BJP discusses RCEP deal with stakeholders, will submit report to govt

ARCHIS MOHAN & SANJEEB MUKHERJEE
New Delhi, 7 October

As India prepares for the final phase of negotiations on the RCEP (Regional Comprehensive Economic Partnership) free-trade agreement, the Bharatiya Janata Party (BJP) on Monday held a consultation with sundry stakeholders on the issue.

Party sources said it was a first-of-its-kind exercise by the BJP. The meeting, with nearly 20 stakeholders, was held at the BJP national headquarters in the national capital. From the BJP, its national general secretary (organisation) B L Santhosh and spokesperson on economic affairs Gopal Agarwal attended.

Representatives of the PHD Chamber of Commerce, exporters, activists and experts attended the meeting. Swadeshi Jagran Manch, the Rashtriya Swayamsevak-affiliated think thank on economic affairs, also attended the meeting. The BJP will now submit its report on the meeting to the government.

The BJP's effort comes in the wake of Commerce and Industry Minister Piyush Goyal set to attend the eighth RCEP ministerial meeting in Bangkok from October 10 to 12. On Friday, Home Minister Amit Shah, External Affairs Minister S Jaishankar, Finance Minister Nirmala Sitharaman, Goyal and Minister of State for Commerce and Industry Hardeep Singh Puri had met here to discuss RCEP.

Sources said the meeting on Monday had those who voiced concerns about the fallout of the trade deal on Indian domestic industry, particularly on agriculture and dairy industries, while some others said it could benefit Indian industry by making it more competitive and help exports.

In recent days, Swadeshi Jagran Manch's Ashwani Mahajan has cautioned against New Delhi joining RCEP, which could have "disastrous impact" on Indian manufacturing, dairy and agriculture. The Manch has warned joining the trade deal would cause job losses to the tune of 50 million in rural areas, and Prime Minister Narendra Modi's promise of doubling farmers' incomes will remain a pipe dream. "Indian dairy farmers' income will actually be halved. India's $100 billion dairy industry is a prized market for New Zealand and Australia," Mahajan has said.

DHFL promoters' holding frozen for delay in results

Action was taken by the CDSL; market experts believe it's a technical issue

BS REPORTER & PTI
Mumbai, 7 October

Central Depository Services (CDSL) has frozen debt-ridden Dewan Housing Finance Corporation's (DHFL's) promoter shareholding since the company has not filed results for the first quarter.

However, sources close to DHFL said the company is going to declare its results in few days and is arranging a board meeting for the purpose.

According to sources, the delay in the results is because the auditor has resigned. "Since DHFL's auditors had resigned and a new auditor had been appointed at the AGM held on September 28, the company's first quarter results had been delayed," said one of the sources.

Meanwhile, DHFL informed the BSE that the meeting of the board of directors is scheduled to be held on Thursday (October 17). The board will consider and approve the unaudited financial results for the first quarter ended June 30.

CDSL allows investors to deposit securities by opening an account in electronic form (dematerialised).

And, according to the listing obligations and disclosure requirements (LODR) regulation, a company is required to submit financial results on a quarterly basis.

The depository has the right to freeze the entire holding of a promoter if the company fails to announce its financial results quarterly.

Market experts believe that it is technical issue. "Hence, this matter is procedural and no undue speculation is needed," said a market expert.

DHFL defaulted on multiple commitments after it was in trouble due to the NBFC crisis which started after the fallout of IL&FS.

The group promoters, who own almost 39 stake, have tried various methods to dispose of the stress and also submitted a resolution plan to the lenders which is subject to approval.

KAPIL WADHAWAN
Vice-chairman & managing director

FRESH TROUBLE

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Banks expect double-digit growth in retail loan book this festive season

SBI Chairman Rajnish Kumar: 'Retail credit growth seen at 10-12%'

NIDHI RAI
Mumbai, 7 October

State Bank of India (SBI) expects its retail loan book to grow substantially this festive season. Speaking on the sidelines of the bank's event, Chairman Rajnish Kumar said, "The retail credit growth is looking promising. It is expected to be in the range of 10-12 per cent this festive season."

