

17 ECONOMY

GOLD	RUPEE	OIL	SILVER
₹39,271	₹71.84	\$57.92	₹50,110

Indian basket as on September 4, 2019

SENSEX: 36,644.42 ▼ 80.32 NIFTY: 10,847.90 ▲ 3.25 NIKKEI: 21,085.94 ▲ 436.80 HANG SENG: 26,515.53 ▼ 7.70 FTSE: 7,261.31 ▼ 49.95 DAX: 12,125.72 ▲ 100.68

International market data till 1900 IST

POLICY WATCH FOCUS: SECTORAL ISSUES

Post FM's countrywide discussions with corporates & taxmen, fresh measures likely

SUNNY VERMA
NEW DELHI, SEPTEMBER 5

FINANCE MINISTER Nirmala Sitharaman will on Friday meet tax officers as well as traders and professionals in Kolkata, the seventh round of such meetings in different cities, amid indications that the next set of measures to boost growth will take into policy suggestions received during these meetings. The government will hold more such deliberations in different cities to understand sectoral issues faced by various sectors, a senior Finance Ministry official said.

In these multi city tour — Ahmedabad, Varanasi, Mysuru, Pune, Guwahati, Chennai and Kolkata — an overriding message being conveyed by the Centre is that the government is a "facilitator for wealth creators" and it is keen to promote entrepreneurship. A day after Prime Minister Narendra Modi's Independence Day speech, Sitharaman kicked started her tour from Ahmedabad, which was followed by Modi's constituency, Varanasi, on August 20. Revenue Secretary Ajay Bhushan Pandey and other senior tax officials have also accompanied the Finance Minister on the tours, which also covered Mysuru on August 22, Pune on August 27 and more recently Chennai on August 29.

Top brass of the Finance Ministry met local industry chambers, traders and business leaders during these meetings. The government has also tried to convey the message that the tax administration is being made business friendly so that there is no harassment of genuine taxpayers, while evaders will be looked into. "During her meetings with the tax officials across these cities, the finance minister argued that the tax targets outlined in the Budget were achievable," the official said. In Chennai and Pune, Sitharaman also met business heads from automobile and ancillary sectors to understand the sectoral issues. With sales of automobile products across segments in the slow lane for the past straight 10 months now, almost all manufacturers of passenger vehicles and two-wheelers have been re-

'FinMin to meet heads of CPSEs'

New Delhi: The Finance Ministry will hold meeting with heads of central public sector enterprises (CPSEs) on Friday to impress upon them the need to expedite capital expenditure. According to official sources, the Finance Ministry will review the progress made by various CPSEs with regard to their capital expenditure envisaged for the current fiscal. **PTI**

sorting to production cuts in the past 6-7 months to clear unsold inventory. The Centre is now expected to take the proposal of reduction in tax rates on cars to the GST Council, which is meeting in Goa later this month.

One of the key demands during these interactions were that credit should be available at low cost and banks should pass on the rate cuts. These meetings come in the backdrop of economic growth falling to a six-year low and other lead indicators (such as car/tractor sales, FMCG volume growth) presenting a pessimistic picture. Weak manufacturing and consumption numbers dragged the country's GDP growth to a 25-quarter low of 5 per cent in the first quarter (April-June) of the current fiscal, data released by National Statistical Office last Friday showed. The GDP growth rate has now slowed for the fifth consecutive quarter with previous low recorded at 4.3 per cent in March 2013.

Prior to these meetings, the Finance Ministry met several leaders from sectors including financial services, capital markets, Non Banking Financial Companies, infrastructure and real estate among others. Subsequently, the government announced measures to address sectoral issues such as removing tax surcharge on institutional equity investors, measures to promote car sales, upfront capital infusion in state-owned banks to boost growth among others.

AUTO SECTOR SLOWDOWN

Will push FinMin for tax relief on vehicles and fuel: Gadkari

ENSECONOMIC BUREAU
NEW DELHI, SEPTEMBER 5

IN A bid to reassure the troubled automobile industry that is witnessing an unprecedented slowdown in sales over the last one year and is now staring at big job losses, Minister of Road Transport and Highways Nitin Gadkari on Thursday said that the government will extend all possible support to the industry. Among a series of proposals, he said that he will take up the demand of GST reduction with the Finance Minister and also take up a recommendation to lower taxes on fuel in order to help the industry.

