IN BRIEF

Maruti cuts output for eighth straight month

NEW DELHI

Reeling under a prolonged slowdown, Maruti Suzuki India (MSI) reduced its production by 17.48% in September, making it the eighth straight month when the country's largest carmaker lowered its output. The company produced a total of 1,32,199 units in September as against 1,60,219 units in the same month of the last year, Maruti Suzuki said in a regulatory filing. PTI

BAI reiterates demand for cement regulator

MUMBAI

Builders' Association of India (BAI) has urged the government to appoint a Cement Regulatory Authority for curbing alleged malpractices in the sector. "The Cement Regulatory Authority can rein in the unabated increase in cement prices. Such an abnormal price hike causes huge losses to the real estate developers as also to the government as well as private contractors," said Sachin Chandra, president, BAI.

Infosys bags digital services deal from Volvo

BENGALURU

Tech major Infosys said it has been selected as the main supplier to deliver Volvo Cars' digital transformation services for its enterprise digital commercial operations applications and products. Under this, Infosys will offer next generation application services leveraging its global delivery model (GDM), agile delivery, automation and other service optimisation levers to deliver effective service operations.

FPI flows stay muted post tax rate cuts

'IMF, ADB cutting growth forecast, trade war, Trump impeachment inquiry weigh on global investors'

ASHISH RUKHAIYAR
MUMBAI

The corporate tax rate cuts announced by the government last month has had only a marginal effect on foreign portfolio investors (FPIs) who have been net sellers in most trading sessions since the reduction in the levy was announced.

Data show that in the 10 trading sessions since the rate cut, FPIs have sold shares on eight occasions though they have been net buyers at a little under ₹900 crore primarily due to significant buying on two occasions.

As per data from the National Securities Depository Limited (NSDL), FPIs were net buyers at a whopping ₹2,856.51 crore on September 23 – the first trading session post the tax rate cuts announced by Finance Minister Nirmala Sitharaman.

Thereafter, overseas investors sold shares with a cumulative value of almost ₹920 crore in the next two sessions before again buying shares worth ₹3,164 crore on September 26.

Since then, they have been net sellers in the six consecutive trading sessions having sold shares worth more than ₹4,200 crore.

In low spirits

FPIs have sold shares on eight occasions in the 10 trading sessions since the tax rate cut

Date	FPI flows (₹ Cr.)	DII flows (₹ Cr.)
Sept. 23	2,856.51	291.95
Sept. 24	-684.9	472.81
Sept. 25	-231.73	-762.48
Sept. 26	3,163.90	339.28
Sept. 27	-66.1	458.68
Sept. 30	-298.43	504.69
Oct. 1	-1,521.31	1,503.02
Oct. 3	-989.15	862.54
Oct. 4	-844.56	606.28
Oct. 7	-494.21	904.82

SOURCE: NSDL, BSE

Market participants believe the tax rate cut would only have a minimal effect on FPI flows in Indian equities as larger global concerns continue to persist making investors cautious about making fresh allocations in most emerging markets, including India.

Too many overhangs

"There are too many overhangs in equity markets globally and India is no exception," said the institutional sales head of a domestic brokerage. "We have seen world bodies like IMF and ADB cutting growth forecasts, trade war between the U.S. and China escalating at regular intervals and, most recently, impeachment inquiry of Donald Trump.

"These things make global investors cautious, which is being reflected in the FPI flows even though the government did a good job by cutting corporate tax rates," he added.

Incidentally, the recent FPI activity, though lacklustre in inflows, was still better than the trend witnessed after the government rolled back the tax surcharge introduced in the Union Budget. FPIs were net sellers at nearly ₹7,000 crore between August 23 – when the roll-back was announced – and September 23 when tax rate cuts were announced.

Meanwhile, domestic institutional investors (DIIs) have been buying shares in huge quantities with the net buying in the last 10 trading sessions pegged at nearly ₹5,200 crore.

Mercedes-Benz sells over 200 cars in festive season

Says it 'outperformed' last year's sales

SPECIAL CORRESPONDENT
MUMBAI

Mercedes-Benz India said it sold more than 200 units in the last few days, including 125 units in Mumbai alone during Dussehra. Seventy-four units were delivered during Navratri in Gujarat. These two remained the top focus markets for the company.

