QUICKLY

Efforts on to boost exports: Minister

New Delhi, December 10

The government is aware of the problems faced by exporters and efforts are being taken to boost exports, including to emerging markets through preferential and free trade agreements, Union Minister Hardeep Singh Puri said on Tuesday. Addressing an event organised by the Engineering Export Promotion Council, the Minister said he had a meeting with exporters from EEPC India in August, based on which a short and medium-term strategy for enhancing engineering shipments has been formulated. PTI

'Regulators must fix Karvy, DHFL issues'

New Delhi, December 10

The Congress said in the Rajya Sabha on Tuesday that steps being taken by multiple regulatory authorities in cases related to alleged fraud at Karvy Stock Broking (KSBL) and DHFL could be "legally questionable" and the government should work with regulators to fix the problem. Karvy is under regulatory lens for allegedly misusing securities of over 95,000 clients which it was holding to raise over ₹600 crore in loans. Debt-ridden mortgage firm DHFL, through layers of shell companies, has allegedly siphoned off ₹31,000 crore out of total bank loans of ₹97,000 crore. PTI

Gem and jewellery exports decline 4% in November

OUR BUREAU

Mumbai, December 10

Gem and jewellery exports dipped 4 per cent in November to $2.53 billion, against $2.65 billion logged in the same period last year. In rupee terms, exports were down 4.74 per cent to ₹18,136 crore (₹19,039 crore).

Cut and polished diamond exports were down 27 per cent to $1.16 billion ($1.56 billion) and in rupee terms fell 25 per cent to ₹8,342 crore (₹11,196 crore).

Gold jewellery exports increased 22 per cent to $1.10 billion ($905 million) while the same in rupee term was up at ₹7,894 crore (₹6,506 crore).

Exports of gem and jewellery declined six per cent to $25 billion ($26.82 billion) between April and November and in rupee terms it was down 5 per cent to ₹176,540 crore (₹185,544 crore). Cut and polish diamond exports plunged 19 per cent to $13 billion ($16.55 billion) and dropped 18 per cent to ₹94,274 crore (₹115,259 crore). However, gold jewellery exports increased 5 per cent to $8.48 billion ($8.05 billion) and rupee term it was up at ₹59,689 crore (₹55,989 crore).

Govt admits RBI had some concerns on electoral bonds

The apex bank had flagged the possible risks of a bearer bond, platform for issuance: FM

OUR BUREAU

New Delhi, December 10

The Finance Ministry has admitted that Reserve Bank of India had raised some concerns on the electoral bonds.

In a written reply, Finance Minister Nirmala Sitharaman told the Rajya Sabha that the then RBI Governor, Urjit Patel, had raised some concerns on the electoral bonds.

Sitharaman said, "The Governor, Reserve Bank of India, in his letters dated September 14 and September 27, 2017, raised certain concerns against the issue of electoral bonds. These reasons focused on the aspects of the platform for issuance and possible risks of a bearer bond and were reflective of the Reserve Bank of India's conservative positioning."

The electoral bond is a bearer instrument (which authorises the holder to encash) in the nature of a Promissory Note and an interest-free banking instrument. Such an instrument provides anonymity to the purchaser as well as donors, but at the same time establishes a transparent political funding system. The anonymity is being ensured to promote use of white money for political donations through the route of electoral bond. An Indian citizen or a body incorporated in India is eligible to purchase the bond.

To the question why the Ministry took such a step inspite of the RBI's disapproval, the Minister listed two reasons: First was to protect the identity of the donor and the second was to ensure wider coverage of the scheme.

The RBI had suggested issuance of bonds in electronic (Demat) format only. With the bond holders sharing unique identifier with the political party, it may take away a key feature of the scheme, which is to protect the identity of the donor from the political parties. The donors may apprehend that the system may not be able to ensure secrecy of their identity, the Minister said.

Physical scrips, according to her, will help in popularising the

Finance Minister Nirmala Sitharaman speaking in the Rajya Sabha PTI

bonds and cover people of all strata of the society. Small donors may not be familiar and comfortable with the digital processing and would like to get a physical bond. She also said that RBI was involved in extensive consultations with the government at the stage of conceptualisation. The Committee of the Central Board (CCB) of the RBI, in its meeting held on October 11, 2017, indirectly agreed for electoral bonds to be issued if issued by SBI.

Raising deposit insurance

In a written reply to another question, Minister of State for Finance Anurag Singh Thakur told the Upper House that a RBI committee headed by former SEBI Chief M Damodaran recommended insurance deposit cover to be raised to ₹5 lakh from ₹1 lakh.

The Deposit Insurance and Credit Guarantee Corporation, a wholly owned subsidiary of the Reserve Bank of India (RBI), provides insurance for bank deposits.

