

New Delhi: Foreign portfolio investors (FPIs) have offloaded equities worth around Rs 3,000 crore in just three trading sessions of October, amid fears of global recession. This follows a net investment of around Rs 7,850 crore by FPIs into equities in September. **PTI**

EXISTING RECALL GUIDELINES SO FAR USED ‘MAINLY FOR BIOLOGICS’

New guidelines being planned for streamlining recall of medicines

PRABHA RAGHAVAN
NEW DELHI, OCTOBER 6

THE GOVERNMENT is planning to draft new guidelines to ensure its drug regulators can effectively recall substandard medicines released in the market here — in a move expected to improve the quality of drugs consumed by patients in the country.

At present, there is little clarity on how effectively regulators are able to remove such products from the market after they are found to have quality issues.

While India already has guidelines to recall medicines found not to be meeting quality standards, they have so far been used “mainly for biologics,” said a senior Health Ministry official on condition of anonymity.

The fresh guidelines are expected to be the first in India for medicines made from chemical ingredients, the official added. “When a batch is found to be NSQ, it has to be immediately recalled from the market, but there is no proper mechanism right now to give this information to the chemist shops,” the person said.

Following recommendations of a sub-committee set up to look into the issue, the Drugs

EXPLAINED Transparent, effective enforcement vital

GUIDELINES ENSURING uniformity in action taken by central and state regulators might ensure a faster recall of batches of medicines flagged for quality issues. Mandating regulators to update the status of action taken on recalls publicly would also be a step forward, as there is currently no clarity on how effective the present guidelines to recall medicines are.

However, the government needs to ensure enforcement of the mechanism suggested by law so that it is effective and not just a suggestion for the regulators or industry to follow when quality issues are found with products.

Consultative Committee (DCC) in its last meeting decided to formulate these rules.

“Further, to protect the public from potential use of Not of Standard Quality (NSQ) drugs after its declaration, the committee recommended that CDSCO shall immediately publish such data/reports on its website for which the state and central drug control authorities shall inform such cases of NSQ to the CDSCO... immediately after such declaration by the government analysts,”

state minutes of the meeting held on August 20. The CDSCO, or Central Drugs Standard Control Organisation, is India’s central and top drug regulatory body.

The DCC has also decided to ensure that state and central laboratories “immediately” inform the concerned drug control authorities of the NSQ drugs declared. “Further during the discussion in continuation to this point, it was also recommended to update the status of action taken (upto its logical conclusion as per

Drugs and Cosmetics Act and Rules) by the respective authorities on Not of Standard Quality drugs specially those identified under the National Drug Survey programme,” it added. *The Indian Express* has viewed a copy of the minutes. The sub-committee that examined the matter had recommended measures to strengthen the country’s drug recall system in a phased manner.

In the short term, an “immediately achievable goal” was to ensure “uniform implementation” of recall guidelines by the Centre and state. This could be done through means like appointing nodal officers in each region and constituting a “special committee” at the central level, according to the committee’s suggestions. In the medium and long-term, the committee recommended measures such as developing a mobile application and an online portal to connect “all stakeholders”.

India’s drug regulations state that pharmaceutical firms manufacturing drugs found to be substandard are supposed to withdraw from sales of “all issues already made from that batch/unit.” The CDSCO had, in 2017, also published guidelines on recalls and a “rapid alert system” for NSQ medicines in the country.

However, enforcement at present has been ineffective, according to experts.

In some instances, by the time the information reaches the shop floors, the batch is “already consumed” by patients, the official cited above said. “There are rules already available, but the issue is that we don’t have a regulatory framework to enforce them,” said Dinesh Thakur, a public health activist known as the whistleblower who highlighted data manipulation issues at Ranbaxy, once India’s top drug maker.

“How do you know how much stock is available in the market? Because health is a state subject, CDSCO doesn’t have a count on any of this,” he said. “Even if you can account for all the units of all the batches, who is responsible for the chain of custody (ensuring that the recall is carried out)?”

“The government is talking about creating guidelines, but nobody follows guidelines. What we need is, in the Drugs and Cosmetics Act, the force of law to effect such recalls,” Thakur said. He has raised this issue with the Health Ministry as well as filed a public interest litigation on this matter in 2016. The issue is currently a part of an ongoing case filed by him in Delhi High Court.

INTERVIEW WITH UNION MINISTER FOR COMMUNICATIONS, IT & LAW

‘With new, pro-investment tax regime, we’re going to make a big case for India’



Express file photo

“There is immense potential and India has to offer a large market, good human resource, a very proactive leader globally and pro-investment policies. All the ecosystem is in place”

RAVI SHANKAR PRASAD

How is the Electronics Ministry trying to make the most of the corporate tax reduction?