In a statement, the firm said this year's Dussehra and Navratri deliveries outperformed the 2018 numbers and marked a 'strong' festive mood. The quantum of sales is significant in the backdrop of the current downturn in the automobile industry.

"Sedans C-Class and E-Class continue to delight customers in Mumbai followed by SUVs like the GLC and GLE. CLA, GLA. The C-Class emerged as the choice of Gujarat customers," it said. Customers included businesspersons, doctors, CAs and lawyers, it added.

"Today's deliveries signify that we have similar level of excitement... from customers, which we witnessed in 2018; and that is positive for us," said Martin Schwenk, MD and CEO.

'Time to have separate deposit insurance for SB, FD accounts'

Current upper limit has outlived its utility, says SBI report

SPECIAL CORRESPONDENT
MUMBAI

Amid the crisis in Punjab & Maharashtra Co-operative Bank that had created panic among a section of depositors, a report by the State Bank of India (SBI) has called for a re-look at the deposit insurance scheme.

"The current upper limit of ₹1 lakh per depositor, we believe, has outlived its shelf life and there is a need to revisit it," SBI said in a report.

The report suggested a two-tier system of deposit insurance – one for savings account deposit and the other for fixed deposits.

At present, deposits of up to ₹1 lakh are insured by the

Deposit Insurance and Credit Guarantee Corporation.

"The DICGC coverage should be revised and bi-furcated into two categories: 1) desirable coverage of at least ₹1 lakh for SB deposits (around 90% of the total SB accounts) and 2) desirable coverage of at least ₹2 lakh for term deposits (around 70% of the total TD accounts)," the report said.

Senior citizens

The report also suggested a separate provision for senior citizens. "This revision in DICGC coverage becomes all the more desirable in the Indian context, where senior citizens/retired people have no social security in place and mostly keep fixed deposits for earning interest income," it said.

The report suggested depositors get an incentive to spare a part of their total deposits to buy bank bonds that provide guaranteed coupon rates on a half-yearly basis and are tax-free.

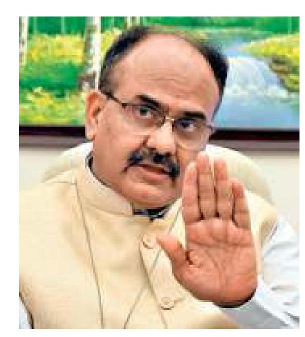
Govt. unveils faceless I-T assessment, opens National e-Assessment Centre

'e-Assessment to bring about efficiency by eliminating human interface'

SPECIAL CORRESPONDENT
NEW DELHI

Revenue Secretary Ajay Bhushan Pandey has launched the faceless assessment system in the Income Tax department and also inaugurated the National e-Assessment Centre, promises that Finance Minister Nirmala Sitharaman had made in her Budget speech.

"The e-Assessment Scheme introduces the concept of team-based assessment with dynamic jurisdiction which would bring about transparency, efficiency and standardisation of procedures by eliminating human interface between the taxpayer and the Income



Ajay Bhushan Pandey

Tax department," the government said in a release.

The launch of the e-Assessment system comes days after the Central Board of Direct Taxes (CBDT) launched a system wherein all notices and communication sent by the I-T department would come with a computer-generated documentation identification number (DIN). Notices without this DIN will be considered *non est* or non-existent under the law. "E-assessment is a welcome step in making assessment proceedings efficient and speedy," said Homi Mistry, partner, Deloitte India.

Save time

"Online submissions will save time and effort involved in visiting tax offices for face-to-face proceedings. Faceless assessments will make the process objective and hassle-free."

The nodal National e-Assessment Centre (NeAC) will be located in Delhi and headed by the Principal Chief Commissioner of Income Tax. The eight Regional e-Assessment Centres will be located in Delhi, Mumbai, Chennai, Kolkata, Ahmedabad, Pune, Bengaluru, and Hyderabad.

"Cases for the specified work shall be assigned by the NeAC to different units by way of automated allocation systems," the release added. "In view of the dynamic and all-India jurisdiction of all officers of NeAC and ReAC, this kind of connective and collaborative effort of officers is likely to lead to better quality of assessments."

INTERVIEW| GAUTAM HARI SINGHANIA

'Must react fast to auto crisis'

Fundamental problem is lack of money: Raymond CMD

LALATENDU MISHRA

The downturn in the auto sector could have a multiplier effect on other sectors of the economy, says **Gautam Hari Singhania**, *CMD, Raymond in an interview. Excerpts:*

What is the state of the economy?

