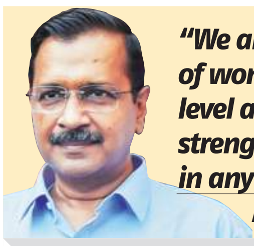


"We are committed to boosting security of women in Delhi. And, I don't think the level at which we have scaled up the strength of bus marshals, has been done in any city in the world"

ARVIND KEJRIWAL, Delhi chief minister

"When Indian political leaders have been prevented from meeting the people of J&K, what possessed the great chest-beating champion of nationalism to allow European politicians to visit J&K? This is an outright insult to India's own Parliament and our democracy"

JAIRAM RAMESH, Congress leader

"You (BJP) are going to build the Ram temple. Ram was 'satyavachani' (embodiment of truth), so they should speak the truth on this (formula). You can tear a paper but you can't delete this record (of the power sharing formula agreement between BJP and Sena)"

SANJAY RAUT, Shiv Sena leader

IN BRIEF

BPCL's Mozambique gas block deal under govt scanner

The government is looking into state-owned Bharat Petroleum Corp's (BPCL's) investments in a gas block in Mozambique and has not yet given approval to the firm for further spendings, sources said. Bharat PetroResources (BPRL), an exploration and production subsidiary of BPCL, had in August 2008 bought a 10 per cent stake in Area-1 Offshore of the Rovuma Block from the US energy major Anadarko Petroleum Corp for $75 million. That same month Videocon through its subsidiary acquired a 10 per cent stake in the same block for an equivalent block. Sources privy to the development said Anadarko had originally offered a 20 per cent stake in Area-1 to BPCL but the state-owned firm bought only half of it and the rest was picked up by Videocon. Videocon in 2013 sold the same stake to ONGC Videsh for $2.475 billion. PTI

Close to 70 senior bankers in fray for LVB top post

Close to 70 senior bank executives are in the fray to occupy the corner room office of the chief executive and managing director of the Tamil Nadu-based Laxmi Vilas Bank (LVB). The mid-sized private sector bank has been headless since mid-September, after then chief executive Parathasarathy Mukherjee left before completion of his three-year term. PTI

Centre's green nod for ₹819-crore Kochi water Metro project

The Centre has given the environment clearance for the ₹819 crore water Metro project that aims to provide better connectivity between islands around Kochi with the mainland, according to official document. The Environment Ministry has given the final clearance to the proposed project after taking into account the views of its green panel. PTI

Sukhbir Singh Sandhu takes charge as NHAI chairman

Senior IAS officer Sukhbir Singh Sandhu on Monday took over as chairman of National Highways Authority of India (NHAI). Sandhu succeeds Nagendra Nath Sinha, who has been appointed as secretary, department of border management. PTI

RBI imposes ₹35L fine on Tamilnad Mercantile Bank

The Reserve Bank has imposed a penalty of ₹35 lakh on Tamilnad Mercantile Bank for violating norms on frauds classification and notification. The RBI imposed the fine via an order dated October 24. PTI

SBI Life fined ₹4 lakh by Irdai for violating advertisement norms

The Insurance Regulatory and Development Authority of India (Irdai) has imposed a fine of ₹4 lakh on SBI Life Insurance Company for violating norms on advertisement and protection of policyholders' interest. Irdai said it had examined samples of proposal forms signed on November 30, 2016; December 23, 2016; February 17, 2017; and March 23, 2017. It was found that provisions prior to the Insurance Laws (Amendment) Act, 2015, were incorporated, instead of new provisions. PTI

Kyarr to bring rain in Guj before moving towards Oman coast

Super-cyclonic storm *Kyarr* over the Arabian Sea is likely to gradually move towards the Oman coast but would cause rainfall in some parts of Gujarat in the next few days, a MeT official said on Monday. The India Meteorological Department advised fishermen not to venture into the sea for the next two days. PTI

