

# 20 ECONOMY

JOY THOMAS WAS ARRESTED BY EOW ON FRIDAY FOLLOWING INTERROGATION

## Ex-MD of PMC Bank remanded to Mumbai Police custody for 2 weeks

EXPRESS NEWS SERVICE  
MUMBAI, OCTOBER 5

A MAGISTRATE court on Saturday remanded Joy Thomas, former managing director of Punjab and Maharashtra Cooperative (PMC) Bank to the custody of Economic Offences Wing (EOW) of Mumbai Police for two weeks.

Thomas, who had been issued summons by the investigative agency earlier, was arrested on Friday evening following interrogation.

The police told the court that Thomas was one of those allegedly involved in the conspiracy that led to the Rs 4,355-crore scam at the bank and they needed his custody to interrogate him about other aspects of the crime.

In the remand copy seeking the custody of Thomas, the EOW argued that the accused was a key managerial person of PMC Bank and played active role in commission of offences.



Joy Thomas being produced at Chief Metropolitan Magistrate Court in Mumbai on Saturday. Nirmal Harindran

Hence his custodial interrogation is necessary to find out details of alleged disbursement of loans to HDIL Group.

The EOW further argued that PMC Bank had lent various credit facilities to HDIL Group of companies, most of which allegedly were guided/committed by Thomas.

### EXPLAINED Interrogation may reveal details of loans given to HDIL

ON FRIDAY, former MD of PMC Bank Joy Thomas had said that the bank had extended loans amounting to Rs 2,500 crore — nearly 30 per cent of the lender's total loan portfolio — to HDIL over several years.

With the EOW of Mumbai Police getting the custody of Thomas, aspects of the alleged Rs 4,335-crore scam that are yet to be known to the public may be revealed soon. The EOW has stated that Thomas' interrogation is necessary as he was a key managerial person and could reveal details of the loans disbursed to the HDIL Group.

EOW argued funds availed by HDIL from PMC have not been utilised for designated purpose of borrowings.

"Accused Mr Joy Thomas had deliberately kept it undisclosed for too long a duration of three years which concludes to be a deliberate act to benefit," the agency argued.

The police further submitted that his custody was necessary to find out the modus operandi of the fraud with regards to false records submitted to the Reserve Bank of India (RBI).

Rakesh and Sarang Wadhawan, promoters of HDIL, are currently in police custody.

On Monday, police had reg-

istered an FIR against Rakesh Wadhawan, executive chairman of HDIL; Sarang Wadhawan, vice chairman and managing director of HDIL; Joy Thomas, former managing director of PMC Bank; Waryam Singh, former chairman of PMC Bank; and unidentified employees of the bank and HDIL.

On Saturday night, the EOW arrested Singh in connection with the alleged PMC Bank scam, taking the total number of persons arrested in the case so far to four.

In the FIR, police said the actions of the accused allegedly led to bank losses totalling Rs 4,355.46 crore.

Police had first registered an offence on a complaint from the Reserve Bank following the collapse of PMC Bank.

The central regulator had stepped in and placed restrictions on withdrawals after the crisis at the bank came to light last week owing mainly to massive non-performing assets (NPA) that were under-reported.

### MARKET WATCH

#### FOREX RESERVES AT RECORD HIGH

*Mumbai:* The country's foreign exchange reserves touched a record high of \$434.6 billion as on October 1. The reserves surged by massive \$5.022 billion to \$433.594 billion for the week to September 27. **PTI**

INTERVIEW WITH LEAD, DRONES & TOMORROW'S AIRSPACE, WEF

## ‘We should look at how to protect society and what technology can be used to protect ourselves’

IT IS the responsibility of the government to understand the technology before it is allowed to proliferate, but once understood, it is the responsibility of the government to move fast and let the technology grow, HARRISON WOLF, Lead—Drones & Tomorrow's Airspace, World Economic Forum, told PRANAV MUKUL in an interview. Speaking about India's drone regulations, Wolf also said how the first step in maintaining safety, as far as drones are concerned, should be distinguishing between those following the rules and those breaking them. Edited excerpts:

**India saw a bit of a caution as far as the beyond visual line of sight (BVLOS) drone operations were concerned. Do you think that apprehension is justified and when will you think it could be the right time for a country to accept BVLOS operations?**

Let me say at first, that I've been inspired by what I've heard speaking with the Minister of Civil Aviation as well as representatives from the DGCA, who are all very focused on opening the skies for beyond visual line of sight operations and more autonomous operations in a way that I believe will move beyond what many countries are doing internationally. In their discussions around the civil aviation regulation 2.0, they've recognised the need to allow for more advanced operations.

