# We need to improve the tight credit situation: NITI Aayog VC

Let us feel good about the fact

that, now, there is talk about

job creation and the talk of job

losses is over. Job creation, I

think, is happening in the ser-

vices sector, as I don't see it

happening in the manufactur-

ing in any significant measure.

Services such as civil aviation,

health and private sector and

those related to the financial

sector, to some extent, are

where I feel jobs are being

created. Also, I think

there may fi-

nally be some

jobs created

even in the

tate sec-

towns and

real-es-

smaller

evident)

Low credit-to-GDP ratio, perhaps, implies the banking sector is unable to meet the economy's credit needs: Rajiv Kumar

**RICHA MISHRA** 

New Delhi, October 13 "Talk of recession is completely misplaced," Rajiv Kumar, Vice-Chairman, NITI Aavog, said adding that "the RBI has perhaps been overly cautious" in cutting GDP growth numbers.

A home-grown economist. Kumar believes that the economy is in a 'cyclical' downturn and says that "we will emerge out of it" with the help of the policy measures that have been announced.

In a quick chat with BusinessLine, Kumar said that banks need to pull up their socks. "That there is a tight credit situation is undeniable from all the data you see. So, we need to improve this," he added.

"The government has been responding to the challenges and will continue to do so. Attention must be paid to boost exports, address the needs of the agriculture sector and the challenges on the water front' he said. Excerpts:

Do you believe that we are in a phase of recession?

Certainly not! Recession is when you get negative growth in two quarters consistently; we are nowhere near that. Our last reading was 5 per cent, which admittedly was low, but certainly nowhere near recession. Talks of a recession are completely misplaced. That is my

firm belief. What we are seeing is a cyclical downturn from which we will emerge because of

the policy measures taken by the government. Some structural bottlenecks also have to be addressed and the government will tackle them as well.

Agencies have been slashing India's GDP growth targets. How do you read the Reserve Bank of India's lowering of GDP growth target?

I think the RBI is perhaps being over cautious in trying not to be wrong. I think it may not have fully taken into account the impact of the measures announced in the last couple of months and which may be in the pipeline now. According to its (RBI) calculations, the second half growth will be 6.6-6.72 per cent; I think, it will probably be higher than that. So, our overall growth will not be 6.1 per cent (as suggested by

the RBI), but higher than that. I think the first quarter (2019-20) performance could well be the bottoming out of the cycle and we should see higher GDP growth from the

second quarter onwards. Growth in the third and fourth quarters could be significantly higher because of measures announced and being imple-

mented. We will begin to see a cyclical upturn. Till last year, the discourse was about job losses; now

we are talking of jobs

What we are seeing is a cyclical downturn from which we will emerge because of the policy measures taken by the government RAJIV KUMAR

What is the data you are created. Where has the shift or change happened? (Not looking at?

I have been looking at CMIE (The Centre for Monitoring Indian Economy) numbers, which are released more frequently than the National Sample Survey Organisation (NSSO). I am hoping that NSSO will also be releasing numbers with greater frequency.

The latest CMIE report reveals good increase in jobs for the month of September 2019.

You have been talking about

**Development Financial** Like in China, they have In-Institutions (DFI). dustrial Commercial Bank of China, Agriculture Bank of You think banks are not able to China, China Construction Bank, Bank of China (specialmeet expectations? ising in foreign transactions) My point is etc. In my view, if we can create that, perhaps, specialised banks catering to like China, Înthe needs of specific sectors,

fectively

then, they may perform better. dia needs spe-The central issue is that our cialised banks, which can efcredit-to-GDP ratio is 54 per cent; in China, it is close to 200 dress sectoral isper cent; in Korea, it is 140-odd per cent. How we raise this credit-to-GDP ratio is the challenge. Such a low ratio perhaps

> tor is unable to meet the credit needs of the economy. That, there is a credit need is undeniable going by all the data you

AI calls unions for meet today; divestment may be on agenda

implies that the banking sec-

sues. The days of financial

super markets may be passé.

