

'Allowing manual intervention will help'

Small error can hold up refunds: FIEO

SPECIAL CORRESPONDENT
CHENNAI

Captains of industry, especially representing the manufacturing, have welcomed the measures announced by the Union Finance Minister Nirmala Sitharaman on Saturday.

However, the response from the housing sector was mixed.

Knight Frank India said though the steps were welcome, they did not sufficiently address the issue of continued slow sales and low demand in reality.

'Right direction'

"It is the third announcement by the Finance Minister in recent times to help beat the economic slowdown witnessed by several sectors. It is in the right direction and it would take some weeks for the trade to feel the impact of changes," said T.T. Srinivasaraghavan, managing director, Sundaram Finance Ltd.

According to him, the government has started acknowledging problems faced by the trade. It was a 'big positive' that the Minister was addressing it by listening to each section of the society stage-by-stage.

TVS Motor Company CMD Venu Srinivasan said the government was listening and responding to the woes of India Inc. "I welcome the speedy response of the Finance Minister to boost housing and exports. The measures announced today [Saturday] are very encouraging," he said.

The Federation of Indian Export Organisation (FIEO) said that the government had understood [the problems] and come forward with a scheme to sort out some of the major issues



Israr Ahmed

faced by exporters, especially by micro, small and medium enterprises. Israr Ahmed, regional chairman, FIEO, felt the implementation of a fully-automated refund for input tax credit would help resolve the cash crunch of exporters.

However, a window for manual intervention should be made available in all stages as today's system is very complex and even a small typing error would hold up refunds without any resolution, he noted.

City-based exporters said the announcement of FTA Utilisation Mission jointly with the department, FIEO and leading status holders would boost trade with the those nations having free trade pacts with India.

Akshaya Homes chairman and CEO Chitti Babu said that proposals of a special window to provide last mile funding for housing projects that are non-NPA and non-NCLT, would not only allow completion of construction of unfinished units, but protect the interest of homebuyers and their investments.

Uday Vummidi, vice-president, Chennai Jewellers' Association, said the Dubai-inspired annual mega shopping festival should not be restricted to four cities and it should be held in 40 cities.

'Speedy ITC e-refunds can boost exports'

Quick reimbursement to ease fund crunch, says industry; RoDTEP, a relief to labour-intensive sectors'

SPECIAL CORRESPONDENT
MUMBAI

The government has taken prompt and adequate measures to boost exports, say exporters and analysts, reacting to Finance Minister Nirmala Sitharaman's announcements for the sector.

"The provision for Remission of Duties or Taxes on Export Product (RoDTEP) and replacing the existing Rebate of State and Central Taxes and Levies (RoSCTL) scheme on export of garments and made-ups should ease the existing financial crunch," said Govind Zanwar, vice president, Vibrant Terry Towel Global Expo and Textile Development Foundation (TDF), which is planning large-scale exports of terry towels to the U.S.

"The fully automatic elec-



Labour intensive sectors such as textiles should come under priority sector lending. *S. SIVA SARAVANAN

tronic refund for Input Tax Credit (ITC) and the Interest Equalisation Scheme (IES), will also help boost exports, particularly in the textiles sector. A quick reimbursement is much needed to ease

financial scarcity," he added. He said priority sector lending (PSL) would also help, and labour intensive sectors such as textiles and leather industry should be included in it.

Taking advantage of the decision of the U.S. to hike duty on towel imports from China to 15%, Indian exporters of terry towels are eyeing higher exports to the U.S., which imports about ₹22,500 crore worth of the products every year. India currently accounts for only ₹5,200 crore of this.

Products to turn cheaper

"Now, we have a better chance as our products will now be cheaper for importers from the U.S.," Rajesh Goski, president, Textile Development Foundation, said.

Terry towel manufacturers from Solapur are hoping to increase capacity with a target to grow their revenue from ₹1,200 crore to ₹5,200 crore by 2022, of which the bulk would be from exports.

Analysts said the new measures announced by the FM sent a clear message that the government was giving top priority to reviving growth in the economy.

"The measures relating to housing and export promotion like textiles will provide a big boost to employment too since these are labour intensive industries," said V.K. Vijayakumar, chief investment strategist, Geojit Financial Services.