They recognised that you have to be able to accomplish BVLOS in order to realise the benefit of operations like medical delivery of blood or vaccines or organs, and for more support of the community you need to be able to operationalise that. Getting back to your first point as to whether governments are right to go very slowly at first: I think that governments need to protect their people first. They have to understand the technology before they can let it proliferate. They wouldn't be doing their



“... I think Indian government is far ahead of many governments because of their requirement for registration, and the NPNT process”  
HARRISON WOLF

jobs if they weren't thinking about the safety, security and trust of the community. I think as the technology matures, I believe the government now has the responsibility to move fast. What we heard is that the Indian government has seen this as well. And they're really looking at moving quickly, while still maintaining safety and security and a very proper balance.

**But regulation is one thing and it doesn't guarantee that the industry grows. So, what are the challenges that the government might need to address to ensure the drone industry in India grows?**

I think that actually India has begun to lead in this capacity through their digital sky platform by setting up early a digital interface for the NPNT (no permission, no take-off) policy. I don't believe that would work anywhere else in the world where this digital infrastructure wasn't also created concurrently. That's been very inspiring to see.

When it comes to infrastructure, you have to ensure that you have good connectivity that is easily accessible to ensure that

you can maintain your flight and your video. And so ensuring that 4G or LTE connectivity exists, and then moving forward five or 10 years from now, looking at 5G technologies to ensure you can establish fully autonomous operations flown from a hub at scale. So right now, it really is reliant on the wireless infrastructure. And so where wireless infrastructure is good, flights are easier to monitor and where it is less good, it will be difficult.

**There are also issues of privacy and safety when it comes to drones. To this extent, what can be done?**

That debate is ongoing right now. I think when we develop policy and governance framework, we have to think not about the malicious intent for regulation. We should always look at how to protect society and what technology can be used to protect ourselves. But for the regulatory path, you have to establish something that can maintain the opportunity for security.

We look at things like counter unmanned aircraft system, or CUAS, but I think the most effective is a base registration system or the need for remote identification. Basically what that is, is creating a digital license plate for every drone. And it allows us to recognise every drone that is supposed to be in the sky, or that has filed the flight plan. The first step is discerning between somebody following the rules and somebody not following the rules. And right now, we don't have that system in place. So, you have to have that first element and the government is working on that and I think Indian government is far ahead of many governments because of their requirement for registration, and the NPNT process.

The second step, beyond identification, is the ability to mitigate threats that are not allowed to be there and those systems are in development right now and being tested.

### BRIEFLY

#### EU tariffs: US importers pile up cheese stock

*Washington:* Importers in the United States began ordering millions of dollars of extra wheels of Parmigiano Reggiano and other harder cheeses after the US Trade Representative's office in July added cheese to its list of European Union products potentially facing tariffs due to the dispute over aircraft subsidies. The Trump administration Wednesday slapped 25 per cent tariffs on cheese and other EU products ranging from whisky to woollens, in retaliation for EU subsidies on large aircraft. Both sides say they are open to negotiations, but trade experts see little chance of averting the duties - at least in the short run. **REUTERS**

#### Glenmark Baddi facility gets FDA letter

*New Delhi:* Glenmark Pharmaceuticals Saturday said it has received a warning letter from the United States Food and Drug Administration (USFDA) for its Baddi facility in Himachal Pradesh. The FDA had inspected the facility between April 15 and 20 and earlier classified the inspection as an official action indicated, Glenmark said in a filing to the BSE. The warning letter issued is regarding the same inspection, it added. "The company is committed to work along with the USFDA to implement all the necessary corrective actions required..." Glenmark said. **PTI**

## ‘Over 90% of promoter stake in Zee pledged’

ENS ECONOMIC BUREAU  
MUMBAI, OCTOBER 5

PUNIT GOENKA, CEO of Zee Entertainment Enterprises (ZEEL), said on Saturday that over 90 per cent of the promoter holding in the company has been pledged. Goenka was addressing analysts following a disclosure made by VTB Capital on Friday "...in respect of creation of encumbrances over the shares of Zee Entertainment Enterprises, held by Essel Media Ventures Limited."