Speaking at the annual convention of SIAM, Gadkari said that even if GST is reduced for some time, it will help the industry. "I will follow it up with the Finance Minister. The sector needs help right now to increase vehicle sales". With the impending price increase of vehicles and the up-coming of BS VI norms deadline, "it is your (industry's) demand that there should be reduction in tax of petrol and diesel vehicles... I will take your message to the Finance Minister," said Gadkari.

As all segments of the automobile sector including the commercial vehicle sales are under stress with major truck manufacturers announcing over 50 per cent decline in sales in August 2019, the minister said that in a bid to generate demand for commercial vehicles, "we will try to bring 68 big projects including express highway projects amounting to

M&M defers ₹1K-cr capex plan

New Delhi: Mahindra & Mahindra has deferred its planned capex of around Rs 1,000 crore by a year, which, if not reversed within this fiscal, would lead to more job losses in the sector, the company's MD Pawan Goenka said on Thursday. The company also said that if sales do not pick up

in the festive season, it may have to undertake the exercise again in October. "At M&M, we probably will end up deferring about 10 per cent capex for auto and tractor (together)... it would come to around Rs 800-Rs 1,000 crore," Goenka said on sideline of SIAM convention. **PTI**

around Rs 5 lakh crore over the next 3-4 months". Stating that the government has no plan to ban petrol or diesel vehicles and is working on bringing a scrappage policy, he said that he would also propose the government to extend the benefit of lower GST for hybrid vehicles too, as has been done for electric vehicles.

"We have reduced GST in electric vehicles. Now I am trying that GST on hybrid vehicles is also reduced. I am following up regarding this with the Finance Minister," he said. "There have been talks that government is planning to ban petrol and diesel vehicles. I want to make it clear that the government has no such plan. We are not going to do anything like that," the minister said. In 2017, Gadkari had said that the auto industry would be "bulldozed" if they didn't push for electric vehicles.

Speaking at the event Uday Kotak, vice chairman and MD of Kotak Mahindra Bank, said that the auto industry needs to be ready for structural changes.

While the banking sector is ready to finance any type of vehicle, the dependency on individual credit score is impacting the demand.

Speaking at the event, automobile manufacturers raised their concerns over the sharp decline in sales that have continued over successive months for over a year now. While Maruti Suzuki MD and CEO, Kenichi Ayukawa, welcomed that the government is working to introduce measures to improve the situation he said, "All key stakeholders — OEMs, suppliers, dealers, banks, etc., have to collaborate with confidence. We have to work together to come out of the slowdown."

Martin Peter Schwenk, MD & CEO of Mercedes Benz India said that the auto industry is undergoing major disruption and these changing trends will shift markets and revenue pools. India is in dire need of regulatory stability, along with policies that are tech agnostic, he said. Gadkari also told reporters that steep penalties under the amended Motor Vehicles Act

EXPLAINED Over to North Block now

WHILE MINISTER of Road Transport and Highways Nitin Gadkari seemed to offer solutions on the existing crisis faced by the automobile industry, it remains to be seen whether the Finance Ministry, that faces a stiff revenue target for the current financial year, is willing to provide tax benefits and a cut in petrol and diesel cost to drive demand for automobiles.

are not meant to collect fines but to ensure that people do not violate the law. "There is a misconception among people. If they abide by the laws, there will be no fine imposed. The law has not been imposed to collect fines. It has been brought into force so that people take traffic rules seriously and do not violate them," said Gadkari. He added that awareness related to obeying traffic regulations has increased following the implementation of the new law. He further said that once people start obeying the laws, there will be no need to impose fines.

NCLT okays JSW Steel's ₹19,700 cr bid for Bhushan Power & Steel

ENSECONOMIC BUREAU
NEW DELHI, SEPTEMBER 5

SAJJAN JINDAL-promoted JSW Steel has won Bhushan Power and Steel (BPSL) with its Rs 19,700-crore bid having been accepted by the National Company Law Tribunal (NCLT). The appellate tribunal on Thursday okayed the bid which would see financial creditors get Rs 19,350 crore while operational creditors will get Rs 350 crore against their admitted claims of Rs 733.76 crore.