Compared to last year, the retail loan book of SBI has grown by 18.68 per cent till June 2019. Due to slowdown in the economy, the first two quarters of 2019-20 have been slow for retail loans. According to the Reserve Bank of India data, the retail loan book was 15.6 per cent in August 2019, compared to 18.2 per cent in August 2018.

Keeping the festive cheer in mind, SBI has launched the debit card EMI facility for its existing customers. Customers will now be able to convert their consumer durables purchases into easy instalments of six to 18 months on select brands. Some of the key benefits that customers can enjoy while using this facility are zero documentation, no processing fee, no branch visit, instant disbursal irrespective of the existing savings bank account balance.

Likewise, the biggest private player, HDFC Bank, has launched special offers with over 1,000 retail brands that will offer discounts, cashbacks, and extra reward points on both in-store and online purchases. HDFC Bank is also offering special offers on all banking products.

ICICI Bank has also joined the party with its festive bonanza. There are over 5,000 offers on premium brands, e-commerce sites, and at 20,000-plus stores. The offers are applicable till October 31. Pranav Mishra, head-retail liabilities, ICICI Bank, said, "Though these are early days, the response to the festive offers is very encouraging. The transactions on e-commerce platforms by our customers using our debit and credit cards and internet banking have grown tenfold, compared to the similar period last year."

SBI Chairman Rajnish Kumar during the launch of SBI debit card EMI facility for select PoS customers, in Mumbai on Monday PHOTO: KAMLESH D PEDNEKAR

SBI expects double-digit uptick in corporate loans

State Bank of India says it is seeing a healthy demand of corporate loans and has a robust pipeline. Speaking at the sidelines of an event, Chairman Rajnish Kumar said: "We have a robust pipeline of corporate loan book and we are planning to cover this pipeline into disbursals. We expect a double-digit demand from the corporate sector."

According to June 2019 data, SBI witnessed 11.62 per cent year on year growth in the corporate loan book. The Reserve Bank of India (RBI) data also reflects that compared to last year, this year corporate credit growth has seen some relief. The data showed credit growth to industry rose from 1.9 per cent in August 2018 to 3.9 per cent in August 2019.

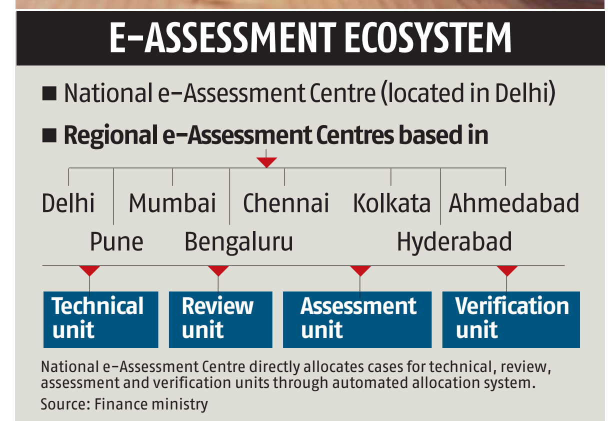
Bankers believe that the relaxation in the corporation tax rate will also boost the sentiments of the corporate and the demand for loan will be strong.

Journey of faceless e-assessment starts

I-T dept has sent notices to 58,322 under the scheme so far

INDIVJAL DHASMANA
New Delhi, 7 October

E-ASSESSMENT ECOSYSTEM



National e-Assessment Centre directly allocates cases for technical, review, assessment and verification units through automated allocation system.
Source: Finance ministry

The income-tax department has sent notices in each category of return filing to 58,322 assessees through the faceless e-assessment system, the top body of which was inaugurated on Monday.

This will eliminate an interface between an assessing officer and a tax payer in most cases. These notices are sent in each category from ITR 1 to ITR 7, said a tax official, explaining the faceless assessment system. As many as 3,517 of these are companies.

Though the system is called faceless, it would have a room for inviting tax payers through video conferencing. Earlier, Revenue Secretary Ajay Bhushan Pandey inaugurated the National e-Assessment Centre (NeAC) at Saket in New Delhi. Pandey said with the launch of the NeAC, the income tax department will usher in a paradigm shift in its working.