There is also a possibility that the promoters of Zee Entertainment may have to sell their entire stake to repay debt.

In a bid to bring down debt, the promoter group is open to selling a majority stake in the flagship company. Goenka also said the

#### ZEEL CEO Punit Goenka on Saturday said the management was doing everything to repay the outstanding debt of Rs 7,000 crore

promoters' stake in the company stood at 22 per cent, and that the management was doing everything to repay the outstanding debt of Rs 7,000 crore.

Goenka said, "Even if left with single-digit holding, I will be willing to work with the company if due process allows it." He did not rule out the possibility of promoters having to sell their entire stake in Zee Entertainment if required to pay lenders.

Shares of ZEEL have fallen by nearly 50 per cent since January this year, amid piling debt woes of the Subhash Chandra-led Essel

Group. The current outstanding of the Essel Group is at Rs 7,000 crore (loan against shares) while the value of the promoter group's stake is valued at Rs 5,000 crore. When asked how the Essel Group proposed to reduce the debt given the challenging environment and delay in the sale of non-media assets, Goenka said, "We are looking at all problems. Whatever stake promoters are left with, I am committed to the company. If process allows, I will continue to run the company. We are looking to resolve this in three months."

Goenka also expressed hope

that the lenders would continue to support the management in the long-term interest of the firm.

While some lenders to Essel Group in India may have agreed to a standstill, it is not clear whether VTB Capital has also agreed to a similar arrangement and nor was it clear if its covenants had been breached too. Commenting on the indirect pledge that VTB Capital had on its shares, Goenka said the pledging was not a direct one. But with Sebi's new norms on such disclosures, Goenka added that these disclosures were made. Interestingly, VTB Capital can invoke and sell shares in ZEEL like some other lenders have done if its covenants are breached, even if maturity was a year away. He did not confirm if the covenants had been breached for VTB Capital. **FE**

## ‘Further policy easing expected in December’

Doors remain open in India for further policy easing in December and likelihood of more into 2020, possibility of which was flagged recently, Singapore-based DBS Bank said on the Reserve Bank's Friday rate cut

**Factors that could ensure effective rate transmission:**  
■ Surplus liquidity conditions  
■ Market-driven lending rates  
■ Stable financial system to allow all sectors to benefit from lower borrowing costs

**PSBs opt for repo rate:** Most public sector banks have opted for RBI's repo rate as a reference rate, plus a spread fixed by each of them and a mark-up for operational costs

**Fresh concerns likely on the horizon:**  
■ Fallout of rating downgrades in stressed sectors (real estate, construction and telecom, among others)  
■ Manageable but rising exposure to non-bank institutions  
■ Balance sheet troubles in



**10.3%** Non-performing asset (NPA) ratio of country's banking sector in March 2019, as against a peak of 11.2 per cent, after undergoing a challenging period in last five years

**“The cut was as crucial as the forward guidance, both of which reinforced the MPC’s dovish stance,”**

**RADHIKA RAO,**  
SENIOR VICE-PRESIDENT AND ECONOMIST, DBS BANK

non-banks reflecting in credit and equity markets

**Slowdown in incremental credit growth:** With non-banks preoccupied with deleveraging and sorting out their asset-liability mismatch, incremental credit growth is likely to slow

## Deliberate on issues where we must improve: President tells company secretaries

PRESS TRUST OF INDIA  
NEW DELHI, OCTOBER 5

PRESIDENT RAM Nath Kovind on Saturday said company secretaries must ensure that stakeholders understand the difference between profit and profiteering, while fostering responsible business and balance economic objectives with larger socio-economic goals.

Addressing the 51st Foundation Day of the Institute of Company Secretaries of India (ICSI), he said, "we have seen how some business enterprises have broken the trust of the people. Companies have either faltered or have come to a standstill. In the process, common people have had to suffer."

Kovind said company secre-

taries play the role of a governance professional and an internal business partner and they must foster "responsible business and balance economic objectives" with larger socio-economic goals.