The acquisition of BPSL will make JSW Steel India's biggest steelmaker with a capacity of over 22 million tonne. BPSL has a capacity of 3.1 million tonne per annum (mtpa). JSW Steel has already taken over another insolvent firm — Monnet Ispat — through the Insolvency and Bankruptcy Code (IBC) route; Monnet has a steel-making capacity of 1.1 mtpa.

"The resolution plan of JSW, H1 resolution applicant, is accepted," the two-member NCLT bench, headed by its president MM Kumar, said in its 138-page order. The bench also overruled objections raised by erstwhile promoters of the company as well as its operational creditors, both of which were against JSW Steel's resolution plan.

The NCLT's principal bench had on July 26, 2017, admitted the insolvency plea of Punjab National Bank against the company. A clutch of 34 financial creditors claimed Rs 47,303 crore from the company, as on January 3, 2019, of which, the resolution professional (RP) admitted claims worth Rs 47,158 crore. Operational creditors, numbering 1,778, claimed Rs 2,320 crore from BPSL.

"JSW is to incorporate or identify a wholly-owned subsidiary and to infuse equity of Rs 8,550 crore into a special purpose

The bench overruled objections raised by erstwhile promoters as well as the firm's operational creditors

vehicle (SPV), which is to be done in accordance with the provisions of the resolution plan and is to merge with the corporate debtor on the effective date," JSW Steel's council had informed the NCLT earlier.

The CIRP for BPSL has seen many twists and turns. Though late-entrant Liberty House was in the reckoning for BPSL, the race was primarily one between JSW Steel and Tata Steel. Lenders had on July 9, 2018 selected Tata Steel as the H1 bidder and JSW Steel as the H2 bidder for BPSL.

However, on July 26, 2018 the CoC allowed JSW Steel to submit a revised bid for the steelmaker. Tata Steel challenged the CoC's decision in NCLAT on July 30, 2018.

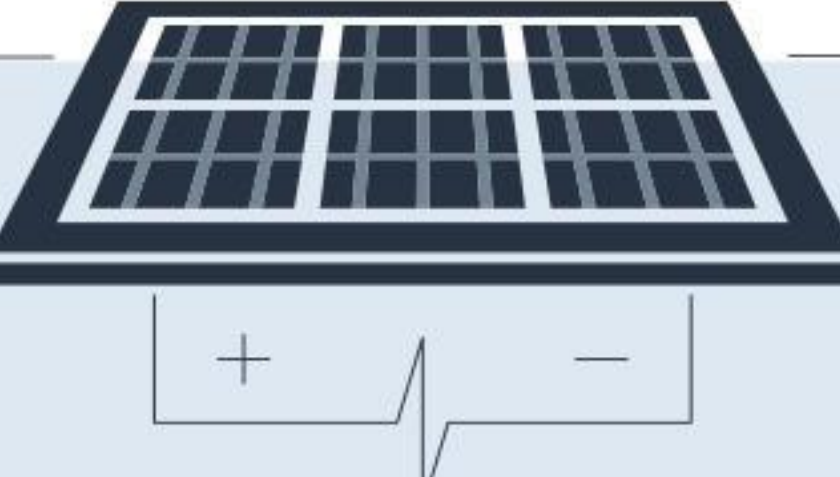
On August 1, 2018 NCLAT had again allowed submission of revised bids by all three bidders, including the UK-based Liberty House. Following this, on August 13, 2018 JSW Steel further improved its financial bid and chosen as the most preferred bidder, ahead of Tata Steel, for BPSL by the CoC on July 14. While the Tatas had consistently opposed CoC's permission for a revised bid, JSW Steel had questioned its objections, saying a financial bid can always be improved upon till the time the bids are voted on. The erstwhile promoters also made a last-minute offer of repaying back financial creditors in full. Sanjay Singhal had offered to pay the financial creditors in full and take the company out the CIRP, under section 12 A of the IBC, by converting their entire debt into cumulative redeemable preference shares, payable over 17 years. **FE**