The new tax regime which we have brought about is the biggest reform since the early 90s. Close to 15-17 per cent for a new company and 25 per cent plus for existing company. Minimum alternate tax has been reduced. CSR can be invested for R&D. India’s tax regime is now comparable to the best in the world as far as investment is concerned. So, we hope large investment will come in India and I’m in particular pushing the case of electronics manufacturing. As you all know, India has a very good track record as far as mobile manufacturing is concerned. Now, even PCBs are being made in India. We are hearing encouraging stories from Apple also, and for me, the happiest moment would be to see on my Apple phone “Designed by Apple in California, Assembled in China”, where China is replaced by India. Samsung has also withdrawn from China.

Are there any specifics that the Ministry is working out to attract further investment in electronics manufacturing?

There is immense potential and India has to offer a large market, good human resource, a very proactive leader globally and pro-investment policies. All the ecosystem is in place. Therefore, with new, very promising and pro-investment tax

regime in place, we’re going to make a big case for India.

I have already instructed my department that components manufacturing should be given priority so that entire value chain is covered, including the possibility as to how some incentives can be accorded to the value chain. We are also looking to send our officers with some industrialists to showcase India in roadshows abroad. We are going to push electronics manufacturing in a big way.

But as far as mobile manufacturing is concerned, less than 20 per cent of the value chain is being sourced locally...

We will work out the details, but there should also be a window for global manufacturers. You must understand that our electronics manufacturing was \$29 billion in 2014-15, and it grew to \$70 billion in 2018-19. Most importantly, India’s share in global manufacturing grew from 1.3 per cent in 2012 to 3 per cent in 2018, which is a big jump.

There was an expectation of a trade deal between India and the US, but it doesn’t seem to have worked out...

Piyush Goyal, our Commerce

Minister, is in discussion and should work out. India-US relationship and President Donald Trump and Prime Minister Narendra Modi’s relationship is at a new high. I will not go into specifics but it will work out.

There was a specific demand from the US on reduction of import duty on some mobile phone categories, which we haven’t done. Was that one of the reasons the deal wasn’t finalised?

I will not comment on specifics. When something is part of negotiations, I will not comment unnecessarily.

One of the realisations that India had from the Huawei episode was that we needed more localisation as far as telecom equipment is concerned. What are your plans towards that?

I already instructed my department that India should become a big centre of telecom equipment manufacturing. Chinese companies are there but other companies are also there. I don’t want to see everything from a China focus. I have to make India the big centre because India is a huge market.

Is there any update on whether Huawei is being allowed for 5G trials?

Things are in progress, security concerns are being worked out, but I will not like to make any comment. It is a process and the consultations are on.

You had said while taking charge as Telecom Minister that India will conduct 5G trials within 100 days, but it hasn’t happened so far...

All the players are trying their best to do the trial. The whole point is that whenever I talk of 5G, it gets engrossed in Huawei. That’s not a fair way to look at it.

What are you doing to mitigate the stress in the telecom sector?

I have already conveyed it to the Finance Minister. We understand the telecom sector is important. We are in dialogue with them. But they also have to become professional.

BRIEFLY

Way clear for privatisation of BPCL

New Delhi: Ahead of a proposed move to fully privatise state-owned fuel retailer Bharat Petroleum Corp Ltd (BPCL), the government had quietly repealed the legislation that had nationalised the company, doing away with the need to seek Parliament nod before selling it off to private and foreign firms. The Repealing and Amending Act of 2016 had annulled “187 obsolete and redundant laws lying unnecessarily on the Statute-Book” including the Act of 1976 that had nationalised erstwhile Burmah Shell. “The Act has been repealed and there is no need for a Parliament approval for strategic sale of BPCL,” a senior official said.

FM to inaugurate NeAC today

New Delhi: Finance Minister Nirmala Sitharaman will on Monday inaugurate income tax department’s national-e-assessment centre (NeAC), which aims to avoid face-to-face interaction between taxpayers and officials.

Pace of GDP expansion to rise by Jan: Puri

New Delhi: The country’s economic growth has probably reached a “trough” and the pace of gross domestic product (GDP) expansion will start rising by January next year, HDFC Bank managing director Aditya Puri has said. **PTI**

Homebuyers wrote to PM about stuck projects, weeks before HDIL fraud surfaced

ENSE ECONOMIC BUREAU
MUMBAI, OCTOBER 6

THREE WEEKS before the Punjab and Maharashtra Co-operative (PMC) Bank fraud surfaced, a group of homebuyers of the scam-hit realty developer HDIL had written to Prime Minister Narendra Modi seeking his intervention to resolve their distress.

