

20 ECONOMY

COMMERCE SECRETARY MEETS WITH TRADE MINISTERS OF VARIOUS NATIONS

India flags ‘concerns’ on existing trade imbalances between RCEP members

ENSE ECONOMIC BUREAU
NEW DELHI, AUGUST 3

INDIA MAY only agree to the proposed Regional Comprehensive Economic Partnership (RCEP) pact, if partner countries like China resolve its trade deficit with India by providing more market access. “India’s concerns regarding market access and other issues leading to imbalanced trade between some of the partner countries was specifically flagged during the meetings,” a Commerce Ministry release said on Saturday. “During the meeting with ASEAN economic ministers, the Commerce Secretary highlighted the importance of services trade which supports both goods trade and investment,” it further said. While negotiations for the proposed mega trade agreement have been on in Beijing this week, Commerce Secretary Anup Wadhawan raised specific bilateral trade issues with his counterparts as well as trade ministers from other RCEP member countries on the sidelines.

These include demand for greater access in China for Indian exports of pharmaceuticals, agricultural products and resolving service-sector related issues in the IT and ITes industries that were raised with Commerce and

EXPLAINED

Govt may not ink pact unless trade deficit addressed

INDIA IS already suffering from a trade deficit with most RCEP countries and the industry here fears such a deal would not make Indian products more competitive, instead flood the Indian market with cheaper products from other member countries.

The bilateral meetings on the sidelines of the latest round of negotiations may be a sign that India is willing to dismiss the deal if other countries, especially China, do not heed its calls to right its goods and services trade imbalance with them.

Industry minister Piyush Goyal earlier this week, said an official.

In his meeting with Chinese Vice Minister of Commerce Wang Shouwen, Wadhawan emphasised the importance of an RCEP agreement “that would duly address the causes of existing trade imbalances,” the release said.

“He used this opportunity to flag bilateral market access related issues on various categories of products in which discussions are ongoing between India and China. He also emphasised the importance of easing the business visas regime of China for Indian business travelers,” it added.

Similar requests for greater market access for Indian goods and services were made to Indonesian Trade Minister Enggartiasto Lukita and South Korean Trade Minister Myung Hee Yoo. India currently has \$53.6 billion trade deficit with China, around \$10.6 billion deficit with Indonesia and \$12 billion with South Korea. The domestic industries have raised fears about Chinese products potentially flooding the Indian market if it agrees to join RCEP.

On Wednesday, representative from several large IT companies met Commerce and Industry

Minister Piyush Goyal in Delhi to discuss non-tariff barriers that prevented them from growing their business in China, including visa-related issues.

Wadhawan attended the RCEP ministerial meet in Beijing in place of Goyal, who passed on it to attend the extended Parliament session here. The Minister had last month conducted “marathon” meetings in Mumbai and New Delhi with members of all Indian industries to understand concerns and issues that he would take forward to the RCEP meet.

The Commerce Secretary also requested Thailand, with which India has around \$3 billion trade deficit, “to improve its offer in goods and services under RCEP”. He also sought Singapore’s support in operationalising the Mutual Recognition Arrangement (MRA) on nursing, signed between the two countries in June 2018. India’s deficit with Singapore is around \$4.7 billion.

Meanwhile, according to the latest joint statement following the intersessional ministerial meeting on August 2-3, in 2018, the RCEP region grew by 5.6 per cent, “slightly moderated” from 5.8 per cent the previous year.

RCEP covered 47.4 per cent of the global population, 32.2 per cent of the global economy, 29.1 per cent of global trade, and 32.5

per cent of global investment flows last year.

Over the last three rounds, the Trade Negotiating Committee (TNC) made headway in “both market access and text-based negotiations,” as per the statement.

“The ministers, in particular, welcomed the conclusion of the annexes on Telecommunication Services, Financial Services, and Professional Services, bringing a total number of seven concluded chapters and three concluded annexes, and noted that some of the remaining chapters or annexes are nearing conclusion.

“The Ministers were pleased to note that over two thirds of market access negotiations have reached mutually satisfactory outcomes, and that work on the remaining areas are being intensified through constructive engagements at all levels,” it stated.

The sixth RCEP Intersessional TNC Meeting and Related Meetings will be held in Jakarta, Indonesia later this month. The ministers will reconvene for the seventh annual RCEP Ministerial Meeting in September in Bangkok, Thailand. RCEP is a mega free trade agreement being negotiated between 10 ASEAN group nations, India, China, Japan, South Korea, Australia and New Zealand. India has until November to join the agreement

BANKING WATCH

REVENUE DEPT SLAPS FINE ON IOB

New Delhi: In a regulatory filing on Saturday, Indian Overseas Bank said that the Financial Intelligence Unit of the Revenue Department has levied a penalty of Rs 10.4 lakh on it for delay in filing certain threshold based reports. **PTI**

Sebi likely to raise minimum net worth requirement of portfolio managers to ₹5 cr

ENSE ECONOMIC BUREAU
MUMBAI, AUGUST 3

MARKETS REGULATOR Sebi has proposed to increase the minimum net worth requirement of a portfolio manager to Rs 5 crore from the current level Rs 2 crore. It also proposed to raise the minimum investment amount to Rs 50 lakh from Rs 25 lakh.

