



Bankers meet to discuss performance of PSBs

CHENNAI
The second stage of the bottom-up consultative process to review the performance of public sector banks and their alignment with national priorities to achieve a \$5 trillion economy was taken up during a meet of the State-Level Bankers Committee of Tamil Nadu on August 22 and 23. The meeting was presided over by Karnam Sekar, chairman of the committee as also MD and CEO of Indian Overseas Bank.

Ramachandhran joins Sundaram Brakes' board

CHENNAI
The managing director of TVS Srichakra Ltd., Shobhana Ramachandhran, has been appointed as director (non-executive and non-independent) in Sundaram Brake Linings Ltd. (SBL). This follows the casual vacancy caused by the demise of the SBL's chairman K. Mahesh in February 2019. Ms. Shobhana is the cousin of SBL MD Krishna Mahesh, said SBL in a filing. She is also a director of Sundaram Finance Ltd.

Lakshmi Vilas Bank board meet on Aug. 28

CHENNAI
Private lender Lakshmi Vilas Bank Ltd.'s board meeting will be held on August 28, preparatory to its annual general meeting, to seek approval from its shareholders for raising funds, said the bank in a regulatory filing. The board will seek approval for an increase in the authorised share capital and to raise funds by way of equity shares or other eligible security.

Surcharge may still apply to AIFs

FM had rolled back added tax liability on FPIs, but made no mention of Alternative Investment Funds

ASHISH RUKHAIYAR
MUMBAI

Alternative Investment Funds (AIFs), especially those falling under Category III segment, are feeling left out after Friday's announcement by the government that was aimed at, among other things, reviving foreign investors' interest in the Indian capital markets.

On Friday, Finance Minister Nirmala Sitharaman said that the surcharge that was announced in the Union Budget would not be applicable on foreign portfolio investors (FPIs) but made no mention of AIFs, many of whom are also structured as trusts and so would be subjected to the surcharge.

This assumes significance as AIF Category III entities include long/short funds or



According to SEBI data, there are 599 registered AIFs in the country as on July 31. •GETTY IMAGES/ISTOCK

hedge funds with many such funds dealing significantly in derivatives as well.

"AIF Category III has been left out from yesterday's [Friday's] announcement as it has been specifically made in the context of FPIs," said

Padmanabh Sinha, chairman, Indian Private Equity & Venture Capital Association (IVCA), an industry body of private equity and venture capital firms.

"There is no reason domestic funds should be disin-

Removal of higher surcharge on capital gains will not apply to AIFs which deal in derivatives

BHAVIN SHAH
Partner & leader, Financial Services Tax
PwC India

centivised against foreign funds.

'Clarity needed'

"There are a few, growing AIF III long/short funds that deal in derivatives and it would really be helpful if the government clarifies whether the gains of such AIF category III entities would also be free of surcharge," added Mr. Sinha.

Industry players had met policymakers post the Budget to put across their con-

cerns related to higher tax outgo. While highlighting the fact that Category III funds – since they are perceived as hot money – do not get many benefits that Category I and II funds do and hence the added tax liability would only make the business environment more difficult.

As per data from the Securities and Exchange Board of India, there were a total of 599 registered AIFs in the country as on July 31.

There were close to 9,400 registered FPIs as on July 31.

"The removal of higher surcharge on capital gains will not apply to AIFs which deal in derivative securities where the characterisation of income is business income," said Bhavin Shah, partner & leader, Financial Services Tax, PwC India

Auto sector hopeful of GST rate cut to 18%

Await FM's word post GST council meet

LALATENDU MISHRA
MUMBAI

The automotive sector is hopeful of a reduction in the Goods & Services Tax (GST) rate from 28% to 18%, which it believes, could help revive the industry and create demand.

Welcoming Finance Minister Nirmala Sitharaman's decisions in Friday's announcement, Rajan Wadheera, president, Society of Indian Automobile Manufacturers said there was a need to lower the vehicle transaction cost. "We will await the next announcement of the Finance Minister on GST reduction, post the GST Council meeting," he said.

Vikram Kasbekar, executive director, Operations

(Plants) and CTO, Hero MotoCorp, said, "We reiterate our request that two-wheelers, which are neither luxury nor 'sin' goods, require a reduction in the GST rate from 28% to 18%. This will help boost demand immediately," he said.