Bad loans of HFCs up 2.2%, says ICRA

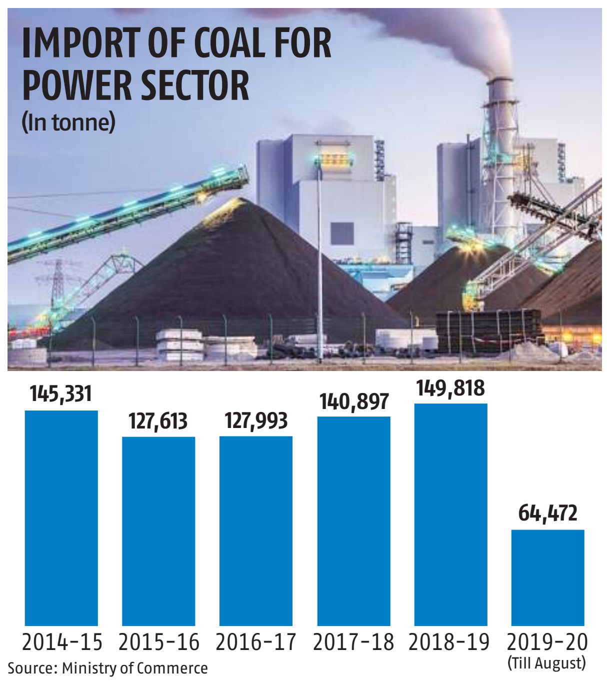
The asset quality of housing finance companies (HFCs) is expected to deteriorate in the medium term due to prospects of a spate of defaults by builders and slowdown. The gross non-performing assets (GNPAs) of HFCs will rise to 2.2 per cent from 1.8 per cent in June 2019, according to ICRA. Surat and Pune in the affordable segment could show higher slippages owing to delays and challenges faced by some projects.

Overall gross non-performing assets of HFCs rose to 1.8 per cent as of June 30 (1.6 per cent as of March 31). The deterioration in the construction finance segment and a general increase in bad loans during Q1FY20 led to rise in GNPAs. ABHIJIT LELE

Coal may play spoilsport in $5-trn economy dream

High demand, low supply: States complain of not getting enough from Coal India

SHREYA JAI
New Delhi, 28 October



Source: Ministry of Commerce

Coal supply could play a dampener for both the power sector and the industry, at a time when the government is targeting double-digit growth and a $5-trillion economy.

While power demand is rising with enhanced electricity connectivity and improving supply metrics, domestic coal supply remains laggard. Several states and power generators are depending on imported coal.

The 19th Electric Power Survey by the Central Electricity Authority projects peak demand of 299 gigawatt (Gw) by 2026-27. Apart from existing coal-based capacity, it takes into account 47.85 Gw at various stages of construction. The total coal requirement 2021-22 and 2026-27 has been estimated as 735 million tonne (mt) and 877 mt, respectively, including imported coal of 50 mt.

Though power demand is currently subdued, most states have started complaining again about a shortfall of coal supply from state-owned Coal India. In a recent presentation to the Union ministry of power, Gujarat said materialisation at its state-owned thermal plants reduced to 69 per cent in the first half of the current fiscal year. This was 80 per cent last year.

"The power demand of the state has increased to 18,424 megawatt (Mw) in 2019 and is likely to further increase due to agriculture load. In view of the anticipated high demand scenario, there may be coal shortage at these power plants," it said.

Tamil Nadu said the state received only 2.038 mt a day of coal during the July-September period, against the contracted allocation of 5.048 mt per day by Coal India, which translates to 40.4 per cent of the allocation. "The coal supply from Mahanadi Coalfields (MCL) was completely stopped from July 24 to August 6 due to strike and other issues. The supply from ML and ECL has still not improved to normal. As a result, we were not able to build stock level required at our plants to meet the generation demand," the state said.

The Tamil government added that procurement of imported coal did help the state to a certain extent. "Due to inadequate supply, we are forced to import coal to meet the shortfall in domestic supply," it said.