He also said since the inception of deposit insurance, the total premium paid by commercial banks is ₹88,523 crore and the total payout to depositors of failed commercial banks on account of claims is ₹296 crore.

MUDRA loan

On a question on MUDRA, Thakur said, as of October 2019, 20.65 crore loans have been extended under the Pradhan Mantri Mudra Yojana (PMMY) since its inception. This involves disbursement of nearly ₹10 lakh crore.

While borrowers under general category account for nearly 65 per cent of total disbursement, shares of OBC, SC and ST are 21.3 per cent, 10.2 per cent and 3.4 per cent respectively.

India, Japan discuss bilateral trade imbalance, RCEP pact

OUR BUREAU

New Delhi, December 10

India and Japan discussed the rising bilateral trade imbalance between the two countries as well as New Delhi's concerns on the Regional Comprehensive Economic Partnership (RCEP) pact at a meeting of the Trade Ministers of both the countries on Tuesday.

Japanese Minister of Economy, Trade and Industry (METI) Hiroshi Kajiyama assured his Indian counterpart Piyush Goyal that all attempts will be made by the other members of the RCEP to address India's concerns, a person aware of the meeting told *BusinessLine*.

India's concerns are likely to be discussed by all RCEP members, including the 10-member ASEAN, China, Japan, South Korea, Australia and New Zealand, and, later to see if a satisfactory way to resolve them could be arrived at, the person said. New Delhi's key concern mostly relate to opening up markets for its main competitor China, as the local industry is opposed to it.

Level-playing field

In a statement made in the Lok Sabha on Tuesday, on India's position in the RCEP negotiations, Goyal said New Delhi had focused on its demand for a level playing field, fair trade practices, transparency and market access.

"We also repeatedly cited serious concerns regarding the non-tariff barriers to trade, and opaqueness in the subsidy regime in some RCEP countries, and sought credible resolution of such issues. In addition, to be able to take advantage of regional value chains, all countries must ensure that the rules of origin are not circumvented," Goyal said.

"Since RCEP, in its current form, did not adequately address our concerns, joining it would be unfair to our interests," the Minister added. The RCEP pact seeks to reduce to zero the tariffs on more than 90 per cent items traded between the member countries.

Goyal raised the issue of trade deficit between India and Japan and the review of the Comprehensive Economic Partnership Agreement (CEPA) between the two countries in his meeting with Kajiyama.

Balancing trade

Goyal said that balancing trade is a high priority for India with all partners, according to an official release. Similarly, market access for India's goods and services with partner countries is very important but despite commitments in CEPA from Japan, market access for India's goods and services remains elusive, he added.

'India, EU must sort out labour, govt procurement, sustainability issues'

OUR BUREAU

New Delhi, December 10

India and the EU need to sort out complex issues such as government procurement, labour standards and sustainability as part of the bilateral free trade talks that have been stuck for more than half a decade, Ambassador of the European Union to India, Ugo Astuto, has said.

"We need to discuss issues such as government procurement, labour standards and sustainability. These are part and parcel of all our Free Trade Agreements (FTAs). These are complex matters. So, the discussions on technical issues continue," Astuto said during an interaction with mediapersons on Tuesday.

The EU Ambassador was answering queries on whether there were particular issues on which negotiations for the bilateral FTA, officially known as the Broad-based Trade and Investment Agreement (BTIA), were stuck.

FTA talks

Soon after walking out of the ASEAN-led Regional Comprehensive Economic Partnership (RCEP) pact last month, Commerce & Industry Minister Piyush Goyal, had said India was interested in pushing ahead with the FTA talks, with the EU."We are working on the technical issues together. Hopefully, we will achieve results," Astuto added.

On the draft personal data protection Bill 2018, that got the Cabinet nod recently, the Ambassador said the process was still ongoing and the EU was watching it. "The process is still ongoing. We hope the end result will see a sufficient convergence of the Bill with EU regulations, so that free flow of data can go on," he said.

Under the draft Bill, personal data classified as sensitive such as information on financial matters, sexual-orientation, health, biometrics, genetics, transgender status and religious or political beliefs and affiliation, cannot be stored by public and private entities outside the country, but can be processed outside with the consent of the data person. Critical data, to be classified from time to time, cannot be taken out of the country at all.

Asked to comment on the Citizenship Amendment Bill passed in the Lok Sabha on Monday, the Ambassador said the principle of equality was enshrined in the Indian Constitution, and he hoped that it would be upheld.

'States will approach apex court if Centre fails to resolve GST compensation issue'

Kerala FM says will oppose move to hike rate on lower tax slabs

SURABHI

Mumbai, December 10

State governments are hopeful that the upcoming Goods and Services Tax (GST) Council meet will set up a dispute resolution mechanism to address the issue of pending compensation.