It will introduce a faceless e-assessment to impart greater efficiency, transparency and accountability in the assessment process.

Finance Minister Nirmala Sitharaman was to inaugurate the Centre, according to the original schedule. However, she got busy in her meetings with Home Minister Amit Shah and Prime Minister Narendra Modi.

Though NeAC was inaugurated on Monday, the notification of e-assessment system was issued on September 12 from when the scheme was supposed to be launched.

NeAC will be the top body to send all notices and communication electronically. Under it would be eight regional e-assessment centres (ReACs) in Delhi, Mumbai, Chennai, Kolkata, Ahmedabad, Pune, Bengaluru and Hyderabad.

Under these centres, there would be four units — technical, review, assessment and verification. The assessment unit would identify issues, seek information and analyse material to frame draft assessment orders.

The verification unit would conduct inquiry, examine books of account, examine witnesses and record statements through video conferencing.

The technical unit would provide advice on legal, accounting, forensic, information technology, valuation, transfer pricing, and data analytics issues.

The review unit would review the draft assessment order – whether material evidence is brought on record, points of facts and law are incorporated, application of judicial decisions is considered and the arithmetic correctness.

NeAC would assign cases to the assessment unit, verification unit and technical unit through an automated allocation system. It would then select draft assessment orders for review and allocate it to the review unit through an automated allocation system.

NeAC would provide an opportunity to the taxpayer concerned before finalising the order. After finalising the assessment order, it would transfer all electronic records to the jurisdictional assessing officer for post-assessment work such as collecting penalty.

Central Board of Direct Taxes (CBDT) chairman P C Mody said all cases selected for scrutiny belongs to the current assessment year and would have to be closed by September next. He said the cases scrutinised for the previous year were also on e-assessment basis, but they were jurisdictional. However, cases selected for the current year can go to any jurisdiction, depending on the automatic allocation system.

Kashmir lifts advisory asking tourists to leave

PRESS TRUST OF INDIA
Srinagar, 7 October

Jammu & Kashmir Governor Satya Pal Malik on Monday directed lifting an over two-month-old advisory which had asked tourists to leave the Valley due to "terror threat".

The governor directed withdrawal of the advisory with effect from October 10. The advisory was issued on August 2, days before the issuance of the presidential order revoking the special status of Jammu & Kashmir, negating the Article 370 of the Constitution. Malik issued the directive for lifting the security advisory for tourists at a "situation-cum-security review' meeting with the advisors and the chief secretary here, an official spokesman said.

He said the governor was also informed that as Block Development Council (BDC) elections, scheduled to be held on October 24, are party-based, the delegations of parties having their leaders in jail are being allowed to meet party presidents once so that they can take decision on elections and authorise someone to approve candidates. "The governor directed that the Home Department's advisory asking tourists to leave the valley be lifted immediately. This will be done with effect from October 10," the spokesman said.

The state administration had on August 2 issued a security advisory asking Amarnath pilgrims and tourists to leave Kashmir as soon as possible, citing terror threat in the Valley.

FCI faces ₹3.2-trn outstanding subsidy, loans by FY20-end

This, even if the government clears its allocated subsidy for 2019-20 of ₹1.51 trillion, of which around ₹1 trillion has been released

SANJEEB MUKHERJEE
New Delhi, 7 October

Food Corporation of India (FCI), apart from facing a mismatch between bulging stocks and limited storage capacity, is encountering a stretched financial position, which, unless addressed quickly, could have serious implications.

Though grain-procurement operations may not be affected because funds for purchasing rice and wheat will continue to be provided, several experts say the corporation's financial health can worsen unless corrective measures are taken immediately.

Such is the poor financial health of FCI, officials said, that even if Centre releases its allocated ₹1.51 trillion subsidy for 2019-20 by March next year, FCI would still have ₹1.74 trillion as outstanding unpaid subsidy dues and around ₹1.45 trillion to repay the National Small Savings Fund (NSSF) by the end of 2019-20. Together, it comes to almost ₹3.2 trillion.