The Whispering Towers Flat Owners Welfare Association — representing over 450 homebuyers of the HDIL project in suburban Mulund, Mumbai — have in a letter dated September 1, to the Prime Minister said they are seeking his intervention as a last resort.

Now, with the realtor’s promoters in jail in a cheating case re-

lated to the scam at PMC Bank, the worries of the homebuyers have intensified.

According to the letter, over 450 families have paid around Rs 350 crore to HDIL, but the project has been stuck for the past nine years. Other HDIL projects like the Majestic Tower in Nahur and Paradise City in Palghar in Maharashtra are also stuck.

“The project was launched in 2010 and bookings were accepted since then. But, in the past nine years, only 18 floors of the 46 storeyed-tower have been built, while work has not even started on the second phase,” said the association.

HDIL, which is now facing insolvency proceedings in the bankruptcy court NCLT, had taken Rs

175 crore from Allahabad Bank, J&K Bank and Syndicate Bank for the project, the letter said. “Another Rs 525 crore was raised by the company for the project but we believe the money has been siphoned off as the project has been stuck for long,” it said.

“HDIL has done a blatant fraud by not informing Allahabad Bank about the sale of flats to homebuyers and has also cheated the customers by not issuing them NOCs from the bank for taking home loans from various lenders,” the letter further said.

On October 3, the Economic Offences Wing of the Mumbai Police arrested the promoters of HDIL, Rakesh Wadhawan and his son Sarang Wadhawan, for their involvement in PMC Bank fraud.

‘Waryam Singh acted as bridge between bank officials and HDIL’

MOHAMED THAYER
MUMBAI, OCTOBER 6

WARYAM SINGH, the former chairman of the Punjab and Maharashtra Co-operative (PMC) bank “was a bridge between the bank officials and business tycoons” who carried out the scam, the Mumbai Police told the court while seeking custody of Singh.

Singh, the fourth person to be arrested from Mahim on Saturday evening in the Rs 4,355-crore scam at the bank, was remanded in police custody till October 9. While the police claimed he was the link between the accused, his lawyers argued that he was not aware about the day to day activities at the bank.

The Economic Offences Wing (EOW) of Mumbai Police, which is investigating the case, mentioned in its remand that Singh was also on the Board of Directors of HDIL in the past.

The Mumbai Police EOW, which is probing the case, mentioned in its remand that Waryam Singh was also on the Board of Directors of HDIL in the past

“Hence, he is the connecting link who brought together the other HDIL promoters Rakesh and Sarang Wadhawan and former PMC bank MD Joy Thomas. He was known to be close to the Wadhawans,” an official said.

Cops said they wanted to corroborate some of the things they have found during the interrogation of the other three accused.

Advocate Vibhav Krishna, representing Singh, said, “I argued before the court that Singh was not part of the executive functioning at the PMC Bank and was only on

the Board of Directors that has a supervisory role and hence he was not aware about what was happening at the bank.”

“The investigating agency already has several documents that they need about the meetings and hence Singh’s custodial interrogation was not required,” he added. After hearing the arguments, the holiday court Magistrate remanded Singh to police custody till October 9.

Earlier, the police had carried out searches at the residence of Singh and identified demat accounts to the notional amount of Rs 100 crore. The demat account had been frozen. The EOW eventually arrested Singh Saturday evening from Mahim. Prior to this, the police had arrested the Wadhawans and Thomas.

A police official said that during the course of their interrogation, if some new names crop up, they may be arrested in the case as well.

‘India could miss RE target by 42% margin’

Faced by many a regulatory challenge, policy flip-flops and also a steep fall in tariffs, the country is likely to miss the renewable energy (RE) target of 175 giga watt (GW) by 2022 by a 42 per cent margin, says a report by Crisil

104 GW

India’s projected RE capacity for 2022, only 40 GW higher than 64.4 GW capacity in 2019

26%

Percentage of the 64 GW of projects auctioned by the Centre and states that have received no or lukewarm bids

31%

Percentage of the 64 GW of projects that are facing delays in allocation after being tendered

34

Ratio of auctioned or awarded projects to tendered projects in 2019

CHALLENGES FACED BY SOLAR ENERGY PROJECTS
■ Growing incoherence between the policy thrust and actual action by implementation agencies pose big risks to the RE targets

