ECONOMY

GOLD ₹39,020 | RUPEE ₹71.01 | OIL $63.82 | SILVER ₹48,720

*Indian basket as on September 20, 2019

SENSEX: 39,097.14 ▲ 7.11 NIFTY: 11,588.20 ▼ 12.00 NIKKEI: 22,098.84 ▲ 19.75 HANG SENG: 26,281.00 ▲ 58.60 FTSE: 7,308.87 ▼ 17.21 DAX: 12,345.26 ▲ 2.93

*International market data till 1900 IST

SECTOR WATCH AVIATION

Align conditions for the return of Boeing 737 MAX: IATA to regulators

US FAA says individual nations will decide when the plane can fly again

PRANAV MUKUL
NEW DELHI, SEPTEMBER 24

AT A time when aviation regulators across the world have indicated that they would be running assessments of the Boeing 737 MAX independent of the US Federal Aviation Administration (FAA), the International Air Transport Association (IATA) has called for an alignment among regulators for re-entry of the grounded aircraft.

"The real point is to restore mutual trust among regulators and a complete alignment to ensure that the single certification system works properly as it has for the past 70-80 years. That is the key priority," said Alexandre de Juniac, director general and CEO of IATA – a trade body representing 290 airlines across the world.

Regulators including the European Aviation Safety Agency (EASA), UAE's General Civil Aviation Authority and even India's Directorate General of Civil Aviation (DGCA) have indicated conducting their own validation tests before clearing the aircraft — which saw two fatal crashes within five months, killing 346 people on board.

"You lose the effectiveness of the single system of certification which is based on one authority responsible for certification and mutual recognition in the other part of the world, which is the key element. It will make everything complex and create a mistrust in the old system, which I think is a big problem. That is the reason we are urging regulators to align their conditions and schedules," de Juniac told reporters during a conference call on Tuesday.

Earlier this month, *The Indian Express* reported about DGCA's plans for conducting independent tests on Boeing's 737 MAX, which counts Indian budget carrier SpiceJet as one of its customers.

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ALEXANDRE DE JUNIAC
DIRECTOR GENERAL-CEO, IATA

A DGCA official had said that while it was still early days to spell out India's plan of action, a validation of the plane will be conducted to ensure all safety parameters are met. India had grounded the aircraft model in March "until appropriate modifications and safety measures are undertaken to ensure their safe operations".

On Monday, the US FAA had pointed out that it still has no timeframe to lift the grounding of the aircraft, and that individual countries will decide when the plane can fly again.

"Our first priority is safety, and we have set no timeframe for when the work will be completed. Each government will make its own decision to return the aircraft to service, based on a thorough safety assessment," the US FAA said in a statement.

The FAA's comments followed a meeting held by the US aviation watchdog with international regulators in Montreal, and indicate a deadlock between various regulators on the decision to allow the aircraft's re-entry into service.

FINMIN SLASHED CORPORATE TAX RATE LAST FRIDAY

Das on tax rates: Competitive, compared to emerging markets

ENS ECONOMIC BUREAU
NEW DELHI, SEPTEMBER 24

RESERVE BANK of India (RBI) Governor Shaktikanta Das on Tuesday said the reduction in corporate tax rates announced by the government is a "very bold measure" which makes Indian companies competitive from taxation standpoint. In its biggest booster dose to a slowing economy, the Centre on Friday announced a cut in corporate taxes for domestic companies to 22 per cent and for new domestic manufacturing companies to 15 per cent, hoping it will kickstart stalled private investment and fuel growth.

"It is a very bold measure, and it is a highly positive step. India's corporate tax now becomes very competitive compared to other emerging market economies in ASEAN and other parts of Asia. So far as international investors are concerned, so far as FDI is concerned, I think India stands definitely in a very competitive position, and would be able to attract higher investments," Das said, as per a *PTI* report. "Domestic investors will now have more cash, enabling them to undertake more capital expenditure. They can invest more and some of them can deleverage their liabilities which will add strength to their balance sheets," Das said after meeting Finance Minister Nirmala Sitharaman in a customary meeting ahead of the monetary policy review early next month.