Even the Warwick Commis-

sion, headed by Avinash Per-

saud, appointed by the

European Commission in the

wake of the 2008 global finan-

cial crisis, of which I was one of

the commissioners, had come

to the same conclusion. Finan-

cial sector super markets do

not effectively meet the spe-

cialised needs of specific sec-

tors, specially the MSMEs, and

often end up with asset-liabil-

ity mismatches.

get. So I am looking at ways to improve this. This (DFI) is one option on the table and I am sure there are also other options too. But the bottom line is, we need to improve the credit-to-GDP ratio

**Talking about economic** upturn, the auto sector is still worried. How do you counter it?

Latest, I heard from Kia Motors — that their soon-to-be-rolledout model has got huge bookings. So this in itself tells a story. I believe, based on what some industry representatives observers and

have said, that the auto sector may need to re-look at its own business model - the frequency at which new models are brought out; their own response to

price elasticity – can they discover new buying segments if they were to bring down prices; export strategy. It's really time for the sector to introspect and we would be happy to work with it to evolve the way forward.

The government has been coming out with packages — corrective measures - to check the economic downturn. Do we expect more packages?

I think the government is constantly reacting to challenges which are emerging or have remained unaddressed. The situation is constantly under review and the government is ready to quickly respond to these challenges There are perhaps some issues on which you will see some response in due

...what are the areas that have remained unheard of

Scan & Share

and untouched? Not unheard of, but being addressed and measures are in the pipeline. The Prime Minister has himself said that we need to take some tangible measures

for promoting exports. That is going to be the key for ramping up our growth rate, going forward. The Department of Commerce will follow up on the major announcement to replace the Merchandise Exports from India Scheme (MEIS) scheme. We need measures to further improve trade facilitation and trade logistics.

### Mukesh Ambani, Sunil Mittal, Birla unlikely to attend Mobile Congress 2019

S RONENDRA SINGH

New Delhi, October 13 The three-day India Mobile Congress (IMC) 2019, which opens here on Tuesday, is unlikely to see top industry honchos, including Mukesh Ambani (Reliance Jio), Sunil Bharti Mittal (Airtel) and Kumar Mangalam Birla (Vodafone Idea).

Not just the senior members, even the next generation like Isha and Akash Ambani, Kavin Bharti Mittal, and Ananya Birla, are unlikely to attend the event, though a special session, 'Next Generation', has been planned for

The agenda contains the names of Isha and Akash Ambani (Reliance), Kavin Mittal (hike Messenger), Ananya Birla (singer, songwriter, entrepreneur) Rishad Premji (Wipro), Manu Kumar Jain (Xiaomi) and Vijay Shekhar Sharma (Paytm).

Only a few top industry

leaders, including Vijay Shekhar Sharma, Rishad Premji and Manu Kumar Jain, have confirmed participa-tion, as of late Sunday evening.

According to sources, Nitin Gadkari, Minister of Road Transport and Highways, who is to speak at a session on 'Cars and Connected Platform', has not confirmed his presence as he is busy campaigning for the upcoming Assembly elections in Maharashtra.

#### Finance Secretary to also attend the 'crucial' meeting

RAJESH KURUP Mumbai, October 13

The management of national carrier Air India has convened a meeting of all its employee unions on Monday to discuss a proposal to privatise the airline.

"We have been called for a meeting with the management on Monday... Officially, the agenda of the meeting is

not known, but we believe it's regarding divestment," Air Corporation Employees' Union (ACEU) General Secret-Kadian told BusinessLine.

The ACEU, which represents non-technical staff, is the largest union at Air Inwith 8,000-plus members.

The meeting, which unions term as "crucial", has been called by Air India Chairman Ashwani Lohani. Apart from the carrier's top management and Finance



with "severe objections" as many of the unions fear job losses

Secretary Rajiv Kumar, two representatives each from

about 10 trade unions - in-

cluding the ACEU, Air India

erty is not attached, the same

could change hands creating a

bona fide third-party interest in

other proceedings, creating dif-

ficulties in retrieving the same

The property has been at-

tached for 180 days and until fur-

ther order of the PMLA office, it

cannot be disposed off, trans-

ferred or dealt with in any

The development will further

delay ISW Steel's attempt to take

over the stressed asset. The BPSL

insolvency case has been going

on for two years, shattering the

government's hopes for a time-

bound resolution of stressed as-

BusinessLine

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BusinessLine

manner.