"The GST law says the Council may set up a dispute resolution mechanism. If it doesn't resolve the issue as per law, then we will approach the Supreme Court," Kerala Finance Minister Thomas Isaac told *BusinessLine*, adding that apart from Kerala, a number of other States have also supported the plan.

At least eight States have

Kerala Finance Minister Thomas Isaac

sought early release of GST compensation from the Union Finance Ministry at a meeting earlier this month. Finance Ministers of Delhi, Punjab, Puducherry and Madhya Pradesh, and representatives of Kerala, Rajasthan, Chhattisgarh and West Bengal met Union Finance Minister Nirmala Sitharaman last week.

States claim that the total dues could be ₹50,000 crore or more.

Under the GST (Compensation to States) Act, 2017, any loss of revenue to States due to implementation of GST has to be compensated by the Centre for a transition period of five years and should be released every two months. The projected nominal growth rate of revenue for every State during this period is at 14 per cent annually.

Thomas expressed hope that the Centre will soon release the compensation and said that approaching the Supreme Court on the issue will "do irreparable damage to Centre and State relations".

"They just forget this is one country and we are all in it together. At a time of recession, the Centre is trying to enforce a cut in the expenditure of States," he said.

The GST Council is set to meet on December 18 when it is expected to look into revenue concerns and also review the tax structure.

Isaac said Kerala will oppose the proposal to hike GST rates for lower slabs.

"We have no objection to raising rates in the upper slab on luxury consumption goods because their rates were reduced from 28 per cent to 18 per cent. But now the suggestion seems to be to raise rates on lower slabs. That is totally inequitable and unacceptable," he said, adding that Kerala will oppose any increase in lower slabs but will support a raise in rates of the upper slabs.

The GST Council is expected to review the GST structure to boost revenue collections and could possible look at merging the 12 per cent and 18 per cent rate into a single slab.

The issue of compensation cess and reviewing the rate structure have come to the forefront due to slowing GST collections.

GST rate rejig: Officers' panel to consider a wide range of reforms

OUR BUREAU

New Delhi, December 10

The officers' panel finalising recommendations to re-set GST rate and slabs was asked to consider a wide range of reforms, so that "a comprehensive list of suggestions may emerge."

These include systematic changes in GST including checks and balances to prevent misuse, measures to improve voluntary compliance, policy proposals and relevant modifications needed in the law, measures for expansion of tax base, improved compliance and anti-evasion measures using better data analytics and better administrative coordination.

Review of GST

Meanwhile, according to a report by the Standing Committee on Finance tabled in the Lok Sabha on Tuesday, two years after its launch, the government has begun the review of GST, including a possible re-setting of rates along with the slabs. In this connection, the committee observed that GST collections have slowed down in recent months as compared to the target. The committee expects the government to resolve all the troubling issues relating to GST at the earliest to achieve the desired revenue buoyancy.

The committee will also urge the Department of Revenue to remain vigilant to prevent misuse of provisions such as input tax credit and enhance monitoring of overall compliance. Systematic reports as well as feedback surveys must also be collected from tax payers to evaluate whether GST is operating smoothly.

Arms sales of top Indian defence firms drop 7% to $6 billion: SIPRI report

PRESS TRUST OF INDIA

Stockholm, December 10

The combined sales of three public sector Indian defence companies that figure among the world's 100 top arms suppliers dropped by 6.9 per cent to $5.9 billion in 2018 despite a rise in the global weapons sales, according to a new report published by a leading Swedish think tank.

Sales of arms and military services by the sector's largest 100 companies (excluding those in China) totalled $420 billion in 2018, marking an increase of 4.6 per cent compared with the previous year, the Stockholm International Peace Research Institute (SIPRI) said.

Eighty of the 100 top arms producers in 2018 were based in the US, Europe and Russia. Of the remaining, 6 were based in Japan, 3 in Israel, India and South Korea, respectively, 2 in Turkey and 1 each in Australia, Canada and Singapore, the report said.

The combined arms sales of the three Indian arms companies listed in the top 100 were $5.9 billion in 2018 – a decrease of 6.9 per cent on 2017. The decline is mainly a result of Indian Ordnance Factory's significant 27 per cent drop in arms sales, the report said.

The three Indian companies on SIPRI's list of top 100 global arms firms are Hindustan Aeronautics Ltd (HAL) ranked 38, the Indian Ordnance Factories ranked 56 and Bharat Electronics Ltd (BEL) ranked 62. They accounted for 1.4 per cent of the arms sales of the top 100 companies.