In March this year, the outstanding subsidy was ₹1.91 trillion and an equal amount was loans outstanding from the NSSF.

At the start of 2019-20, FCI required ₹1.86 trillion as subsidy. However, the allocation in the Budget was ₹1.51 trillion (food subsidy allocated in 2019-20 was ₹1.84 trillion, of which FCI's share is ₹1.51 trillion while the rest is the state's share for procurement), leaving a gap of ₹35,000 crore even before the year's operations started.

According to sources, of the allocated ₹1.51 trillion, around ₹1 trillion has been released.

NSSF loans

Long before the Centre dipped into the RBI's reserves to bridge its fiscal deficit, it has been doing the same thing with NSSF funds to manage its food subsidy (since 2016-17). Before that, surplus food subsidy was rolled over and reflected in the following year's Budget.

But, because of open-procurement operations and a cap on the issue, subsidy kept on growing while the allocations were lower, forcing the government to seek NSSF loans, which have to be repaid in five years.

At the start of 2016-17, FCI required a subsidy of ₹1.10 trillion, but the Centre gave ₹78,000 crore. The balance, ₹32,000 crore, was borrowed from the NSSF. During the year, as requirement increased, so did the loans from the NSSF. As a result of this, they swelled to ₹70,000 crore by the end of 2016-17.

Similarly, in 2017-18, the subsidy requirement was ₹1.17 trillion, while the disbursement during the year was ₹62,000 crore. Hence NSSF loans of around ₹55,000 crore were required. But during the year, more funds were sought from the NSSF, pushing the outstanding loans at the end of 2017-18 to ₹1.21 trillion. By the end of 2018-19 (the last available year), this number had grown to ₹1.91 trillion.

Apart from NSSF loans, FCI also raised loans from a mix of other instruments. The interest on them is added to the government's subsidy account.

The outstanding loans were over ₹2.40 trillion.

From 2019-20, FCI will have to start repaying part of the principal, which, according to some estimates, should be around ₹46,000 crore.

Bulging stocks

Just a month before FCI started rice procurement in October, grains stocks in Chhattisgarh were 102 per cent of capacity, while in Jharkhand they were 99 per cent, and in Punjab and Haryana 96 per cent.

All these are big rice procurers and just a month before their annual purchases for 2019 their storages were stocked up with inventories accumulated over the years.

As of September 1, India had stocks of foodgrains of more than 67 million tonnes, while the storage available as of July 1 was around 88 million tonnes. Of this, around 14.5 million tonnes was under Covered Area Plinth (CAP).

Now, with fresh procurement starting this month, serious steps need to be taken to shore up storage capacities.

A big reason for the rising food subsidy, which has stretched FCI's financial position, is the Centre's reluctance to increase the price of highly subsidised foodgrains supplied under the National Food Security Act, 2013.