Commercial Pilots Association (ICPA), All-India Aircraft Engineers' Association, Indian Airlines Technicians Association, Air India Emplovees Union and Aviation Industry Employees Guild – are expected to attend the meeting.

Employees Union, Indian

"Only two representatives per union are allowed in the meeting and, this being a crucial meeting, members of all the unions, including the non-recognised ones, have been called," Kadian said.

This will be the second meeting on the proposed Air India divestment, and is likely to be met with "severe objections" as many of the unions fear job losses, an industry expert said.

Tata Sons, the salt-to-software conglomerate, is believed to be readying to bid for Air India, once the government finalises the divestment plan. A Group of Ministers headed by Home Minister Amit Shah has to take a final call on the divestment.

### + FPI short-covering to give markets a big boost ahead of Diwali

Ahead of Diwali, there might be another sharp rally in the stock market before the expiry of the October series derivatives.

This will be because for portfolio investors (FPIs) - the largest players in equity futures and options (F&O) - seek to cover their huge net short positions this month, experts told BusinessLine.

They said the trigger for the short-covering could be the two key US announcements on Friday that came after the markets closed – the launch of a quantitative easing

(OE)-like bond-buying programme by the Federal Reserve, and a partial trade deal between the US and China.

### **Short net positions**

FPIs still hold net short positions of around 54,000 contracts in India's equity futures segment, data from exchanges showed.

This was more than 1.2 lakh futures contracts last month and a short-covering was triggered by the government's September 20 tax bonanza to the corporate sector. The previous bout of short-covering had led to an 8 per cent rally in just two trading

In October, the trigger could be the softening of the US-China trade row and a OE-like move by the US Fed, experts said. Of the total outstanding in the

options segment, the FPIs are net 15 per cent short (the Scan & Share position being net

calls' sold and 'puts' bought). The same was around 35 per cent last month. extreme bearish sentiment

combined with huge FPI net short position is a prefect recipe for a big market rally. This was clearly evident in September," said Rohit Srivastava, Founder and Chief Strategist, Indiacharts. "October is no different. Sentiments are extremely negative on the street and FPIs still hold huge F&O shorts. The trigger to cut these shorts came in last Friday from the US, the largest mar-

ket in the world that witnessed a sharp rally in anticipation of positive news that was announced after market closing.

With all this, the next two weeks may see some highvoltage action " he said

The Fed said on Friday it would begin buying government-backed securities to expand its balance-sheet, a move meant to keep an obscure but critical corner of the financial markets functioning smoothly, as the New York Times reported.

### Fed's bond programme

Though the Fed was not terming its new bond programme that would go on for nearly a year a 'QE', markets view it as a stimulus, as the US central bank will now increase currency flow in the financial system in contrast to sucking out liquidity.

A key clause of what the US government calls a 'phased trade deal' is that China should refrain from currency manipulation. Srivastava believes this will lead to the Chinese yuan appreciating against the dollar and more money moving to emer-

### ED move to attach Bhushan Power asset vindicates our stand: JSW Steel

SURESH P IYENGAR

Mumbai October 13 The Enforcement Directorate has attached assets worth ₹4,025 crore of Bhushan Power and Steel (BPSL) under the Pre-

As a successful bidder for the stressed BPSL, ISW Steel had sought immunity and ring-fencing of the asset from the ongoing criminal investigations against the promoters.

Incidentally, the case filed by JSW Steel will come up for hearing on Monday. The outcome of the case will pave the way for other fraudulent promoters' assets being sold off under the Insolvency and Bankruptcy Code.

Reacting to the development, Seshagiri Rao, Joint Managing Director, JSW Steel & Group CFO, said it vindicates the JSW Steel stand of seeking immunity from attachment of properties of a

Earlier, Punjab National Bank and Allahabad Bank had revealed that the former promoters and directors of BPSL had defrauded the banks by juggling accounts to get loans of over ₹5,500 crore.

The properties to be attached by the ED include land, buildings and machinery of BPSL's plant in Sambalpur district of Odisha.