MCL, one of six subsidiaries of Coal India, has been facing labour and political unrest for a year now. Its Talcher mine, which is Asia's largest, faced shutdown in August, leading to a loss of ₹200 crore to the company.

During April-September, Coal India produced 241 mt, which is 6 per cent lower than last year's corresponding period. Coal despatch to the power sector was 7 per cent lesser than last year's.

This is when India's power demand touched a record high of 180,000 Mw during the peak summer season (April-July) this year. Coal import during the period was on a rise. Till August, thermal coal import stood at 64,472 tonnes. Last year, India imported 14 mt thermal coal.

"Given the trend in output of Coal India and the production from captive mines, imports are expected to shoot up once the economy revives and electricity demand picks up. As such, for even for many non-coastal plants, it's making commercial sense to use imported coal than e-auction coal," said Debasish Mishra, partner at Deloitte Touche Tohmatsu India.

Coal India is also battling weak financials, thereby hurting its expansion prospects. High labour cost, delay in supply chain process, and burgeoning cost of opening new mines due to surging rehabilitation expenses are threatening to put a dent on the profit of Coal India, *Business Standard* had reported.

Experts cited softening global prices could further create trouble for the company. "While Coal India prices are on the rise, even in spot auctions, coal in the international market is seeing a price downfall. Given India is the only market where demand of coal will not go down, cheaper imported coal will see a large influx," said a sector executive.

The Centre had earlier set a target of 1 billion tonne coal production by Coal India by 2020. It, however, has been modified to India's total coal production, including by privately owned mines. Coal India is aiming for 700 mt production this fiscal year. It slipped its target last year.

BRICS HAS LOST RELEVANCE AS ECONOMIC GROUPING: S&P

- Global rating agency Standard & Poor's (S&P) has said Brazil, Russia, India, China, and South Africa (BRICS) as economic grouping has lost relevance due to an diverging long-term economic trajectory
- The better-than-projected economic performance of China and India over the past two decades contrasts with disappointing results in Brazil, Russia, and South Africa
- China and India have maintained stable pro-growth economic policies and have gained a larger role in the world economy
- In contrast, the comparatively poor long-term performance of the other three has diminished their global economic role
- All five have very low foreign currency borrowing in either public or private sectors
- Brazil and India have the weakest fiscal and debt profile, followed by South Africa. Russia's fiscal and debt profile is slightly better than that of China
- The rating agency maintains a favourable or neutral assessment of monetary flexibility for all five countries

COMPILED BY ABHIJIT LELE

Long-term foreign currency rating

	Brazil	Russia	India	China	S-Africa
2001	BB-	B+	BB	BBB	BBB-
2019	BB-	BBB-	BBB-	A+	BB

Rating profile

	Brazil	Russia	India	China	S-Africa
Institutional assessment	4	5	3	3	4
Economic assessment	5	5	4	4	5
External assessment	3	1	2	1	4
Flexibility/performance	6	3	6	3	5
Debt burden	6	1	6	2	5
Monetary assessment	3	3	3	3	2

Source: S&P

GOODWIN DEFAULT FALLOUT

Bullion body wants ban on jeweller deposit schemes

DILIP KUMAR JHA
Mumbai, 28 October

Less than two years after the scam at Punjab National Bank (PNB) involving big names in jewellery segment — Nirav Modi and Mehul Choksi — the Kerala-based Goodwin Group's default on redemption of jewellery schemes ahead of Diwali has again jolted investors and the industry.

Starting with a small jewellery making unit at Thrissur in 1992, Goodwin gradually got into the segment's wholesale and retail business. The group entered Mumbai in 2004 and steadily expanded across Maharashtra with its jewellery retail shops, mostly through the owned and franchised routes.

With thousands of depositors' money in its schemes, the group shut its shops about 10 days ago across Maharashtra. The depositors are on what next to expect and have filed criminal charges against Goodwin promoters A G Mohanan, the chairman-emeritus; A M Sunilkumar, chairman; A M Sudheeshkumar, managing director; and the store managers, alleging cheating, breach of trust, etc.