The proposals, which were released in a consultation paper on Friday by the Securities and Exchange Board of India (Sebi), are based on recommendations of the working group that has proposed changes in the Sebi (Portfolio Managers) Regulations, 1993.

While making recommendations on a range of issues pertaining to portfolio managers, the working group proposed to amend the definition of principal officer besides enhancing the minimum educational qualification requirements.

According to the recommendations, portfolio managers may be permitted to invest only in listed securities (equity, debt or commodity derivatives) and units of mutual funds, on behalf of their clients.

“Periodic reports should be furnished to clients at least once in 3 months instead of 6

‘Related party transactions being used for diversion of funds’

Kolkata: Sebi on Saturday expressed concern over related party transactions, a method “frequently” employed by corporates for diversion of funds.

The capital markets regulator also said another means of such diversion was extension of loans. “Related party transactions are being frequently used for diversion of funds by corporates. Another instance is extension of loans of companies to related parties. The list is endless. This really bothers the regulator”, Sebi’s executive director Amarjeet Singh said.

Speaking at the Financial Market Conclave organised by CII here, he said these practices should be discontinued in the interest of listed companies, promoters and related parties.

Singh said fraudulent related party transactions were being used for “siphoning of funds”.

He added that regarding corporate governance, there had been a decline of trust for which Sebi had already initiated steps.

“Serious corporate governance issues witnessed a linear rise causing a number of company failures. Corporate governance is aimed at keeping the trust of various stakeholders. Learning from the global financial crisis, this was far from satisfactory”, Singh said.

There had also been instances of non-disclosure of valuation reports, he said adding that the companies resorted to complex structures to hide risk for siphoning of funds. **PTI**

months,” Sebi said.

Regarding disclosure document, it has been proposed that information on conflicts of interest related to services offered by group companies of the portfolio manager be compulsorily captured while disclosure on commission paid to dis-

tributor may also be included.

Additionally, the working group has also made recommendations on performance reporting by portfolio managers, reporting and disclosure requirements of portfolio managers and rationalisation of fees and expenses, among others.

BRIEFLY

Aditya Birla Capital Q1 net profit up 27%

New Delhi: Aditya Birla Capital on Saturday reported a 27 per cent increase in consolidated profit after tax (PAT) at Rs 270 crore for the first quarter ended June 30, 2019. The company had reported a PAT (after minority interest) of Rs 213 crore during the April-June period of 2018-19. Revenue grew to Rs 3,962 crore during the first quarter as against Rs 3,424 in the year-ago period, Aditya Birla Capital said in a statement. The company said the profit during the period under review was largely driven by growth in NBFC, housing finance and asset management businesses.

Bandhan Bank to add 187 branches

Kolkata: Bandhan Bank would open 187 new branches by the end of the current financial year, taking the total number to 1,187, a top official said on Saturday. The private lender would also open 340 doorstep service centres by 2019-20, MD and CEO Chandra Sekhar Ghosh said. Ghosh said its board has approved 200 new branches this fiscal. **PTI**

Number of sellers on GeM crosses 2.5 lakh

Over 2.5 lakh sellers and service providers have registered on the public procurement portal – Government e-Marketplace (GeM) – so far

2,59,815

Number of sellers and service providers who have registered with the portal so far