Passing the order of attachment, the additional director in



JSW Steel had moved NCLAT seeking immunity from criminal proceedings against Bhushan Power and Steel's promoters

#### **KOLKATA PORT TRUS** PMLA office said that if the prop-19-20/21325[228229]

E-AUCTION NO. MSTC/ERO/Kolkata Port Trust/16/BBD Bag/

In terms of the direction of the Division Bench of Hon'ble High Court of Calcutta by Hon'ble Justice Sanjib Banerjee and Hon'ble Justice Suvra Ghosh passed in (i) Golden Fortune Limited SA versus Sohom Shipping Private Limited and Others with APO No. 139 of 2019 (ii) Leela Ship Recycling Pyt. Ltd.-vs- Sohom Shipping Private Limited and Others with APO No. 129/130/131/132 of 2019 (iii) Rigveda Maritime E Ltd. v. Sohom Shipping Private Limited And Ors. (APO 133 o 2019), offers are invited for e-auction through MSTC Portal from the intended purchasers for the sale of the Vessel M.V. VSEVOLOD BELETSKIY Iving inside the Haldia Dock of Kolkata Port Trust on "as is where is" basis,. (2) Brief particulars of the vessel are as follows: Name of the Vessel: VSEVOLOD BELETSKIY / UBJP8; Flag: Russia Type: Bulk Carrier / Gearless; I.M.O. No.: 9530307; Year of Built 2010; G.R.T.: 22070; N.R.T.: 11930; Length: 179.50 m; Breadth: 27.70 m: Depth: 15.00 m: Deadweight: 33324: Classification: Rina C Engine: 2S 6 CYL: WARTSILA, 6RTA48T-B; B.H.P.: 11707 (8730 KW) L.D.T.: 9425.7; Yard: YANGZHOU RYUWA SHIPBUILDING COMPANY LIMITED, CHINA. (3) Foreign Buyers who are interested may also participate in e-auction. However, currency in the bid should be in Indian National Rupees (INR) Only, (4) Reserve Sale Price of the vesse is Rs. 24.15 Crore. (5) Pre-bid Earnest Money Deposit of Rs. Two Crores has to be submitted before the start of auction to MSTC as per details mentioned in the auction catalogue. The pre bid EMD of the bidders will not be refunded without the leave of the Admiralty Bench and, preferably, the pre-bid earnest money deposits of the second highest and third-highest bidders will not be refunded before the entire consideration is received from highest bidder. (6) The eauction shall be held on 01.11.2019 at MSTC website www.mstcecommerce.com. The acceptance of the offer will be communicated to the successful bidder upon leave obtained from Division Bench of Hon'ble High Court of Calcutta. Confirmation of Sale will appear before the Admiralty Bench on November 08, 2019 or on 11.11.2019. (7) The successful bidder shall pay 25% of the bid amount within five days from the date of acceptance of the bid and the balance within 15 days from that date. No Bank Guarantee will be accepted. In default of payment of 25% of the bid amount within five days from the date of acceptance of the bid, the sale shall unless otherwise ordered, stand automatically revoked and the pre-bid Earnest Money Deposit shall be forfeited and the ship resold at the risk and cost of the successful bidder, whose bid was accepted Should the balance of sale consideration be not paid within the foresaid time of 15 days from the acceptance of the tender, the sale shall stand automatically revoked and the pre-bid earnest money of Rs. Two Crores shall be forfeited. The 25% amount already paid shall be retained to meet any shortfall or other expenses arising out of the said resale. (8) Customs, Excise and Import Duty, Sales Tax, Loca Taxes, GST etc. as applicable will be on 'BUYERS ACCOUNT' and shall be payable extra to the respected authorities and produce the receipts for such payment before the clearance is granted to the vessel. (9) The ship should be removed from the Kolkata Port within 30 days from the date of sale and the buyer have to pay Port Dues fees and charges to the Port as applicable for this period. From the date of purchase of the vessel, all rates / penalties and other charges