S. Ranganathan, head of Research at LKP Securities said, "Exporters in labour-intensive sectors should be happy with the new RoDTEP scheme from January 1, 2020 as it proposes to more than adequately incentivise exporters. Speedy ITC refunds and higher insurance cover for exporters should help."

Prashant Jhavar quits Usha Martin's board

SPECIAL CORRESPONDENT
KOLKATA

Prashant Jhavar, the non-executive director of wire-rope maker Usha Martin Ltd. (UML), has resigned from the board citing illegalities and non-compliance of provisions of law by the directors and management.

In a regulatory filing, UML said that Prashant Jhavar had tendered his resignation, on September 13, from the board with immediate effect and accordingly, ceased to be a director of UML.

In a letter to the UML Board Mr. Jhavar said that in recent times there had been 'challenges and obstructions' on improving compliances and governance.

Mr. Jhavar mentioned that the petition filed by him along with his father B.K. Jhavar before the National Company Law Tribunal, Kolkata, against the acts of mismanagement and oppression at the company was pending.

B.K. Jhavar, the 83-year old former chairman of Usha Martin Ltd., lost his board position after shareholders gave a thumbs down to a proposal on his continuation beyond March 31, 2019. He is among UML's founder-promoters.

However, another resolution moved at the EGM held in April 2019, seeking continuation of 81-year-old Brij Kumar Jhavar, the co-founder, and brother of Mr. Basant Kumar, sailed through, highlighting the ongoing feud between the two family factions. Brij Kumar Jhavar's son Rajeev is now the managing director of UML.

A glimmer of hope for stranded homebuyers

Stress fund can be enhanced to benefit more projects, should include those in NCLT, NPA, say realtors

LALATENDU MISHRA
MUMBAI

Finance Minister Nirmala Sitharaman's announcements for real estate is expected to provide the much-needed boost to the sector, and enable homebuyers get possession of their incomplete homes currently stuck in stalled projects due to want of funds.

"All that the Finance Minister announced would be a big gamechanger not only for the real estate sector, but also for the revival of the economy as a whole. Housing is one sector wherein if one rupee is spent, 42 paise comes to GDP growth directly. So, the announced measures will bring in great economic growth for the country," said M. Murali, CMD, Shriram Properties Ltd.



Stretching budget: Definition of affordable housing needs to cover the ₹1 crore price tag, says NAREDCO. *NAGARAJ GOPAL

"All are outstanding steps and make a big difference. The provision for ECB funding will help in attracting big capital which is waiting outside the country. The impact will be seen in the fourth quarter and I will not be surprised if the GDP in the

fourth quarter will grow at 8-9% as an outcome of all the measures announced by her," Mr. Murali said.

Chintan Sheth, director, Ashwin Sheth Group, said: "The announcements are some of the measures required to ensure flow of li-

quidity into the sector as it would address certain challenges being faced by the real estate sector. However, we look forward from the government on addressing concerns related to demand creation." Developers' body NAREDCO said the stress fund amount should have been enhanced to benefit more projects.

"For delayed and stalled projects, for example in the NCR, this will be a major problem, given that most of such projects are under NCLT and NPA, and will not get the benefit of this stress fund. This announcement will not solve the problem of delayed/stalled projects and affected homebuyers in locations like the NCR," said Niranjan Hiranandani, national president, NAREDCO.

He said since the last-mile funding had been envisaged for affordable and MIG homes, the definition of affordable housing needed to change from the price tag of ₹45 lakh to ₹1 crore, as the current definition made no sense for the projects in Delhi, Mumbai and Chennai.

"The creation of a special window to provide last-mile funding requirements for housing projects that are non-NPA and non-NCLT and yet are stuck due to lack of funding, is a major boost to the housing sector [affordable and mid segment] and a perfect festive treat for lakhs of homebuyers who have been anxiously waiting for their prized possessions," said Anuj Puri, chairman, Anarock Property Consultants.

SBI to seek clarity from RBI on fixed-floating home loan rate

'Floating rate linked to repo caused asset-liability mismatch'

SPECIAL CORRESPONDENT
LEH

State Bank of India will seek clarity from the Reserve Bank of India (RBI) on introduction of the fixed-floating interest rate scheme for home loans.