11,12,524

Number of products available for sale at GeM portal

14,247

Number of services available for sale at GeM portal

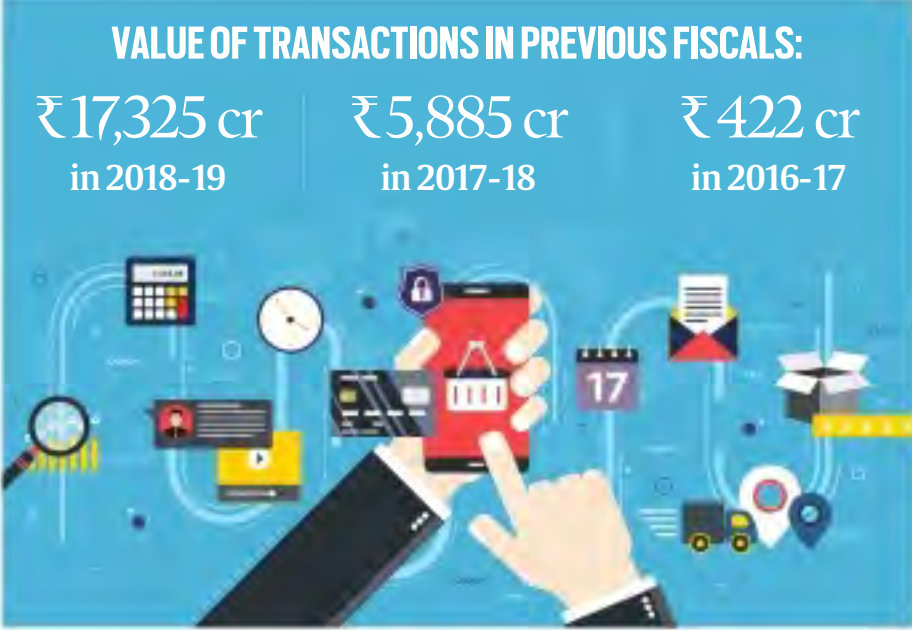
₹50,000 cr

Public procurement expected to take place through GeM during 2019-20 financial year

Started in August 2016: The portal was launched in August 2016 for online purchases of goods and services by all central government ministries and departments as well as states

Mandatory for all departments, ministries: The government has made it mandatory for all the departments and ministries to source goods and services from its e-marketplace

Aimed at transparency, streamlining: The move is aimed at bringing in more transparency and streamlining government procurement, which runs into lakhs of crores



Wide range of products: Wide ranging products from office stationery to vehicles in store with automobiles, computers and office furniture in top category

Numerous services available: Services, including transportation, logistics, waste management, web casting and analytical, among others listed on the portal

Insurance, economy, tariffs weigh on Berkshire Hathaway

JONATHAN STEMPEL
NEW YORK, AUGUST 3

BERKSHIRE HATHAWAY Inc on Saturday said its quarterly operating profit fell more than analysts expected, as weakness in insurance underwriting, a slowing economy and trade woes weighed on the conglomerate run by billionaire Warren Buffett.

Berkshire’s auto insurer Geico suffered a larger number of acci-

dent claims, while competition from foreign producers, lower imports and “trade policy” dampened cargo volumes for consumer and agricultural products at its BNSF railroad.

Earnings also barely budged at Berkshire’s manufacturing businesses, where US tariffs hurt sales of gas turbine and pipe products at its Precision Castparts unit, and its service and retailing businesses. Second-quarter operating profit declined 11 per cent

to \$6.14 billion, or roughly \$3,757 per Class A share, from \$6.89 billion, or roughly \$4,190 per Class A share, a year earlier. Analysts on average expected operating profit of \$3,851.28 per share, according to Refinitiv IBES.

Berkshire also said quarterly net income rose 17 per cent to \$14.07 billion, or \$8,608 per Class A share, from \$12.01 billion, or \$7,301 per Class A share, a year earlier, reflecting higher unrealized gains on Berkshire’s invest-

ments. A US accounting rule requires Berkshire to report such gains with earnings. That rule adds volatility to Berkshire’s net results, and Buffett says it can mislead investors.

The US economy’s annualized growth rate slowed to 2.1 per cent in the second quarter from 3.1 per cent in the first quarter, as an acceleration in consumer spending was partially offset by declining exports, manufacturing and business investment, reflecting the

trade war between the United States and China.

Buffett told CNBC in May that a US-China trade war would be “bad for the whole world,” and a full-scale trade war would be “bad for everything Berkshire owns.”

Berkshire ended June with \$122.4 billion of cash and equivalents, reflecting Buffett’s 3-1/2-year drought in finding big acquisitions since buying Precision Castparts. **REUTERS**

‘Nissan wants Renault to reduce stake to revive Renault-FCA deal talks’

REUTERS
BENGALURU, AUGUST 3

CARMAKERS NISSAN Motor Co and Renault SA are trying to reach a deal to reshape their global alliance, in hopes of reviving Renault’s merger talks with Italy’s Fiat Chrysler Automobiles NV, *The Wall Street Journal* reported on Friday, citing emails and people briefed on the talks.

Nissan wants Renault to reduce its 43.4 per cent stake in the Japanese auto company, according to emails reviewed by WSJ.

The discussions, which are at an early stage, started soon after the potential deal between Renault and FCA collapsed, the report added. Talks could extend until the end of the year.

The negotiations could lead to an initial memorandum of understanding on restructuring as early as September, the Journal re-

ported, citing emails. Nissan and FCA said they had no comment on the WSJ report. Renault was not immediately available for a comment.