"And they must deliberate on issues where we need to improve, so that mistakes or limitations of the past are adequately addressed," he said.

The President further said that the concept of corporate governance is complex, but the principles on which it is based are clear and well marked. Transparency, accountability, integrity and fairness are its four pillars.

He stressed that company secretaries should responsibly determine how these principles are put into practice.

## As Fed policymakers comb data, few decisive signals on outlook

ANN SAPHIR & LINDSAY DUNSMUIR  
SAN FRANCISCO/  
WASHINGTON, OCTOBER 5

FEDERAL RESERVE policymakers on Friday signalled they are on high alert for signs that uncertainty over trade policy and slowing global growth are beginning to hold back the broader United States economy, but so far they have flagged little in the data that is pointing one way or the other.

A report on Friday showed jobs growth slowed down in September and wage growth stalled, even as unemployment dropped to a 50-year low.

Surveys released earlier in the week showed factory activity is contracting and growth in the services sector is stagnating. Each report sent traders

scrambling to bet on how the Federal Reserve might react: on Friday, they pared bets from only days earlier that the Fed would deliver two more rate cuts this year, and they now expect it to stop at just one.

But for their part US central bankers, a few of whom opposed the Fed's two interest-rate cuts so far this year and two of whom wanted even bigger rate cuts, generally stuck to their scripts, some more literally than others.

"While not everyone fully shares economic opportunities and the economy faces some risks, overall it is — as I like to say — in a good place," Fed Chair Jerome Powell said in brief remarks in Washington. "Our job is to keep it there as long as possible."

Powell and Fed Vice Chair Richard Clarida have repeatedly used "in a good place" to de-

scribe the economy, even as the central bank delivered rate cuts in both July and September designed to keep growth on track.

As Fed policymakers sift through the economic data ahead of their next interest-rate setting meeting on October 29-30, they remain divided as they assess the downside risks of the trade dispute and of geopolitical tensions to the economic outlook.

September's rate cut drew three dissents out of 10 votes; at least two non-voters have since said they too disagreed with the decision.

Policymakers are "wrestling with" figuring out if the US economy is headed for a "soft landing" or a "steep decline," Atlanta Fed President Raphael Bostic said during a moderated discussion at Tulane University in New Orleans. **REUTERS**

KENSWEET  
NEW YORK, OCTOBER 5

PAYPAL HAS pulled out of Facebook's digital currency project, known as Libra, a blow to the social media company that has faced stronger-than-expected scrutiny over its proposed creation of an alternative payments system.

The digital payments company said Friday it is withdrawing from the Libra Association so it can focus on its existing businesses. "Facebook has been a long-standing and valued strategic partner to PayPal, and we will continue to partner with and support Facebook in various capacities," PayPal said.

Facebook has presented Libra as a currency that could be used for digital payments, particularly

#### FIRST FIRM TO PUBLICLY END PARTNERSHIP

■ PayPal Holdings Inc., which is based in San Jose, California, is the first company to publicly end its partnership with Libra, but other companies have been reportedly having second thoughts

■ The Wall Street Journal reported this week that Mastercard and Visa, the

world's largest payment providers, were considering ending their relationships with Libra, Facebook's upcoming digital currency

■ Facebook has presented Libra as a currency that could be used for digital payments, particularly outside the US It would be backed by real currency

outside the US It would be backed by real currency, unlike other digital currencies like Bitcoin or Ethereum.

The Libra Association, based in Switzerland, was supposed to give the currency project a comfortable arm's length distance from

Facebook, which wouldn't own Libra.

Despite Facebook's efforts, financial regulators as well as members of Congress have questioned the company's motives for creating a new digital currency, particularly in light of criticisms

to Libra.

PayPal Holdings Inc., which is based in San Jose, California, is the first company to publicly end its partnership with Libra, but other companies have been reportedly having second thoughts. *The Wall Street Journal* reported this week that Mastercard and Visa, the world's largest payment providers, were considering ending their Libra relationships.

The Libra Association said it plans to continue to move forward with the project without PayPal.

"Building (Libra) is a journey, not a destination...each organization that started this journey will have to make its own assessment of risks and rewards of being committed to seeing through the change that Libra promises," said Dante Disparte, head of policy and communications for the Libra Association. **AP**