Apart from reduction in corporate tax rates, the government announced other measures such as relief on the Minimum Alternate Tax (MAT) payout, the surcharge on capital gains on sale of equity shares and on the tax incidence on share buy-backs, estimated to cost the exchequer Rs 1.45 lakh crore annually. The reduction in corporate tax, effectively, brings India's 'headline' corporate tax rate broadly at par with the average of 23 per cent rate in Asian countries.

The new effective tax rate, inclusive of surcharge and cess, for domestic companies would be 25.17 per cent and for new domestic manufacturing companies would be 17.01 per cent.

These rates would be applicable to companies that forgo the current exemptions and incentives. Also, MAT will not apply to such companies. For firms that choose to continue with pre-amended tax rates, companies will see their MAT incidence come down to 15 per cent from 18.5 per cent currently.

"There is a long tradition that the governor meets the Finance Minister and discusses about the overall macro economic position. So today's meeting was basically that," Das said. The three-day monetary policy committee meeting will begin on October 1 amid expectations of rate cut to be announced on October 4 in a bid to revive the sagging economy.

After slashing key policy rate -- repo rate -- four times in a row (110 basis points) this year to revive growth and investments, the RBI Governor had last Thursday indicated there could be more reduction in the policy rate in the near future, in the wake of low inflation and the deepening slowdown in the economy. "When we see that the price stability is maintained and inflation is much below the four per cent mandate and is expected to be so in the next 12 months horizon, there's a room for more rate cuts especially when growth has slowed down," Das had said at the India Economic Summit of *Bloomberg*.

While low inflation has created space for more rate cuts, some analysts argue that tax cuts announced by the government could lead to spurt in fiscal deficit, pushing the government to borrow more from the markets.

Higher market borrowings typically affect interest rate transmission and lower chances of interest rate cuts by the RBI.

EXPLAINED E. RBI lowering rates could complement tax cuts by Centre

AFTER MEETING Finance Minister Nirmala Sitharaman ahead of the monetary policy review meeting in October, RBI Governor Shaktikanta Das's endorsement that corporate tax cuts are bold and positive moods possibly indicate that the central bank is comfortable with fiscal implications of such a move. The extent of fiscal deficit is an important variable that the RBI monitors in deciding its stance on interest rates.

The government has maintained that the deficit target will not be breached despite tax cuts. It may well be followed by rate cuts by RBI.

Nine states report decline in agriculture credit outstandings

GEORGE MATHEW
MUMBAI, SEPTEMBER 24

AS MANY as nine states have reported a decline in banks' credit outstanding to agriculture and allied activities during the financial year ended March 2019, despite a rise in the overall credit offtake to the sector across the country.

Though the overall agri credit outstanding rose from Rs 13.69 lakh crore in March 2018 to Rs 15.29 lakh crore in March 2019, it was largely boosted by a huge rise in credit flow of over Rs 97,278 crore to Maharashtra which topped the list, according to figures provided by the Reserve Bank of India (RBI) under the Right to Information (RTI) Act.

According to the RBI figures, the agri credit outstanding of Uttar Pradesh — the largest populated state — declined to Rs 91,628 crore in the year-ended March 2019 from Rs 97,707 crore in the previous year. Karnataka's agri credit portfolio slumped to Rs 78,517 crore as of March 2019 from Rs 90,195 crore in the previous year. Punjab's agri credit outstanding fell to Rs 66,766 crore from Rs 72,020 crore in the previous year. Other states that recorded a decline in agri credit outstandings are Goa, Jharkhand, Mizoram, Nagaland, Sikkim, and Telangana, as well as the Union Territory of Chandigarh.