FCA said in June that it had abandoned its \$35 billion merger offer for Renault, blaming French politics for scuttling the deal. The French government owns a 15 per cent stake in Renault.

Reuters had reported in June that a revival of the collapsed merger plans of FCA and Renault may hinge on the French carmaker cutting its stake in Nissan.

Q1 RESULTS

Corp Bank profit rises to ₹103 cr

New Delhi: State-run Corporation Bank on Saturday posted a 22 per cent increase in net profit to Rs 103.28 crore for the April-June quarter of 2019-20 on lower provisions for bad loans.

The bank had posted a net profit of Rs 84.96 crore in the same quarter of the previous fiscal ended March 2019. The lender had posted a net loss of Rs 6,581.49 crore in the last quarter of the preceding fiscal

year, resulting into an overall loss of Rs 6,332.98 crore for the fiscal ended March 2019.

Total income during the first quarter of 2019-20 was down at Rs 4,417.88 crore as against Rs 4,977.92 crore in the same period of 2018-19, the bank said. Its asset quality improved, as gross non-performing loans fell to 15.44 per cent of gross advances as on June 2019, as against 17.44 per cent a year ago. **PTI**

J&K Bank net dips 58% to ₹21.8 cr

New Delhi: State-run Jammu & Kashmir Bank on Saturday reported a 58 per cent fall in its net profit to Rs 21.87 crore in the first quarter of 2019-20 due to a rise in provisions for bad loans. The bank had posted a net profit of Rs 52.59 crore in the April-June quarter of the previous fiscal.

Total income during the first quarter of 2019-20 rose to Rs 2,256.25 crore from Rs 1,897.24 crore in the same pe-

riod of 2018-19, the bank said. On asset front, gross non performing assets fell to 8.48 per cent of gross advances as on June 2019, as against 9.83 per cent by June end 2018.

Net NPAs also dropped to Rs 4.36 per cent from 4.46 per cent a year ago, but the provisioning for bad loans and contingencies moved up to Rs 293.21 crore in June quarter from Rs 255.01 crore in the year-ago quarter. **PTI**

LIC Housing Finance net up 7%

New Delhi: LIC Housing Finance on Saturday posted a 7.39 per cent increase in its consolidated net profit at Rs 609.13 crore for the first quarter ended on June 30, 2019. It had reported a net profit of Rs 567.18 crore during the same period last fiscal.

Total Revenue from operations rose to Rs 4,815.57 crore for the first quarter as against

Rs 4,068.93 crore in the year-ago period, LIC Housing Finance said in a filing.

“The business environment continued to be quite challenging. However, despite that, the company’s outstanding loan book grew consistently, especially on the home loan segment,” LIC Housing Finance MD and CEO Siddhartha Mohanty said. **PTI**

CLAIMS TARIFFS HE IMPOSED ARE BRINGING ‘BILLIONS’ FROM BEIJING

Trump defends China trade policy

AGENCE FRANCE-PRESSE
WASHINGTON, AUGUST 3

US PRESIDENT Donald Trump defended Saturday his headline trade policy against China, arguing that the tariffs he imposed are bringing in “billions” from the Beijing government.

“Things are going along very well with China. They are paying us Tens of Billions of Dollars, made possible by their monetary devaluations and pumping in massive amounts of cash to keep their system going,” Trump wrote on Twitter.

Trump often argues that tariffs imposed on Chinese goods are paid by China when in fact they are covered by middlemen for US importers and in most cases end up being paid by US consumers who buy those goods.

Trump also said that other countries, fearful of being pun-



In a tweet on Saturday, Trump said that other countries, fearful of being punished with US levies like China is, are clamouring to reach trade deals with the US. *AP File Photo*

ished with US levies like China is, are clamouring to reach trade deals with the United States.

“Countries are coming to us wanting to negotiate REAL trade deals, not the one sided horror show deals made by past administrations. They don’t want to be targeted for Tariffs by the US,”

Trump tweeted without saying which countries want such accords.

On Thursday Trump announced plans to impose tariffs on another \$300 billion in Chinese goods in September. The threat jolted global stock markets. Trump’s announcement

came a day after US and Chinese trade negotiators revived talks aimed at ending the year-long dispute.

The new plan means virtually all of the \$660 billion in annual two-way trade between the world’s two biggest economies will have tariffs on it.

China on Friday threatened to retaliate. It has already imposed tariffs on \$110 billion in American goods, almost all of the products it imports from the US. “Slapping on tariffs is definitely not a constructive way to resolve economic and trade frictions, it’s not the correct way,” Chinese Foreign Minister Wang Yi said Friday.

After resuming face-to-face talks in Shanghai this week, trade negotiators are set to reconvene in Washington in early September for another round of discussions, which means they will take place just after the new tariffs take effect.