■ The economy is a little tough now. There is no liquidity. Banks do have the money but they are not lending. You were travelling at 300 km per hour and suddenly, somebody slammed the brakes. So, there is going to be discomfort till the car stops and starts again. These are tough times but Raymond always embraces such times.

How is the retail sector doing?

■ Auto sector is in a terrible condition. NBFCs are in a bad state. The fundamental problem is lack of money. But if you are a good company and have good products with value for money, at best you will be flat or have little growth. That is a good thing because others will be negative.

The pain in the auto sector is huge. The multiplier effect of that is going to be over the whole industry because auto sector does not stop at cars. If you take unemployment in auto companies, ancillaries and dealerships, it would be lakhs of people. It even affects industries like steel, tyre, engine, component manufactures and leather manufacturers.

Every manufacturer has a [trickle] down effect on employment. If one sector affects 20 other sectors, then those 20 will affect 20 other sectors. Today, we see auto getting the highest pain.

One can deal with 5-10% up or down in sensitivity index but when you see 40%, it is a systemic change. We need to react to this quickly. We need to correct it quickly. Whatever needs to be done, let's get it done and let's move on. Is there a problem? The answer is yes.

Unemployment in auto firms, ancillaries and dealerships would run to lakhs of people

How is Raymond doing in this environment?

■ With the slowdown, everybody has been impacted. But we are doing better than other companies because eventually Raymond sells value-for-money products. We are not overleveraged; we continuously do product innovation. I am worried for the overall sentiment. There will be collateral damage on everybody.

Do your store expansion plans remain?

■ We are continuously opening new stores. Today, we have 1,406 stores in India across 600 towns and 52 stores in nine other countries. We will continuously be aggressive not only in Raymond shops but in different formats and new formats. Our next big penetration will be via another company that has presence in 375 towns and that will go on expanding. Today, there are people in Central India who have never been to Mumbai. I remember, once a 50-year-old Punjabi man came for a product launch, he said he had never seen the sea before and he thanked me for showing him the sea [from the terrace of Raymond flagship store at Breach Candy].

When I asked what he meant, he said he had never left Punjab. What you and me take for granted, in India you have to go to the markets [to understand trends].

Recently, Raymond forayed into real estate. What are your overall plans?

■ Raymond has historical land. The company's policy is to monetise the asset. We have multiple plans. Currently, we are developing the first phase of 20 acres. In the wisdom of the company and the directors, it s the correct way to optimise shareholder value. Construction has started. The response has been very good. We are doing 2BHK compact homes.

Your comment on the differences between you and your father [former Raymond chairman Vijaypat Singhania]?

■ It is what it is. He wants me to do things which are against corporate governance norms of the company. All that he asked for was put forward to the board, to shareholders and it has been rejected. There is nothing I can do. He does not want to understand that. At the end of the day, I am a professional running a professional firm and am trying to set the highest standards of corporate governance.

Textile industry seeks steps to boost exports

'Quick release of refunds will help'

M. SOUNDARIYA PREETHA
COIMBATORE

The textile industry has sought immediate release of refunds under various government schemes to ease the liquidity crunch faced by manufacturers and exporters.

In a joint memorandum presented by seven national-level textile associations and major export promotion councils to the Union Government, the industry said that since the units are facing acute liquidity issues, the government should take steps to release the refund arrears under programmes such as ROSL/ROSCTL, Duty Drawback scheme, GST refunds, and Technology Upgradation Fund scheme.

The Confederation of Indian Textile Industry (CITI) held meetings with the textile associations across the

country and facilitated the formation of a national committee for textiles and clothing representing the entire textile value chain.

The committee has shortlisted measures that the Centre must take to revive the industry. T. Rajkumar, chairman, CITI, said the associations had submitted their demands to the Textile Minister and that it hopes to meet the Finance and Commerce Ministers soon.

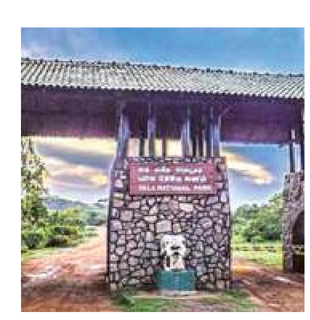
'India contributed to post-blast economic recovery in Lanka'

Indian firms prefer Lanka for team outings, says official

MINI TEJASWI
BENGALURU

An additional inflow of business tourists, rise in bookings for traders'/dealers'/consumers' conferences and wedding parties from India have contributed significantly to the overall economic recovery in the last couple of months, according to a Sri Lankan Government official.