Speaking to reporters, SBI chairman Rajnish Kumar said the need for such a product was felt after the regulator mandated repo-linked home loan rate.

He said the banks needed to find out a way on how to offer home loans with a fixed rate for a tenure of 5-10 years and a floating rate after that.

The linking of floating rate loans with repo rate has created challenges of asset liability mismatch, he said.

The SBI chairman also said the bank was ready to become the convener of the



Rajnish Kumar

State-level bankers committee (SLBC) of Leh & Ladakh, after the region becomes a Union Territory following the proposed bifurcation of Jammu & Kashmir State. Jammu & Kashmir Bank is the current SLBC convener bank of the State.

SBI has opened its fourteenth branch in Ladakh region, at Diskit village in the

Nubra valley, which is over 100 km from Leh and has a population of 1,760 as per the 2011 census.

"The emphasis will be on the personal loan segment, such as education and housing loans," Mr. Kumar said.

"There is a good scope for MSME loans also. However, the scope for agriculture and industry is limited," he said. "When there is development, demand for funds will come. We can meet that demand," Mr. Kumar said.

On the issue of mergers among public sector banks, Mr. Kumar said they would become stronger because of consolidation. It would be difficult for small banks to sustain themselves due to capital requirement, particularly in the area of technology.

Aadhaar authentication must from Jan. 2020: GSTN

Move to ward off ghost traders; physical verification, an alternative exercise, will be done in 3 days

SPECIAL CORRESPONDENT
BENGALURU

To keep ghost traders at bay, Aadhaar authentication or physical verification will be made mandatory for new traders coming under the Goods and Services Tax regime from January 2020, according to the GST Network.

Sushil Kumar Modi, who heads the Group of Ministers of the GST Network said: Aadhaar authentication of new dealers, which is optional as of now, will be made mandatory. In the last two years, we have noticed that there have been a good number of fly-by-night operators who made fake invoices."

Under the new rule, those who do not prefer Aadhaar authentication, can go for physical verification, which will be carried out in three days. Currently, Aadhaar authentication is optional

and no physical verification is required.

Simplified returns

Speaking to mediapersons, Mr. Modi said the GST Council, due to low filing of annual returns, was contemplating a more simplified, new returns system.

"We are trying to make the returns system more simple compared to the earlier one, which was a bit complicated. All types of taxpayers will get a new system under three formats: Sahaj, Sugam and Normal. They will be rolled out in one go in January 2020," he said.

The GSTN has decided to make tax refunds entirely online from September 24 this year and it would be done from a single source, either by the Central GST or State GST.

"Refunding has been a big issue since the launch of



Sushil Kumar Modi

GST, 30 months ago. We hope making it online will bring more transparency and convenience for traders and exporters," he added.

According to Mr. Modi, most of the GST processes are now being done manually and this time-consuming exercise has led to transparency issues.

"Exporters and traders have been complaining about various refund related issues. I am happy to an-

nounce that from September 24, refunds processes are going to be completely online. Whatever type of refund it is, whether export refund or I-T refund, or any other kind of refund all will be online and will be from a single authority. The dealer will get payment from Public Finance Management System," he said. Till date, ₹93,416 crore were refunded to the exporters, of which 74% of claims were either sanctioned or rejected. For the remaining 26% of refunds, traders are still running from pillar to post.

"So going online will be a big relief, especially for exporters. I congratulate Infosys for readying this platform for September launch," he added. Cautioning the traders' community further, Mr. Modi said from November, unless returns were filed, e-way bills cannot be

generated and alerts would be sent to non-filers after which they would not be able to generate the e-way bills.

"We have noticed that 27.22 lakh dealers have not filed their returns of June and July and their e-way bill can be blocked. Among them, about 5.2 lakh dealers are still using e-way bills," he stated.

"We are giving them a chance and I will give an example of Karnataka, where 1.75 lakh are bound to be blocked. Among them 35,033 dealers were found using the e-way bills every month actively. So, alerts have been sent to these 35,033 dealers," Mr. Modi added. The GST network currently has some 1.23 crore traders.

The next GSTN meeting will be held on September 20 in Goa.

PNB merger to be effective from April 1

PRESS TRUST OF INDIA
KOLKATA

The amalgamated entity of United Bank of India (UBI), Punjab National Bank (PNB) and Oriental Bank of Commerce (OBC) will come into effect from April 1, 2020, a top official said on Saturday.