Saudi Arabia 'wants to be part of India's goal of becoming a $5-trillion economy'

OUR BUREAU

Hyderabad, December 10

Saudi Arabia has given licence to 30 Indian companies from among a total of 267 foreign investors, according to Saud Al-Sati, Ambassador, Royal embassy of Saudi Arabia in India.

In February, both countries identified 40 opportunities for collaboration and investment across various sectors. The current bilateral trade is approximately $34 billion, and will increase in the future with enhanced cooperation in technological, economic and cultural fields, he said.

The Ambassador was speaking at an interactive session with the captains of industry organised by the FICCI Telangana State Council. The meeting focused on 'Scope of Indo-Saudi Bilateral Trade in view of new Political Bonhomie'

"We view India as our strategic partner in our mission 2030, as part of which we seek to create a vibrant economy,

Saud Al-Sati, Saudi Arabian Ambassador to India

thriving society. Saudi Arabia wants to be part of India's march to becoming $5-trillion economy by 2025. Energy cooperation is the key pillar to our strategic partnership. We are now moving to a more dynamic relationship that will now involve Saudi investment in downstream oil and gas projects in India," Al-Sati said.

West Coast refinery

He said Saudi Aramco and Abu Dhabi National Oil Company have joined hands to develop the West Coast refinery, the $44-billion, mega refinery and petrochemical facility. Similarly, Saudi Aramco's recent acquisition of 20 per cent stake in the Reliance Industries' oil and petrochemical business also reflects the growing energy partnership between the two countries.

Strategic partnership

While continuing to invest in oil and gas, Saudi Arabia is also heavily investing in renewable energy, circular carbon to ensure efficient solutions.

The strategic partnership that has been set up will have two mechanisms, one under the foreign ministers of the two countries to oversee political and security cooperation and the other under the Commerce Ministry to aid trade and energy partnerships, he added.

T Muralidharan, Chairman, FICCI Telangana State Council, said more than 2 lakh Indians are employed in Saudi Arabia, and their remittances have been a good source of income.

Fuel linkage rationalisation helps CIL save ₹3,770 cr annually

OUR BUREAU

Kolkata, December 10

Fuel linkage rationalisation implemented by Coal India Ltd (CIL) has translated into an annual cost saving to the tune of ₹3,770 crore in coal transportation for around 58 thermal power plants.

Linkage rationalisation is transfer of coal supply linkage of a power plant from a far end source to the nearer source. A total of 63 million tonnes of coal movement is currently involved under the rationalisation policy, CIL said in a press statement.

"An estimated ₹3,770 crore is being saved annually by 58 thermal power plants in the country in coal transportation costs after the implementation of linkage rationalisation policy by Coal India since 2015," the release said. The policy not only benefits in reduction of coal transportation cost for the power plant but the reduced transportation distance also leads to enhanced supplies.

Steel PSU employees seek full benefits of third pay revision

OUR BUREAU

New Delhi, December 10

Employees of public sector undertakings in the steel sector have written to the Centre, seeking full benefits recommended by the third Pay Revision Committee (PRC). The employees have been denied wage hikes, citing the guidelines issued by the Department of Public Enterprises (DPE) in August 2017.

According to the 'Affordability' clause under the DPE guidelines, the additional financial impact of the wage hike in the year of implementing it should not be more than 20 per cent of the average profit before tax (PBT) of the three financial years preceding the year of implementation.

The proposed wage hike covers board level executives, below board level executives and non-unionised supervisors.

'Wrong criterion'

"We strongly feel that PBT of three years cannot be a true indicator of a company's performance," a letter from the Steel Executives Federation of India (SEFI) said. The SEFI represents around 25,000 officers working in steel sector PSUs such as Steel Authority of India (SAIL), Rashtriya Ispat Nigam (RINL) and MECON.

The DPE guidelines also note that no fitment or any other benefit of pay revision will be implemented in the Central Public Sector Enterprises (CPSEs) where the additional financial impact of the revised pay package is more than 40 per cent of the average PBT of the previous three financial years.

"There were some setback in FY 2015-16, which adversely affected the prospect of pay revision for the executives of SAIL… It will be a travesty of justice if the executives of SAIL and other steel sector PSUs are denied the full benefits of the third pay revision solely on the basis of performance of one year (2015-16) while ignoring the overall performance of the preceding years," the letter said.

According to officials in the know, the average PBT of the three financial years preceding the implementation of the third pay revision (FY 2014-15, 2015-16 and 2016-17) was negative in the case of SAIL. Accordingly, salary revision for the executives of SAIL could not be implemented.

This has irked the employees who say wage revisions come after a gap of 10 years and it is unfair to assess wage revision eligibility on the basis of profits in just three years. According to them, the losses incurred by SAIL are attributable to external factors such as adverse global market conditions and bad commodity cycle in the metal sector – particularly steel – among others.