Ashwin Patil, senior research analyst (auto sector) at LKP Securities, said any decision on the GST rate revision would be taken on Sunday, when the Minister meets the GST Council.

He said the Finance Minister had indicated she would meet the press twice more over the coming weeks to address more issues, thus spurring hopes in the auto sector, especially on scrappage policy and GST rate cut.

Industry leaders pay rich tributes to the 'man of many reforms'

The world of business hails Arun Jaitley as an ardent advocate of economic reforms, a gifted orator and a great human being

LALATENDU MISHRA
MUMBAI

Industry leaders paid rich tributes to former Finance Minister Arun Jaitley, who passed away on Saturday following an illness.

"For me, it is a very personal loss. I have known Arunji for the last 25-30 years. Since I lived in Pune all these years, I used to meet him infrequently. However, when I entered the Rajya Sabha in 2006, we further deepened our friendship," Rahul Bajaj, chairman, Bajaj Auto Ltd., and former Member of Parliament told this correspondent.

"He had become my mentor. He was a very senior Parliamentarian and I was a novice. I learnt a great deal from him. As an anecdote, his

lunch box used to come from his home everyday to the Parliament. When both of us were together in Parliament, I used to join him for lunch. I am a vegetarian, but he was not. But his *dubba* from home always had vegetarian food," Mr. Bajaj recalled.

"I have a huge number of memories about not only his intellect, general knowledge of all kinds and tremendous common sense, but also about his being a great human being. To a common friend, he had recently said the body could take only so much. Goodbye, my dear friend. I wish his family the courage to bear this irreparable loss," he added.

Rajnish Kumar, Chairman, SBI, said in a statement, "Mr. Jaitley will be remembered



I am a vegetarian, he was not. But his *dubba* from home always had vegetarian food, Rahul Bajaj recalled. •EMMANUEL YOGINI

for the many landmark reforms like GST and IBC that he ushered in his era as FM. With his passing away, the country and the financial sector has lost a true friend and a guide."

Confederation of Indian Industry (CII) President Vik-

ram Kirloskar said: "Indian industry is deeply shocked and saddened by the untimely passing of Mr. Arun Jaitley, who is counted among the outstanding leaders in the country's history."

"I salute, and pray for the soul of a man who lived by

his convictions and committed his life to his country," Anand Mahindra, chairman, Mahindra Group, said in a post on his Twitter account

"The nation has lost a warm, dedicated, outstanding parliamentarian who will be remembered as a creator of a modern BJP, for his brilliant legal mind, for his impeccable oratory skills, for bravely steering GST and other reforms," RPG Group chairman Harsh Goenka tweeted.

Uday Kotak, chairman, Kotak Mahindra Bank, in a Twitter post, said, "[I am] very sad [on hearing] about Arun Jaitley. [He] stood for conviction and commitment. Will miss his presence and fragrance."

Gautam Adani, chairman,

Adani Group, in a tweet, called Mr. Jaitley a gifted orator, dynamic parliamentarian, champion of public policy and a man with an invaluable ability to connect with people from different sections of society.

"Mr. Arun Jaitley's vision and progressive thinking have been a catalyst in shaping New India," he added.

N. Srinivasan, vice-chairman and managing director, India Cements Ltd., said Mr. Jaitley's passing away left a void that was difficult to fill.

"He was not only a great lawyer, but also a successful Finance Minister. Through his abiding interest in cricket, he had been a stalwart of the BCCI for over two decades. A personal friend, I shall miss him," he said.

Naveen Jindal, chairman, Jindal Steel and Power Ltd., said, "India has lost a great leader in his going. He had thought of all of us in his firstline. It doesn't matter if you are in the Congress or the BJP. I think he was a *karmayogi*."

Manoj Gaur, chairman, Jaypee Group, said, "Arun Jaitley was a leader who should always be remembered and respected for his stellar contribution among a galaxy of leaders in the last 45 years... by parliamentarians for his analysis, knowledge... by Indians for his patriotism and value system. May the Almighty bless his soul with peace!"

(With inputs from Piyush Pandey in Mumbai and N. Anand in Chennai)

MSMEs seek more sops to tide over crisis

'Government must clear dues towards supplies, services in 30 days'

SPECIAL CORRESPONDENT
MUMBAI

Despite Finance Minister Nirmala Sitharaman announcing several initiatives on Friday for providing relief to the MSME sector, a section of the industry said that those measures alone would not help it come out of its problems.