The merged unit, likely to have a new name, will be the second largest bank in the country after State Bank of India (SBI) with a total business volume of ₹18 lakh crore.

"The amalgamation process will take some time and the new entity will start functioning from April 1, 2020," MD and CEO of UBI, Ashok Kumar Pradhan, said. Mr. Pradhan said the combined staff strength post the amalgamation will be 1 lakh with 11,400 branches.

With auto sector in slow lane, tyre makers begin to feel pinch

Industry is pinning hopes on steps by government on scrappage policy for vehicles and GST rate cut to spur tyre demand

YUTHIKA BHARGAVA
NEW DELHI

While the replacement cycle till now has helped the tyre industry to mitigate the impact of the severe demand slowdown in the automobile sector, the segment - which accounts for about 50% of the tyre market - has started to fill the pinch.

While the sector is somewhat hopeful of an uptick in demand due to the festive season and expectations of pre-buying due to the shift to BS-VI norms, their hopes are largely pinned on measures such as scrappage policy and a reduction in GST rates to spur demand.

"The tyre sector being directly linked to the auto sector has been impacted by the slowdown as well. Although the replacement demand had somewhat cushioned the impact initially, particu-

larly for commercial vehicles, in recent months it is also showing worrisome signs," Rajiv Budhiraja, director-general at Automotive Tyre Manufacturers Association (ATMA) told *The Hindu*.

He added that if the current situation continues, tyre demand would soon be in the negative territory across all the key segments.

In a recent report, rating agency ICRA forecast a revenue growth of 3-4% for the tyre industry due to subdued vehicle production, weak consumer sentiment amid slowing economic activity, rising cost of vehicle ownership and softened rural demand. This is in contrast to a growth of 12% in FY18 and 14% in FY2019.

Replacement market

The replacement market accounts for over 50% of the



Fall in tyre production in Q1 of 2019 has forced firms to defer capex and cut down temporary jobs, says Rajiv Budhiraja.

tyre supplies on an average. For trucks and buses, it is as high as 70%. "The replacement segment, which represents over 55% of industry volumes, is likely to grow by 5-6% in FY2020 as against 5.7% in the previous year, while demand growth in the original equipment (OE) segment is pegged at lower le-

vels of 2-3% as against 7.8% in the previous year, affected by subdued vehicle production in FY20," as per ICRA.

Mr. Budhiraja added that the total tyre production in the first quarter of the current fiscal (April-June 2019) declined by 4% year-on-year. This has forced tyre makers to defer capital expenditure,

and cut down production and temporary jobs, while pushing exports to help lessen the impact of the slowdown in the domestic market.

Output rationalisation

Apollo Tyres spokesperson said: "Our production is tuned to the market demand and as such this has called for rationalisation from time to time. In the current scenario as well, there is a need to rationalise the production, including rationalising of the contractual manpower."

The spokesperson added that for Apollo Tyres, the demand from the replacement market was still strong and expressed hope that with good monsoons, along with the recent stimulus package by the government and the upcoming festivals will see a turnaround in demand from

the original equipment manufacturers.

Similarly, JK Tyre too has delayed its capital expenditure plans, while also rationalising production in what CMD Raghupati Singhania had at the company's AGM described as "extremely concerning and if anything, grim" economic environment.

Liquidity issue

Rajiv Prasad, president of India operations at JK Tyre, said the company was working on pushing replacement sales and tapping opportunities in the export markets. "... in the short-term, the industry needs to cope with this change in demand... cash is also tight in the marketplace so, that is putting a constraint which is reflecting a bit on the replacement side as well."

He, however, added that the replacement market is still seeing growth. He remained optimistic about the long-term prospects of the industry. "... till the time people and goods keep moving, tyres would be required... there is no impact from a long-term perspective."

Stating that the company is trying to keep volumes up in the remaining three quarters of the fiscal, Mr. Prasad said the industry faced another stumbling block in the form of transition to BS-VI. "...nobody can really make a comment on it very strongly... how the whole auto industry is going to play out. This is something that you have to watch," he said.

Mr. Budhiraja added that festive buying and the pre-buying on account of BS-VI were unlikely to be strong demand triggers.