IN APRIL-JUNE period, large-scale installations totalled 1,218 MW as compared to 1,498 MW in Q1 2019 (January-March) and 1,250 MW installed in Q2 2018 (April-June)

■ Large-scale solar project development pipeline has increased to 22 GW. About 34 GW of solar has been tendered and was pending to be auctioned at the end of the June 2019 quarter

■ On a QoQ basis, rooftop solar installations grew just 11% in April-June 2019 to 292 MW, compared to 263 MW in January-March

■ Rooftop market picked up slightly after elections but nowhere close to the pace installed last year. Rooftop installations fell 30%, compared to 415 MW in second quarter of 2018



'Solar energy addition falls 14% to 1.5 GW in June quarter'

Solar installations in the country declined 14% to 1,510 megawatts (MW) in the second quarter of 2019, compared to 1,761 MW in the previous quarter, according to a report by Mercom India Research

1,665 MW
The installations were also lower on a year-on-year (y-o-y) basis in the corresponding April-June 2018 quarter

3.2 GIGAWATTS
In the first half of this calendar year, installations declined 35% as compared with 5.1 GW capacity added in first half of 2018

■ The report attributed the drop in solar installations in the second quarter of this year to a slowdown in rooftop solar installations and partial-commissioning of solar projects.

■ Total power capacity additions in the first half of 2019 was 8 GW in India from all power generation sources. Of this, renewable energy sources accounted for nearly 58% of installations, with solar representing 41% of new capacity and wind with 15%. Coal accounted for almost 42% of new capacity added

■ Tariff caps imposed by government agencies have slowed down the solar auction activity in the country. Developers are reluctant to bid at the levels prescribed by state agencies, the report said

After delay over screen issues, Samsung folding phone to go on sale today

ASSOCIATED PRESS
LONDON, SEPTEMBER 5

SAMSUNG SAYS it will start selling its highly anticipated folding phone on Friday, after the original launch date was delayed by months because of embarrassing problems with the screen.

The firm had put the Galaxy Fold's launch on hold after reviewers encountered problems with the device's innovative folding screen, which the company indicated on Thursday have now been resolved. "During the past several months, Samsung has been refining the Galaxy Fold to ensure it delivers the best possible experience," the company said in a statement. The nearly \$2,000 phone will launch on September 6 in South Korea, and September 18 in France, Germany and Britain, with versions for next generation 5G networks available in the latter two countries. Other markets including the US and Singapore will follow, but the company did not specify dates.

The Galaxy Fold's original April launch was pushed back after reports that some reviewers'



Launch of the Samsung Galaxy Fold was delayed by months. AP File Photo

Apple places \$7 bn in return to bond market

New Delhi: Apple said on Thursday it had sold \$7 billion of bonds at yields ranging up to 103 basis points over equivalent US Treasury on maturities of up to 30 years, its first such issues since Nov 2017. **REUTERS**

phones were breaking. Journalists said the folding screen started flickering and turning black before fizzling out.

RBI: Foreign investors to get more access to rupee debt market

ENSECONOMIC BUREAU
MUMBAI, SEPTEMBER 5

RESERVE BANK of India Deputy Governor BP Kanungo has said greater access to foreign investors to the rupee debt market, cash as well as derivative, will gradually be considered for the development of the money market.

According to Kanungo, non-resident investors bring volume and liquidity to the financial markets for the simple reason that there is a large corpus of savings available overseas, forever in

search of yields. "There has been a gradual effort to remove the barriers to entry for non-resident investors in the debt segment. The gradual process is motivated by the possibility of sudden reversals causing turbulence in the interest rates," he said while addressing the FIMMDA-PDAI Annual Conference in Moscow.

Even though there has been a great deal of interest from foreign investors in rupee debt securities in recent times which protects the Indian borrower from foreign exchange risk in contrast with foreign currency debts, the threat to

Money market evolution remains stunted, says Reserve Bank Deputy Governor BP Kanungo

stability in the interest rate market and some residual threat to stability in the forex market remains, he said.

"We would also work towards enhancing the overall liquidity in government securities market in terms of availability of two-way

quotes in less liquid maturities through targeted market making schemes. Further, measures towards activation of a securities lending and borrowing programme, inter-operability of depositories for smooth transfer of ownership in securities will receive our attention," he said. "We are also engaging government for active consolidation of government debt through frequent buy-back/switch operation."