Maharashtra's farm credit portfolio jumped to Rs 426,649 crore from Rs 329,371 crore in the previous fiscal. Uttarakhand also showed a big jump in farm outstandings to Rs 23,703 crore from Rs 9,476 crore a year ago.

The RBI said that State Bank of India's (SBI) farm credit portfolio was the largest with outstandings of Rs 314,433 crore as of March 2019, followed by Punjab National Bank (Rs 81,500 crore) and Canara Bank (Rs 71,169 crore).

According to bankers, Madhya Pradesh, Rajasthan and Chhattisgarh proposed farm loan waivers last year, which could lead to disruption in repayment cycle. As much as Rs 1.73 lakh crore of farm loans are outstanding in Madhya Pradesh, Rajasthan and Chhattisgarh, as per the RBI data. Maharashtra, Uttar Pradesh and Punjab announced waivers in 2017, while Karnataka announced a waiver in 2018.

The RBI's Internal Working Group (IWG) to review agricultural credit, headed by Deputy Governor MK Jain, has raised several concerns on the farm front as lakhs of small and marginal farmers are yet to be covered by the banking system. Despite so many initiatives and schemes aimed at financial inclusion, only 40.90 per cent of small and marginal farmers could be covered by the scheduled commercial banks (SCBs), the panel said in its report.

It has proposed a host of steps, including replacing the interest subvention scheme with Direct Benefit Transfer (DBT) and crop loans only through kisan credit card (KCC) mode to boost and improve the reach of institutional credit even, as it asked the Central and state governments to avoid loan waivers.

According to the RBI's Annual Report, credit growth to agriculture accelerated to 7.9 per cent in March 2019 from 3.8 per cent a year ago, driven by foodgrains and horticulture production.

The Centre has been fixing the target for agricultural credit every year. During 2018-19, the Government of India set the target of Rs 11,00,000 crore for agricultural credit. As on March 31, 2019, commercial banks achieved 119.9 per cent of their target whereas cooperative banks and regional rural banks (RRBs) achieved 93.26 per cent and 105.78 per cent, respectively.

The KCC has emerged as an innovative credit delivery mechanism to provide adequate and timely bank credit to farmers under a single window for their cultivation and other needs, including consumption, investment and insurance. The KCC has now been extended to farmers involved in animal husbandry and fishery to enable them to meet their working capital requirements.

OUTSTANDING AT ₹91,628 CR IN UP

- **According to the RBI figures, the agri credit outstanding of Uttar Pradesh fell to Rs 91,628 crore in the year-ended March 2019 from Rs 97,707 crore in the previous year**
- **RBI said that SBI's farm credit portfolio was the largest with outstandings of Rs 314,433 crore as of March 2019**

YOUR RIGHT TO KNOW
AN EXPRESS RTI APPLICATION

'Retailers eye small towns as weak sales, e-comm weigh'

Rising rentals in shopping malls and stiff price competition from e-commerce players have made it difficult for retailers, pushing them to expand in smaller towns and adopt omni-channel strategy to run healthy businesses, JLL said in its report 'Urbanisation, Aspiration, Innovation - The New Paradigm of India Retail'

MAJOR CHALLENGES FACED BY RETAILERS:
- Under-performing, less efficient stores
- Huge inventory pile-up of merchandise in stores
- Stiff price competition from dominant e-commerce players
- Poor inventory management

TARGETING TIER II AND TIER III MARKETS:
To deal with the challenges, retailers are shifting to tier II and III markets, where the brand presence is minimal

30-40%
lower realty costs: Real estate costs in tier II and tier III markets are 30-40 per cent lower than those in metros and tier I markets

MEASURES USED BY RETAILERS TO IMPROVE BUSINESS:
- Optimising store sizes
- Creating multiple touch-points for consumers
- Adopting omni-channel approach
- Choosing better performing Grade A/prominent malls