An e-mail sent to Goodwin Group did not elicit a response.

Customers now invest in monthly deposit schemes run by jewellers that have no guarantee of redemption

"While the government had recently amended the law that governs jewellers' deposit schemes, jewellery companies continue to accept public deposits. The government must ban jewellers from running such schemes. Else, jewellers who have diverted public deposit funds into real estate or any other avenue would continue to default. More such defaults cannot be ruled out," said Surendra Mehta, secretary, India Bullion and Jewellers Association.

Like it began the Gold Monetisation Scheme, he suggests, the government should start others like it, purchasing gold through banks and crediting this in people's respective accounts. On maturity, the government can transfer funds in the jeweller's account, to facilitate a customer's purchase, he said.

Currently, customers invest in monthly deposit schemes run by jewellers that have no guarantee of redemption. These are based only on trust between a jeweller entity and its customers. These are mostly monthly deposit schemes, for nine or 12 months, and offer the equivalent of 75 per cent or 100 per cent of the first instalment on maturity, to lure customers.

However, there are others who oppose any move to ban such schemes. "Goodwin Group's default could be one of a case and not be true for all jewellers. Most jewellers have a trustworthy relation with customers. Many investors have redeemed invested funds to purchase jewellery this festive season and have renewed this for another term. Between 30 and 40 per cent of the entire jewellery business comes from monthly deposit schemes. Hence, a ban on such schemes would paralyse the jewellery business," said N Anantha Padmanabhan, managing director at NAC Jewellers and chairman, All India Gems and Jewellery Domestic Council.

Stop buying everything the farmer brings: Panel

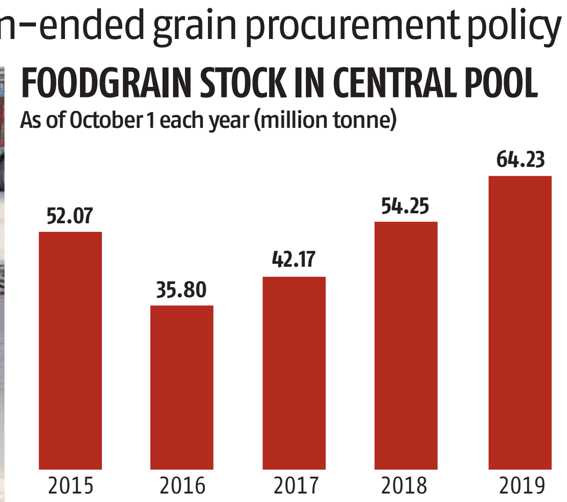
Agri price support committee reiterates need to review open-ended grain procurement policy

SANJEEB MUKHERJEE
New Delhi, 28 October

With the Food Corporation of India (FCI) sitting on huge stockpiles of foodgrain, the Commission for Agricultural Costs and Prices (CACP), the central government's farm price support fixing panel, has again strongly recommended reviewing the open-ended procurement policy.

Under the latter, government agencies buy whatever quantity of wheat and rice is brought by farmers into the *mandis* (wholesale markets), within the stipulated time and which conforms to fixed quality parameters for Central pool. The Commission's latest report, for the 2020-21 rabi marketing season and issued last week, also favours excluding safflower and nigerseed (*ramtil* in Hindi) from the Minimum Support Price (MSP) regime. It notes their total production has declined substantially over the past few years.

The panel also wants a comprehensive review of the number of crops under the MSP regime. It has also called for altering the sample size for calculating cost of production, saying the present one undermines the reliability of estimates.



Note: The stocks do not include unmilled paddy lying with millers and coarse grains
Source: Food Corporation of India

"The government procured a large share of wheat production and market arrivals, about 73 per cent of production in Punjab and 80 per cent in Haryana, in rabi marketing season 2019-20 (April-March). The Commission recommends that the open-ended procurement policy needs to be reviewed," goes the CACP report.