The evolution of the money market continues to be stunted as most of the activity is concentrated in the overnight segment

and a robust term money market continues to elude the economy, Kanungo said.

"There is some trading in the treasury bills, but activity in the commercial papers (CPs) and certificate of deposits (CDs) is confined to primary issuances. The interest rate derivatives market also continues to be lacklustre. There is reasonable liquidity in overnight interest swaps, but there is no appetite, and hence not much trading in other derivatives including interest rate futures," Kanungo said.

Kanungo said the Credit

Default Swap market, introduced in 2012 is moribund.

"It is ironic that while some participants used to write little understood products like quanto swaps a decade and a half back, there is little effort to provide simple products like caps or collars on bonds today," he said.

Despite allowing full access to non-resident investors to the domestic interest rate derivatives market, anecdotal evidence seems to suggest that an offshore market in this segment might be developing, much like the NDF market, he said.

MEETING ARRANGED JUST DAYS AFTER AN ESCALATION OF THE TRADE WAR

China, US to hold tariff talks in October; Beijing says phone call went well

REUTERS
BEIJING/WASHINGTON, SEPT 5

CHINA AND the United States on Thursday agreed to hold high-level talks in early October in Washington, boosting markets as investors hoped for a thaw in the trade war between the world's two largest economies that has taken a toll on global growth.

The meeting was arranged during a phone call between Chinese Vice Premier Liu He and US Trade Representative Robert Lighthizer and US Treasury

Secretary Steven Mnuchin, China's commerce ministry said in a statement on its website. China's central bank governor Yi Gang was also on the call. US President Donald Trump had previously said the sides expected to meet in September. News that the face-to-face talks were scheduled sent Asian, European and US stock markets higher, with all three major US stock indices touching over a month high.

European shares also rose for a second straight day on Thursday, with the pan-European STOXX 600 index hitting its highest level

since August 1. On Sunday, Washington began imposing 15 per cent tariffs on an array of Chinese imports, while China began placing duties on US crude oil. On Monday, China said it had lodged a complaint against the US at the World Trade Organization.

Washington plans to increase the tariff rate to 30 per cent from the 25 per cent duty already in place on \$250 billion worth of Chinese imports from October 1.

China's Commerce Ministry said its trade team will consult with its US counterpart in mid-September in preparation for ne-

Services sector suggests economy US weathering trade feud storm

Washington: US services sector activity accelerated in August and private employers boosted hiring, suggesting the economy continued to grow at a moderate pace despite trade tensions which have stoked financial market fears of a recession.

The Institute for Supply Management said its non-

manufacturing activity index increased to a reading of 56.4 in August from 53.7 in July. A reading above 50 indicates expansion in the sector, which accounts for more than two-thirds of US economic activity.

The ISM said 16 service industries reported growth last month. **REUTERS**

gotiations in early October, and both sides agreed to take actions to create favorable conditions.

"Lead negotiators from both sides had a really good phone call this morning," China's commerce ministry spokesman Gao Feng said in a weekly briefing. "We'll strive to achieve substantial progress during the 13th Sino-US high-level negotiations in early October." Gao also said Beijing opposes any escalation in the trade war. A spokesman for the US Trade Representative's office confirmed that Lighthizer and Mnuchin spoke with Liu and said

they agreed to hold ministerial-level trade talks in Washington "in the coming weeks".

Analysts noted that investors remain nervous and markets could react with volatility on comments or actions from either side.

No details were immediately available about any goodwill gestures that might have been promised by either side during the call.

On Tuesday, Trump had warned he would be tougher on Beijing in a second term if trade talks dragged on, compounding market fears that disputes between the United States and China

could trigger a US recession.

Trump remained silent on Twitter about the newly agreed talks, and none of his key economic aides appeared on morning talk shows. Trump had lashed out at Beijing in past months, frustrated by its failure to follow through on purchases of US farm products that he said were agreed in his meeting with Chinese President Xi Jinping in June.

China, for its part, has been stung by Washington's failure to make good on its promise to ease restrictions on Chinese tech giant Huawei Technologies Co Ltd.