"Today, the main problem of MSMEs is the financial issue. To solve this, both the central and State governments must immediately clear all dues towards supplies and services rendered by MSMEs within 30 days," said K.E. Ranganathan, past national president, All-India Manufacturers Organisation.

Other refunds such as GST and TDS must be done immediately, and not within 30 days, he said. The Centre has to keep on hold any demand for payment by MSMEs on statutory claims of the past, for the next three months as MSMEs have no money left.



Unsold inventory can cause problems of cash flow and unemployment, says past chief of AIMO, K.E. Ranganathan.

"The government also has to waive interest and penal interest on bank dues payable for the next three months."

'Change NPA norms'

"The government has to increase NPA norms for MSMEs from 3 months to six months on default period," he added. Mr. Ranganathan said the biggest challenge for MSMEs is unsold inventory, which had led to cash flow

and unemployment issues.

To address this, the government has to offer up to 25% of the stockholding by an MSME. as certified by the auditors. as adhoc facility to tide over immediate cash requirements to help clear salary dues.

This will help enable individual buying capacity, he said. The government should consider launching an e-marketing portal and increasing

its procurement to absorb inventory available with MSMEs, he added.

"The government should completely waive f GST on marketing spend. This will save them 18% tax being incurred and help them advertise and secure business to improve topline," he said.

Third, to address the problem of employment, the government should waive payment of EPF/ESI for existing staff for the next three months, he said. "The government has to provide 50% salary subsidy for employees working in a unit with less than 25 employees."

However, Garima Kapoor, economist, Elara Capital, said the measures aimed at accelerating payment of government's dues to private sector entities and ensuring timely refund of GST refunds to MSMEs would help resolve the liquidity crisis.

Amazon testing waters with Future deal

American major retains option to buy out promoters in Future Coupons later

LALATENDU MISHRA
MUMBAI

American e-commerce giant Amazon may have got an upper hand in its recent deal with Indian retail major Future Group, feel analysts.

They said Amazon was testing waters before making any large-scale, long-term financial investment in Future Retail, which owns the large format stores of Big Bazaar and other format stores.

"There is a lot of ambiguity in the deal because none of the parties has clearly spelt out details. But going by the structure of the deal, it appears that Amazon has got an edge over the promoters of Future Group," said Abhimanyu Sofat, head of research, IIFL Securities.

On Thursday, Amazon.com NV Investment Holding LLC announced plans to pick up 49% stake in Future Coupons, which is a Future Group company, controlled



by industrialist Kishore Biyani and his family, for an unspecified amount.

Unlisted Future Coupons will hold a little more than 7% in Future Retail, the listed firm, after conversion of warrants. Thus, with 49% stake in Future Coupons, Amazon will indirectly hold 3% stake in Future Retail.

As part of the agreement, Amazon has been granted a call option. "This option allows Amazon to acquire all or part of the promoters' shareholding in Future Re-

tail and is exercisable between the third and tenth years, in certain circumstances, subject to applicable law," Future Retail had told stock exchanges.

This was a form of protection Amazon was using to chart its future with Amazon Retail in India, analysts said.

They said since Amazon and the owners of Future Coupons have signed other clauses that place restrictions on Mr. Biyani selling shares to any other party, the latter has no option but to deal only with Amazon.

Mr. Biyani did not respond to a text message. Why Amazon picked up stake in Future Coupons, engaged in corporate gift cards, loyalty cards and reward cards primarily for corporate and institutional customers, instead of its actual target Future Retail, is not known.

While Future Group has not clarified on the transac-

tion, Amazon said the investment would enhance its existing portfolio of investments in the payments landscape in India.

'Big disappointment'

"It was believed that Amazon would pick up stake in Future Retail and [make] an open offer. In that sense, it is a big disappointment," said Ambareesh Baliga, independent stock analyst. "Amazon is not going to invest in Future Retail in the near future either. That is why the stock corrected," he added.

Analysts said the main trigger for Amazon buying stake in the Future Group firm was to counter the dominance of Walmart, which last year acquired Amazon's rival Flipkart for \$16 billion.