LEASE RENEWALS STEEP IN HIGH-OCCUPANCY MALLS:
Leasing transactions are being renewed at steep premiums in malls where occupancy is around 90 per cent, with many marquee malls seeing a three-fold jump in rentals

2X RISE IN LEASE RENEWALS BY PREMIUM BRANDS:
Premium brands are renewing their leases at almost twice the earlier rents, according to the report, which has resulted in the tenure of mall leases being shortened, and thus, many brands are finding it difficult to survive under the burden

FY19: LabourMin notifies 8.65% interest rate on EPF

PRESS TRUST OF INDIA
NEW DELHI, SEPTEMBER 24

THE LABOUR Ministry has notified 8.65 per cent interest rate on employees provident fund for the financial year 2018-19, which will now be credited to the accounts of more than six crore subscribers of retirement fund body EPFO, Union Labour Minister Santosh Gangwar said Tuesday.

The Employees' Provident Fund Organisation (EPFO) has been settling EPF withdrawal claims at 8.55 per cent interest rate, approved for 2017-18.

Now, the organisation will settle accounts at a higher rate of 8.65 per cent for 2018-19.

"It gives me immense pleasure that for fiscal 2018-19, Labour Ministry has notified 8.65 per cent rate of interest on employees' provident fund (EPF). This rate of interest is 10 basis points higher than 8.55 per cent provided in 2017-18," Gangwar said in a statement issued here.

CDSCO flags ranitidine over possible presence of carcinogenic impurity

PRABHA RAGHAVAN
NEW DELHI, SEPTEMBER 24

OVER A week after the US food and drug regulator raised concerns over popular heartburn drug 'ranitidine' being contaminated with cancer-causing substances, India's top drug regulatory body has begun looking into the issue in India.

The Central Drugs Standard Control Organisation (CDSCO) Monday wrote to state regulators asking them to "communicate to the manufacturers of ranitidine API (active pharmaceutical ingredient) and formulations under your jurisdiction to verify their products and take appropriate measures to ensure patient safety."

In its letter, a copy of which *The Indian Express* reviewed, the regulator has also asked states to inform it of any action taken in this matter "at the earliest".

"It has been reported from other countries that some ranitidine medicines contain a nitrosamine impurity called N-nitrosodimethylamine (NDMA) at low levels," stated Drugs Controller General of India (DCGI) VG Somani in the letter.

The letter, however, does not call for any halting of supplies, which means the products — known popularly through brand names like 'Aciloc', 'Zinetac', 'Rantac', 'R-Loc' and 'Ranitin' — will continue to be marketed in the country.

On September 13, the US Food and Drug Administration (US FDA) said in a release it had learned that some ranitidine medicines, including those commonly known under the brand name Zantac, contained "low levels" of NDMA. It added it was evaluating whether these levels of the substance posed a risk to patients.

"Although NDMA may cause harm in large amounts, the levels the FDA is finding in ranitidine from preliminary tests barely exceed amounts you might expect to find in common foods," the US watchdog added.

While the US FDA too has not called for individuals to stop taking ranitidine at this time, some Indian drug makers have decided to halt supplies of their ranitidine products until investigations are concluded.

Dr Reddy's Laboratories on Sunday told *PTI* that it was suspending supply of its ranitidine "worldwide" as a precaution.

NDMA, an environmental contaminant found in water and foods, is the same impurity that the US FDA had investigated in blood pressure drugs valsartan and losartan over the last year.

However, in that case, recalls of batches of these drugs were called due to the levels of the contaminants being at 'unacceptable' levels. In India, ranitidine is an over Rs 680 crore market, according to pharmaceutical market research firm AIOCD PharmaTrac.

