combine outbid ONGC in one Krishna Godavari basin block in the Bay of Bengal. This is an area that ONGC had previously relinquished and is said to hold natural gas prospects.

According to DGH, OIL won 6 out of the 14 blocks on offer in OALP-II, while Vedanta walked away with five. ONGC, Reliance-BP and IOC won one block each.

In OALP-III, ONGC won 7 blocks while OIL got 6 and Vedanta the remaining five. Bidding for 14 blocks on offer in the Open Acreage Licensing Policy (OALP) round-II and another 18 oil and gas blocks and 5 coal-bed methane (CBM) blocks on offer in OALP-III closed on May 15.

No bid was received for any of the CBM blocks.

Reliance-BP had made their first bid in eight years when they sought an area that previously was held by ONGC, sources said.

When the government in July 2017 allowed companies to carve out blocks of their choice with a view to bring about 2.8 million sq km of unexplored area in the country under exploration, Reliance-BP sought the KG area containing the discoveries.

Under the new policy, areas sought by any company are put on auction with the initiator or the company that originally carved out the block, getting a 5 point advantage. Sources said Reliance-BP managed to get the coveted KG block in the latest auction by a small margin that possibly came from the originator marks and a commitment to do a shale core exploration.

Reliance-BP had last jointly bid for a KG deep water block in the 8th bid round under previous licensing policy in 2008. They, however, gave up the block after not finding any commercially exploitable oil and gas reserves.

In the following year, Mukesh Ambani-owned Reliance on its own bid for six blocks in the ninth round of New Exploration Licensing Policy (NELP) but did not win any block.

Sources said at the close of bidding for the current round on May 15, ONGC had put in bids for 20 out of 32 blocks on offer, while OIL made bids for 16 blocks. Vedanta, which had walked away with 41 out of the 55 blocks offered in OALP-I last year, bid for 30 areas.

Indian Oil Corp (IOC), GAIL (India) and SunPetro bid for two blocks each, they said. BP had more than a decade back entered the country buying 30 per cent stake in Reliance's 21 oil and gas exploration blocks for $7.2 billion. All but a couple of blocks have since been relinquished.

NELP has since been replaced by Hydrocarbon Exploration Licensing Policy (HELP) under which OALP bids round have been held. Under the new policy, called open acreage licensing policy, companies are allowed to put in an expression of interest or EoI for prospecting of oil and gas in any area that is presently not under any production or exploration licence. The EoIs can be put in at any time of the year but they are accumulated twice annually.

The blocks or areas that receive EoIs at the end of a cycle are put up for auction with the originator or the firm that originally selected the area getting a 5-mark advantage.

Germany fines Facebook for under-reporting complaints

REUTERS
BERLIN, JULY 2

GERMAN AUTHORITIES have fined Facebook 2 million euros ($2.3 million) for under-reporting complaints about illegal content on its social media platform in breach of the country's law on internet transparency.

In a statement on Tuesday, Germany's Federal Office of Justice said that by tallying only certain categories of complaints, the web giant had created a skewed picture of the extent of violations on its platform.

Faced with a global backlash over the role its platform played in election campaigns from the US and Britain to the Philippines, Facebook has been on a public relations drive to improve its image. But Facebook said it had complied with its transparency obligations under the law, known as 'NetzDG', adding that some aspects of the law "lacked clarity". Facebook said it reserved the right to appeal the ruling after studying it.

Under Germany's network transparency law, social media platforms are required to report the number of complaints of illegal content they have received. The charge that Facebook did not report the full extent of the complaints it received could undermine its efforts to burnish its reputation.

Newly appointed Justice Minister Christine Lambrecht said the option for making a complaint under the transparency law was harder to find on Facebook than an option for complaining that a post violated the platform's community standards.

European Union leaders agree on IMF's Lagarde to lead ECB

RICHARD LOUGH
BRUSSELS, JULY 2

EUROPEAN UNION leaders agreed on Tuesday to name Frenchwoman Christine Lagarde as the new head of the European Central Bank and to decide on filling the other four top jobs in the bloc after tortuous marathon talks exposed their deepening divisions.

"The European Council has agreed on the future leadership of the EU institutions," said Donald Tusk, chairman of the EU leaders' talks.

International Monetary Fund MD Christine Lagarde. *Reuters*

German Defence Minister Ursula von der Leyen, an ally of Chancellor Angela Merkel, would become head of the European Commission, the EU executive

German Defence Minister Ursula von der Leyen, an ally of Chancellor Angela Merkel, would become head of the European Commission, the EU executive, under the deal reached in Brussels, which must still be endorsed by the European Parliament.

Belgium's liberal caretaker prime minister, Charles Michel, would replace Tusk as the next chairman of EU leaders' summits and be tasked with building compromises between the often fractious 28 member states.

Spain's acting foreign minister, the socialist Josep Borrell, would be the EU's new top diplomat in Brussels, Tusk said.

These four people would help lead the EU's policies in the next five years on everything from climate to migration to trade. The fifth prominent EU role up for grabs is the president of the European Parliament. Lawmakers are due to choose that person in Strasbourg on Wednesday. REUTERS

'Honoured to be nominated'

Washington: IMF chief Christine Lagarde Tuesday announced she would step down "temporarily" from leadership of the global lender after being nominated to lead the European Central Bank.

"I am honoured to have been nominated for the Presidency of the European Central Bank. In light of this, and in consultation with the Ethics Committee of the IMF Executive Board, I have decided to temporarily relinquish my responsibilities as Managing Director of the IMF during the nomination period," she said in a statement.

This means Lagarde will step down two years before the end of her IMF term. AFP