A series of bomb blasts ripped through churches and hotels in Sri Lanka on April 21, killing over 250 people bringing the island nation's trade and tourism to a grinding halt. After the Easter Sunday attack, tourist arrivals dropped to 37,802 in May against 1.30 lakh in the corresponding month a year ago and from the year's peak of over 2.52 lakh in February. However, the numbers



started picking up with 63,072 arrivals in June, 1,15,701 in July and 1,43,587 in August as per statistics provided by the Sri Lanka Convention Bureau.

Yasantha De Silva Yaddehi, Minister (Commercial), Sri Lanka Deputy High Commission-Chennai said Sri Lanka had made a remarkable recovery in the last few months and India's contribution to it has been significantly high especially in the weddings and MICE (Meetings, Incentives, Conferences and Exhibitions) segments.

"Post bomb blasts, our MICE arrivals from India have picked up substantially in the last few months. We have been receiving bookings for traders'/dealers' meetings and consumer conferences. A large number of Indian corporates, mostly automotive, cement, pharma and IT firms, prefer us for their team outings. Business and leisure tourist arrivals are also on the rise,'' said Mr. Yaddehi.

In September, the Sri Lankan government earned over $50 million from international conference of the Bohra community held in Colombo.

Reliance MF is now Nippon India MF

SPECIAL CORRESPONDENT
CHENNAI

Following the purchase of 75% stake in Reliance Nippon Life Asset Management by Nippon Life Insurance, Reliance Mutual Fund has been renamed as Nippon India Mutual Fund.

This has been one of the largest foreign direct investments in the financial sector, and now Nippon India Mutual Fund is the largest foreign-owned Asset Management Company in India, said the company.

Sundeep Sikka will continue to lead company as the CEO.

In Japan, one out of 12 people is a policyholder of Nippon Life Insurance. "The company will continue to focus on increasing market share and profitability," said Mr. Sikka.

Sundaram Home may tone down fundraising

Nation seeing unprecedented change, difficult to estimate demand: MD Acharya

K. BHARAT KUMAR
CHENNAI

Sundaram Home Finance (SHF) may revise its fund-raising plans downwards by 10% if demand buoyancy does not return to the home loan market in the second half of this fiscal.

"We were looking to raise ₹4,000 crore this year, but given the flattish disbursement growth that the company is seeing we may end up raising ₹3,600 crore," said the company's MD, Srinivas Acharya.

He explained that the loan disbursement target may also come down to ₹2,450 crore from the originally intended ₹2,600 crore.

He noted that in anticipation of demand, builders had built a 'huge' inventory of homes. "But demand estimation was flawed. The scenario is now changing. The

Srinivas Acharya

younger generation has become location agnostic and they no more want to be hooked to a single location. Our economy has to adjust to this new outlook of the younger generation."

Ageing inventory

He also had a word of caution on the ageing inventory of unsold houses. "Previously, 30% of homebuyers were from the IT sector; NRIs constituted another 30%. These two categories have seen a big dip in recent times. Demand buoyancy is not there currently. A large inventory of unsold new apartments may have buyers thinking twice and they may be reluctant to buy an apartment that has remained unsold for 2-3 years."

Mr. Acharya also dwelt on the fact that the current slowdown in economic growth is unlike any other that India has faced. "We are currently going through a significant phase in our history – that of transformative change. There are cultural, societal, financial and environment shifts happening all at the same time."

"Cultural preferences are changing. The demand-supply equation is changing. There was a time when there were severe supply constraints and there were challenges meeting the demand.

'No supply problems'

"In both housing and manufacturing, there are now no supply side constraints. The current slowdown is a result of issues on the demand side. With enormous shifts happening on multiple fronts, it is becoming difficult to estimate (demand numbers) easily."

Asked about SHF's own plans in the changing scenario, he said, "We have to capitalise ourselves carefully. If we over-capitalise, shareholders may not get the desired returns. Given the current scenario in real estate, even shrinking of business is fine as long as profits are there. Focus will be on going after good and profitable business."