But Amazon has taken a guarded approach in the Indian market and has kept purse strings tight, they added.

SCB to issue credit cards for Bandhan customers

3 types of cards to be provided: Ghosh

SPECIAL CORRESPONDENT
KOLKATA

Bandhan Bank is planning to enter the credit card business through a tie-up with Standard Chartered Bank (SCB) India, the CEOs of the two lenders announced here at a conference.

Zarin Daruwala, SCB India CEO, said this was the first such partnership for the bank under which it would issue credit cards to Bandhan Bank's customers.

Chandra Shekhar Ghosh, Bandhan Bank MD and CEO, said three types of co-branded cards would be issued under this partnership. One would be for the mass market, one for the affluent segment and the third for the premium segment. "Standard Chartered will provide backoffice sup-



Chandra Shekhar Ghosh

port," he said.

Ms. Daruwala said there was space in the growing Indian credit card business. SCB has about 1.2 million cards in India. She said that the cards would be issued to customers who fit SCB's credit profile for which data analytics would be harnessed. Annual fees, to be initially levied, would be subsequently waived.

Plan in the works to fix power sector woes

Govt. looking at reforms, incentive, investment support as way forward: Garg

PIYUSH PANDEY
MUMBAI

The government is working on a new scheme involving reforms, incentive and investment support for the power sector, which has over ₹4 lakh crore of exposure, as the stress cannot be resolved under the Insolvency and Bankruptcy Code (IBC) process.

Union Finance Secretary Subash Chandra Garg said, "The power sector has distressed assets worth 65,000 MW to 75,000 MW and it is worth over ₹4 lakh crore.

"Banks are trying to resolve [this] in different ways. Some have gone the NCLT route, which has a certain kind of issues. If you resolve through NCLT, nothing will survive, except the plant. The power purchase agreement (PPA) goes away. The fuel supply agreement (FSA)



Subash Chandra Garg

goes away. What will the new entrepreneur get through NCLT?"

When asked about the government's plans for reviving the sector, Mr. Garg said, "We are talking about new schemes, where reforms can be brought in backed by incentive and investment support by the government. The key in power sector is that power needs to be paid for. The scheme is being dis-

cussed. Let's hope we can do it soon."

Mr. Garg advocated the involvement of asset reconstruction companies (ARCs) for resolving stress in the power sector instead of resolving under the provisions of existing bankruptcy laws.

"Through ARCs, we can bring in strong power sector players – although strong players in power have become weaker now. ARCs and the industry need to come together and bid. ECB norms have been amended to allow foreign funds to be brought in to repay debts," he said.

'Need new players'

Replying to a query from *The Hindu*, Mr. Garg said, "We need to get new industry players besides existing ones to bid for these assets. There are times when you need new industry players to

come in. Airport infrastructure was created when the new industry players came for the first time. It may be domestic or foreign. All of them [stressed power assets] need to be resolved, but how much can be resolved is the question."

'Power must be paid for'

On Ujwal Discom Assurance Yojana UDAY scheme revival, Mr. Garg said, "The issue that the UDAY was trying to solve, is to make sure that power is being paid for. Even post UDAY, some entities started delaying payment and ₹40,000 crore bills are unpaid.

"We have recently brought in a mechanism that you have to have a letter of credits (LC) before you buy power and LCs will be encashed if you fail to pay," he added.

AirAsia offers 20% off for travel in September

Offer on website, mobile app bookings

SPECIAL CORRESPONDENT
BENGALURU

Low-fare carrier AirAsia will offer 20% off on "all seats, all flights, all destinations to all" for a week between August 26 and September 1. The low fares will be applicable to all bookings made through airasia.com and the AirAsia mobile app for all destinations. The travel period for domestic routes would commence on September 2 and end on September 26, 2019, the airline said in a communiqué.

No promo code needed

Guests will not need a promo code to avail the 20% discount during this period. This offer is also applicable on AirAsia International routes, for which the travel period will commence on



September 2 and end on November 19, 2019. Commenting on the special offer, Sanjay Kumar, COO, AirAsia India, said, "The campaign is a testimony to our commitment, Now Everyone Can Fly. The discounted scheme will help flyers travel around the world on affordable rates with AirAsia."

AirAsia India currently has a fleet of 22 aircraft connecting 19 destinations.