shall be on the Buyer's Account. The deposit will also include any

monies forfeited but not hire charges for 30 days' period required by

Clause (2) in Regulation-6 of Calcutta Port Trusts (Distraint / Arres

and Sale of Vessels), Regulations, 1989. During this time the ship

should be kept manned by certificated Master, certificated officers

and certificated Engineers plus an adequate number of crew. These

arrangements should be made by the Buyer. (10) Beyond the stipulated

period of 30 days, the Buyer will also have to pay additional berth

hire charges beyond the normal charges and all the rate/penalties

from the date of sale of the vessel till the date of actual removal of

the vessel from the port in accordance with the Major Port Trust

(Distraint or Arrest and sale of vessels) Regulations, 1989. (11) Under

no circumstances, the Buyer will be permitted to dismantle the ship

inside the harbour or within Kolkata Port limits. (12) The ship which

is lying at Haldia Dock Complex of Kolkata Port Trust may be inspected

by prior appointment with the Director, Marine Department / General

Manager (Marine), HDC from 15.10.19 to 22.10.2019. (13) Further

details of the order of the Hon'ble Division Bench dated 30.09.19 will

be available in the website of Calcutta High Court at

### **AUGUST IIP DATA**

# Tale of rising connections but dipping power supply term ending, BoB is headless

New Delhi, October 13

Electricity production fell for the first time under the new Index of Industrial Production IIP (with base year 2011-12) despite the government adding a record number of new domestic connections.

The 0.9 per cent fall in power generation during August 2019 compared to August 2018 could be because State governments did not meet the higher demand for power from domestic homes.

"As we dig deeper into the numbers, we understand that the peak demand increased by 3.48 per cent but the energy met decreased by 0.41 per cent over August 2018 (during August 2019). There has been a significant reduction in energy re-



per cent in Nagaland, Gujarat and Rajasthan. In Pun-Maharashtra, Karnataka, Odisha and Arunachal Pradesh, requirement met was lower by 5-7 per cent," Sambitosh Mohapatra, Partner at PwC In-

Supply shortfall A reduction in requirement met means a shortfall in

told BusinessLine.

dia - Power and Utilities,

mand rising. "Wind power generation has seen a fall of up to 20 per cent in August 2019 compared with August 2018. Factors that have driven this fall in electricity production can be the slowdown in industrial States, while financial constraints could have hampered procurement in some other States," Mohapatra said.

power supplied despite de-

Power distribution comprevent payment defaults.

panies in States have been facing tougher times as they are being mandated to either make prepayments for power purchases or to provide letters of credit, to Under the Centre's Pradhan Mantri Sahaj Bijli Har

Ghar Yojana — Saubhagya

scheme, around 2.63 crore

new domestic electricity

connections have been pro-

traction. According to data shared by the Ministry of Statistics and Programme Implementation, August 2019 was the first time that electricity series. (covering the time period since April 2012).

visioned from October 10,

2017 across the country.

These connections were

crore homes that already

had electricity connections.

curtailment of power, ana-

lysts are not ruling out the

hit due to an industrial con-

In addition to a possible

In terms of industries, 15 of the 23 industry groups in as BoB chief on August 14, the manufacturing sector 2015 for a three-year tenure. have shown a de-growth In view of the key role he during August 2019 as com- played in the amalgamation pared to the corresponding of Dena Bank and Vijaya Bank month of the previous year. | with BoB, which became ef-

## With Jayakumar's MD/CEO fective from April 1, 2018, the

The one-year extended tengiven in addition to the 18.81 | ure of PS Jayakumar as Managing Director and Chief Executive Officer (MD & CEO) of Bank of Baroda (BoB) ended on Saturday, with the government not giving any clarity on either giving him extenfinding or

replacement. BoB is the second largest public sector bank (PSB) which is headless. Bank of India (BoI) has been without an production contracted year- MD/CEO after Dinabandhu on-year under the IIP 2011-12 | Mohapatra demitted office on June 30.

Jayakumar was initially appointed by the government government granted him a vear's extension.

With the government moving Ch SS Mallikarjuna Rao, MD & CEO of Allahabad Bank, to head Punjab National Bank, it now needs to appoint chiefs at BoB and BoI. The government has kept

Bank vacant as it is set to be amalgamated with Indian Canara Bank MD & CEO RA Sankara Narayanan's tenure ends on January 31, 2020. He took charge on April 15, 2019.

Prior to this, he was MD &

CEO of Vijaya Bank from

the top position at Allahabad

September 1, 2017. The government could consider giving Sankara Narayanan an extension, given that Canara Bank and Syndicate Bank are in the

Director, Marine Department, Kolkata Port Trust & Special Officer appointed by Hon'ble High Court at Calcutta midst of an amalgamation.

https://www.calcuttahighcourt.gov.in.