The policy, it says, has led to mounting food stocks and adversely affected crop diversification. "These excess stocks create storage problems and also high storage and financing costs, leading to high subsidy burden," the report notes.

Officials said a big reason for excess stock in government godowns was a growing mismatch between foodgrain required to run the Public Distribution System and the quantity procured. The data shows 78-80 million tonnes (mt) of wheat and rice is procured annually for the central pool, against a requirement of 50-54 mt for the PDS.

Earlier, too, the CACP had recommended a thorough review of the open-ended procurement policy. Its recommendation this year assumes added significance, as the Centre is sitting on huge grain stockpiles and plans to buy more in the coming months.

According to FCI, the country's foodgrains stock on October 1 was estimated to be 64.23 mt, almost 109 per cent more than the required quantity. And, paddy procured from the 2019-20 crop will start arriving in the coming weeks. The Centre's target is to buy 42 mt of rice a tenth more than the actual purchase of 2018-19. It had storage capacity of around 88 mt as on August. Of this around 14.5 mt was Cover And Plinth (CAP) storage.

CACP says the economic cost of wheat has increased from ₹1,908 a quintal in 2013-14 to ₹2,506 a quintal in 2019-20, an increase of 31.3 per cent. On the other hand, the Central Issue Price, at which wheat is sold through ration shops, has remained unchanged at ₹200 a quintal from July 2013. This has led to a significant increase in food subsidy. It rose from ₹92,000 crore in 2013-14 to ₹171,298 crore in 2018-19. The estimate in this year's Union Budget was ₹184,220 crore.

CRISIL SME TRACKER

Electronics SMEs face slower revenue growth

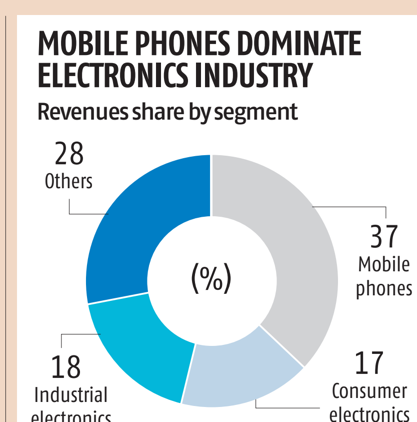
The electronics industry is expected to see revenue growth decline to 15 per cent during the current fiscal year, from 19 per cent in fiscal year 2019, mainly due to slower growth in mobile phone manufacturing and consumer electronics, which together account for 54 per cent of its revenue.

Small and medium enterprises (SMEs), which account for nearly a third of the industry's revenue, with a varying share in different segments, are expected to be hit hard.

These units have a huge presence in the assembly of mobile phone components and provide customised offerings in other segments. These are typically clustered around electronics hubs such as Bengaluru and Delhi-NCR, which account for more than 20 per cent of the industry's total output.

Growth in mobile phone manufacturing is expected to moderate, as players have little incentive to move up the value chain, while growth in consumer electronics is expected to be in single digits due to a demand slowdown.

Government policies in the sector have either been suspended or closed. For instance, the Phased Manufacturing Programme, which aided development of the mobile segment with a road map for in-house manufacturing of mobile components by imposing higher basic custom duties, remained suspended as of February 1, 2019. The programme had helped SMEs move up the value chain in the past.



Sources: Department of Electronics and Information Technology, CRISIL Research. Note: Data for FY2019

Other policies, such as the Modified Special Incentive Package Scheme and the Electronic Manufacturing Clusters Scheme, which provided capital subsidies and tax incentives, too, have stopped receiving applications.

CRISIL Research believes the lack of such policy incentives will limit domestic value addition in the industry, which is characterised by short product lifecycles and high levels of obsolescence, and needs continuous investment in technology and process upgrades, as well as in research and development, to remain competitive.