■ As of July, discoms in Andhra Pradesh alone owed Rs 2,600 crore to developers, part of which was due to ongoing tariff negotiation dispute and the resultant delays in payments. This could act as a deterrent for most developers

■ Rajasthan’s new draft solar and hybrid policy proposes an additional annual levy of Rs 2.5-5 lakh per MW on all projects that sell power to entities outside the state. This could be highly detrimental for growth of the sector

CHALLENGES FACED BY WIND ENERGY PROJECTS

■ Fall in viability after shift from fixed tariffs to competitive bids

■ Rise in capital costs with original equipment manufacturers offering no discounts

PRICE CAP ON TARIFFS

■ Solar energy: Rs 2.65 in June 2019; down from Rs 2.93 in December 2018

■ Wind energy: Rs 2.83 in May 2019; down from Rs 2.93 in April 2018

China’s Sept forex reserves fall to \$3.092 trillion

HUIZHONG WU & HALLIE GU
BEIJING, OCTOBER 6

CHINA’S FOREIGN exchange reserves fell more than expected in September, despite the yuan rebounding from its biggest monthly drop in 25 years in August amid a cooling domestic economy and rising Sino-US trade tensions. The country’s foreign exchange reserves, the world’s largest, fell \$14.8 billion in September to \$3.092 trillion, according to data from China’s foreign exchange regulator Sunday.

Economists polled by *Reuters* had expected reserves would fall

‘DUE TO FLUCTUATIONS IN EXCHANGE RATES’

■ September’s fall was due to fluctuations in foreign exchange rates and in the price of assets, said China’s foreign exchange regulator

■ Reserves have rebounded from an October 2018 low thanks to capital controls & rising foreign investments in Chinese stocks and bonds

by \$6 billion from August to \$3.101 trillion. September’s fall was due to fluctuations in foreign exchange rates and in the price of assets, the foreign exchange regulator said in a statement after the data release.

Looking ahead, uncertainties in the international economic and financial environment will in-

crease, with the global economy slowing, and trade protectionism and unilateralism on the rise, according to the same statement. Volatility in international financial markets will increase.

China has been able to keep capital outflows under control over the past year despite an es-

calating trade war with the United States and weakening economic growth at home.

Reserves have rebounded from an October 2018 low thanks to capital controls and rising foreign investments in Chinese stocks and bonds.

In September, the yuan rose 0.14 per cent against the dollar after posting its biggest monthly drop in 25 years in August.

The yuan has now depreciated about 11 per cent against the dollar since the two sides began exchanging tit-for-tat tariffs in April last year. The dollar rose 0.47 per cent in September against a basket of other major currencies.

China burned through \$1 trillion of reserves supporting the yuan in the last economic downturn in 2015, which also saw it devalue the currency in a surprise move. China’s economic growth risks slipping below the lower-end of Beijing 2019 target of 6 per cent in the third quarter or over the next year, analysts warn, as the trade war with the US persists.

Factory activity surveys in China pointed to slight improvement in September as domestic demand picked up, but analysts believe the gains will be short-lived as the property market cools and Sino-US trade tensions remain elevated. **REUTERS**

Negotiations between UAW, GM take a ‘turn for the worse’; but talks still on

BEN KLAYMAN
DETROIT, OCTOBER 6

TALKS FOR a new four-year labor contract between General Motors Co (GM) and its striking workers took a “turn for the worse” Sunday after the United Auto Workers (UAW) rejected the largest US automaker’s latest offer but the two sides were still talking.

GM made an offer to the union that basically repeated one the UAW had previously rejected, Terry Dittes, the UAW vice president in charge of the GM depart-

ment, said in a letter to members. The union provided a copy of the letter to *Reuters*. “These negotiations have taken a turn for the worse,” he said. “We, in this union, could not be more disappointed with General Motors,” Dittes said. “The company has shown an unwillingness to fairly compensate ... the UAW.”

Dittes said the UAW made an offer on Saturday to GM that covered wages, signing bonuses, job security, profit sharing and other issues. He said GM responded on Sunday morning with its counteroffer, which “did nothing to ad-

vance a whole host of issues.”

GM said in a statement that it was committed to negotiating “around the clock” to reach a deal.

“We continue to negotiate in good faith with very good proposals that benefit employees today and build a stronger future for all of us,” the company said in the statement. The GM strike began on September 16 with its 48,000 UAW members seeking higher pay, greater job security, a bigger share of the automaker’s profit and protection of healthcare benefits. The sides have been meeting daily. **REUTERS**