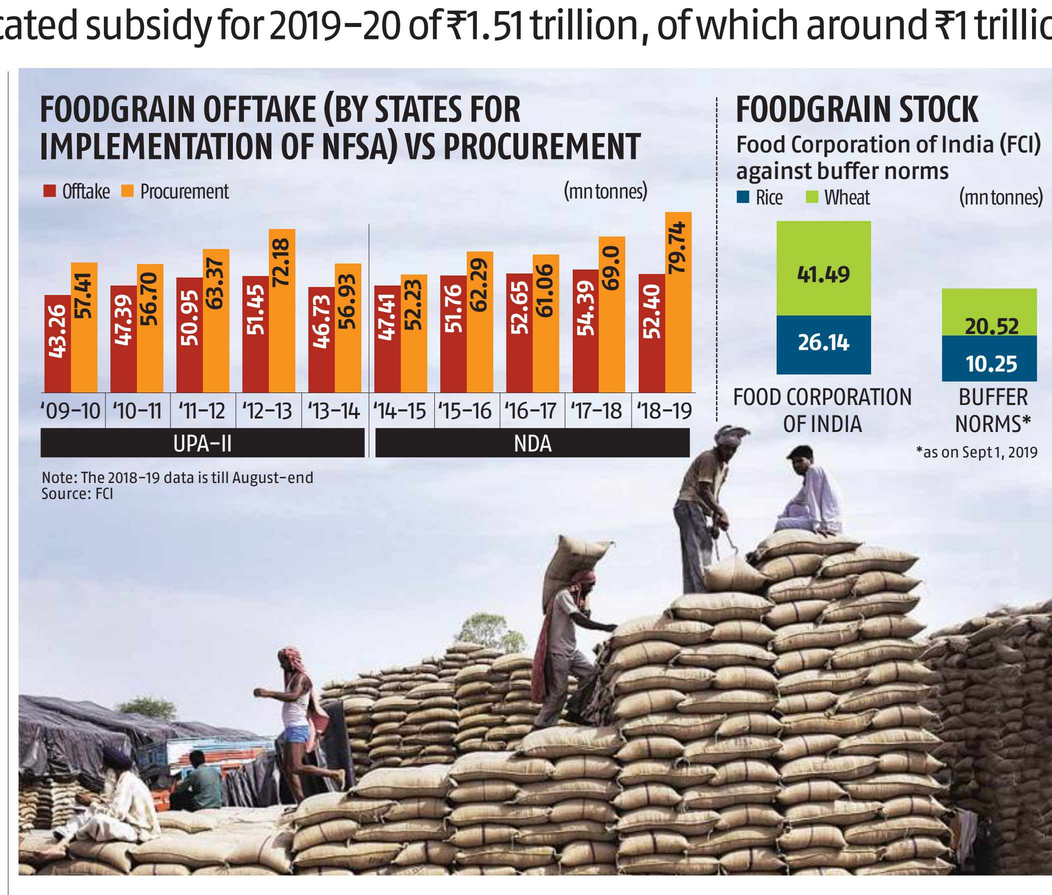
Under the act, the price of rice has been kept unchanged at ₹3 a kg, while that of wheat is stationary at ₹2 per kg and coarse grains at ₹1 a kg.

The data shows that each ₹1 (per kg) increase in the issue price of grains could result in savings of food subsidy of over ₹5,000 crore annually.

For 2018-19, while FCI's issue price of grains to the states under the NFSA remains at ₹3 per kg for rice and ₹2 per kg for wheat, the economic cost of grains is ₹33.1 and ₹24.45 per kg, respectively. This means for every kg of rice sold through the more than 500,000 ration shops across the country, the government incurs a subsidy of ₹30 a kg, while for wheat it is ₹22.45 per kg.

But a more important problem, according to senior FCI officials, is the open-ended procurement system, which has created a big mismatch between the grain procured and disposed of.

Open market sale is an option, but the quantities are too small to make any significant dent on the stocks and reserves.



Foodgrain output at 140.5 mt in FY20 on monsoon boost

With the best monsoons in 25 years, the overall food grain production is expected to increase marginally by 8.4 million tonne from the average output in the past five years at 140.57 million tonne in 2019 -20, says a report.

The monsoons have been normal or excess in 84 percent of the regions, while the rest of the regions getting insufficient rainfalls, the National Bulk Handling Corporation (NBHC) said in a report Monday. Production of monsoon-sown food grain is expected to be 140.57 mt in 2019-20, up by 8.4 mt from average output in the past five years, it added. The report said total rice is expected to show marginal improvement in sown area by 2.80 percent as farmers have shifted 20-25 percent of their crop areas from non-basmati rice to basmati in Punjab due to the higher export demand last year.

"Receding waters in the flood-affected regions of Bihar, Odisha and Karnataka have helped recover the areas under paddy but delayed in sowing, which is likely to lower the yield by 2.58 percent," NBHC head for research & development Hanish Kumar Sinha said in a statement.

Maize acreage is expected to go up, but output may fall by 5.75 per cent due to the massive armyworm infestation. Area and production of jowar is expected to fall by 4.79 per cent and 0.61 per cent respectively, while bajra area is expected to increase by 2.47 percent but is expected to decline by 4.69 percent, it said. PTI