A letter by DCGI does not call for any halting of supplies, which means the products — known popularly through brand names like 'Aciloc', 'Zinetac', 'Rantac', 'R-Loc' and 'Ranitin' — will continue to be marketed in the country

CASE AROSE IN 2016 AFTER CNIL FINED GOOGLE 100,000 EUROS FOR REFUSING TO DE-LIST SENSITIVE DATA

Google wins landmark case limiting 'right to be forgotten' to Europe

FOO YUN CHEE
LUXEMBOURG, SEPTEMBER 24

GOOGLE DOES not have to apply Europe's "right to be forgotten" law globally, the continent's top court ruled on Tuesday in a landmark case that pitted privacy rights against freedom of speech.

The victory for the U.S. tech titan means that, while it must remove links to sensitive personal data from its internet search results in Europe when required, it does not have to scrap them from searches elsewhere in the world.

The case has been viewed as a landmark test, in an age of an internet that knows no borders, of whether people can demand a blanket removal of information about themselves from searches without stifling free speech and legitimate public interest.

It has also been seen by policymakers and companies around the world as a test of whether the European Union can extend its laws beyond its own borders.

"Currently, there is no obligation under EU law, for a search engine operator who grants a request for de-referencing made by a data subject ... to carry out such a de-referencing on all the versions of its search engine," the Court of Justice of the European Union said in its ruling. Google welcomed the decision, saying: "It's good to see that the court agreed with our arguments."

The popular internet search engine has previously warned of the dangers of overreach by Europe. In a blog post two years ago, it said there should be a balance between sensitive personal data and the public interest and no country should be able to impose rules on citizens of another.

The right to be forgotten was enshrined by the same European court in 2014 when it ruled that people could ask search engines like Google to remove inadequate or irrelevant information from web results appearing under searches for their names.

Google, a unit of Alphabet Inc, has since received 845,501 requests to remove links, and removed 45 percent of the 3.3 million links it was asked to scrap.

UK rights group Article 19, which campaigns for freedom of speech and information, applauded Tuesday's judgment, which also said Google had some leeway in deciding whether to scrap links because of the balance between privacy rights and public interest. "Courts or data regulators in the UK, France or Germany should not be able to determine the search results that internet users in America, India or Argentina get to see," it said.

"The court is right to state that the balance between privacy and free speech should be taken into account when deciding if websites should be delisted - and also to recognise that this balance may vary around the world."

But Patrick Van Eecke, global chair - data protection practice at law firm DLA Piper, said it would limit the impact of a successful right to be forgotten application as it will be ring-fenced to searches performed within the European Union.

"This might obviously be frustrating for people who will see that people from outside Europe will still be able to find the de-listed search results when performing the same search on Google in New York, Shanghai or any other place in the world," he added. **REUTERS**

RIGHT TO BE FORGOTTEN ENSHRINED IN 2014

- **The right to be forgotten was enshrined in 2014 when a court ruled that people could ask search engines to remove inadequate or irrelevant information from web results appearing under searches for their names**
- **The win for Google means that, while it must remove links to sensitive personal data from its internet search results in Europe when required, it does not have to scrap them from searches elsewhere in the world**

Facebook acquires startup CTRL Labs working on mind-control of machines

AGENCE FRANCE-PRESSE
SAN FRANCISCO, SEPTEMBER 24

FACEBOOK ON Monday said it had made a deal to buy a startup working on ways to command computers or other devices using thought instead of taps, swipes, or keystrokes.

CTRL-labs will become part of Facebook Reality Labs with an aim at perfecting the technology and getting it into consumer products, according to Andrew Bosworth, vice president of augmented and virtual reality at the California-based social network.

"We know there are more natural, intuitive ways to interact with devices and technology," Bosworth said in a post at Facebook announcing the acquisition.

"And we want to build them. The vision for this work is a wristband that lets people control their devices as a natural extension of movement."

Bosworth explained that the wristband will decode electrical impulses such as those sent to hand muscles telling them to move certain ways, such as clicking a computer mouse or pressing a button.

The wristband will translate impulses into signals a device can comprehend, having thoughts rather than mouse clicks or button presses prompt actions on computers, according to Facebook.