MINISTRY WATCH

COAL MINISTRY TO SET UP SDC

New Delhi: The Coal Ministry on Sunday said it will establish 'Sustainable Development Cell' (SDC) for promoting sustainable coal mining in the country and address environmental concerns at closure of mines. **PTI**

SECTOR WATCH
RETAIL AND SERVICES

Japan's Mitsui reroutes curry back to India as it ups consumer portfolio

First restaurant in joint venture with Ichibanya in early 2020

ANIL SASI
NEW DELHI, DECEMBER 15

JAPANESE TRADING major Mitsui & Co is diversifying beyond its traditional investments in industrial sectors such as steel, power infrastructure, chemicals and logistics to the retail and services in India, starting with an entry into the restaurant business. Mitsui, one of Japan's largest *sogo shosha* — or general trading companies — which operates in 66 countries in businesses ranging from oil and natural gas to healthcare, is eyeing the consumer business as the new growth area in India and could also be looking at fresh food supplies to the upcoming entry into India of the 7-Eleven stores — the Japanese-owned, Dallas-headquartered chain of convenience stores which operates 69,000 outlets in 17 countries.

In its restaurant foray, Mitsui is partnering with Coco Ichibanya, the world's largest chain of Japanese-style curry restaurants, to launch a string of outlets in India through a new 60:40 joint venture. Both partners plan to make a combined investment of approximately $3 million to directly own and operate outlets, and subsequently franchise the CoCoICHI brand throughout India, with the first store expected to open in Gurgaon, on the outskirts of Delhi, early next year.

Mitsui is looking to expand its consumer business in India, according to Tamotsu Nomura, general manager of the retail business division at the company's New Delhi head office. "The consumer business is an area of focus," Nomura said, adding that for Ichibanya's former president and current chairman, Toshiya Hamajima, not having restaurants in the birthplace of curry was a disappointment.

Curry travelled to Japan via a circuitous route, having been introduced by Britain there during the late nineteenth century, which has subsequently been tailored and adapted to Japanese tastes. Japanese curry is essentially a thick brown curry sauce that includes meat and vegetables, which is liberally spread over a bed of sticky rice. Widely regarded as a comfort food in Japan, the Indian venture would also stick to the Japanese template, but for the fact that it will use a vegetarian-friendly curry sauce that contains no animal fat and beef will not be on the menu. The pricing is likely to be aggressive, with a chicken katsu curry costing under Rs 500.

Ichibanya has 1,264 outlets of its famous chain in Japan, and another 180 restaurants across the UK, China, and South East Asia. The Mitsui-Ichibanya partnership is only for the Indian market, where Mitsui will handle everything from managing the business to finding franchisees to expand, while Ichibanya will take care of store operations and product development.

Apart from the investment in bringing the Japanese curry restaurant chain to India, Mitsui's recent investments in India include a co-investment proposal with Mahindra Susten in distributed solar power projects, investments in GOQii, a preventive healthcare platform business in India and investments in TV shopping startup Naaptol.

Prasenjit Adhikari, CEO of Ichibanya India, said: "We will be leveraging our experience and networks in India, together with our strong capabilities in logistics and marketing, to supporting the launch of the venture in India." Nomura did not offer a comment on reports about Mitsui's plans on the 7-Eleven food supply business.

INVESTMENT OF $3 MILLION

- **Mitsui & Co and Coco Ichibanya plan to make a combined investment of around $3 million to directly own and operate outlets in India**
- **Ichibanya has 1,264 outlets of its chain in Japan, and another 180 restaurants across the UK, China, and South East Asia**

RETALIATORY ACTION WAS AIMED AT FARM GOODS, AUTO PARTS

China suspends tariffs planned for Dec 15 on select US goods

BRENDA GOH
SHANGHAI, DECEMBER 15

CHINA HAS suspended additional tariffs on some US goods that were meant to be implemented on December 15, the State Council's customs tariff commission said on Sunday, after the world's two largest economies agreed a "phase one" trade deal on Friday.

The deal — rumours and leaks over which have gyrated world markets for months — reduces some US tariffs in exchange for what officials at Washington said would be a big jump in Chinese purchases of American farm products and other goods.

China's retaliatory tariffs, which were due to take effect on December 15, were meant to target goods ranging from corn and wheat to US-made vehicles and auto parts.

Other Chinese tariffs that had already been implemented on US goods would be left in place, the customs tariff commission said in a statement issued on the websites of government departments including China's Finance Ministry.

"China hopes, on the basis of equality and mutual respect, to work with the United States, to properly resolve each other's core concerns and promote the stable development of US-China economic and trade relations," it added.

Beijing has agreed to import at least $200 billion in additional US goods and services over the next two years on top of the amount it purchased in 2017, the top US trade negotiator said Friday.

A statement issued by the office of the US Trade Representative also on Friday said that the United States would leave in place 25 per cent tariffs on $250 billion worth of Chinese goods. **REUTERS**

EXPLAINED

Had planned to hit US-made autos with 25% duties

BEIJING HAD planned to impose 25 per cent duties on American-made autos starting Sunday, which would have raised the total charge to 40 per cent. Hardest hit were Germany's BMW AG and Daimler AG's Mercedes unit, which ship US-made SUVs and other cars to China. Other goods were targeted for 10 per cent and 5 per cent penalties.

Sunday's announcement comes after Washington agreed to postpone a planned tariff hike on $160-billion worth of Chinese goods and to cut in half penalties that already were imposed.

Deal will nearly double exports to China: USTR

Washington: The 'phase one' US-China trade deal will nearly double US exports to China over next two years and is "totally done" despite the need for translation and revisions to its text, US Trade Representative (USTR) Robert Lighthizer said Sunday.

Speaking to CBS, he said a date and location for US and Chinese officials to formally ink the deal is still being determined. **REUTERS**

Amid liquidity woes, benefits for garment exporters under two schemes held up

BANIKINKAR PATTANAYAK
NEW DELHI, DECEMBER 15

THE CENTRE has held up the release of benefits worth thousands of crores to garment and made-up exporters under two major schemes — the Merchandise Export from India Scheme (MEIS) and the Rebate of State and Central Taxes & Levies (RoSCTL) — at a critical juncture when exports are slipping.

While MEIS gains have been held up since August, benefits under the RoSCTL — meant for compensating garment/made-up exporters for various state and central government imposts — have never been extended since its introduction in March, exporters said.

This has exacerbated a liquidity squeeze for the exporters, who typically factor in such incentives while firming up deals — and hurt their ability to honour fresh contracts on time ahead of Christmas, the most critical season for western apparel buyers, said Ajay Sahai, director general and chief executive at Federation of Indian Export Organisations (FIEO).

Benefits worth Rs 5,000 crore are stuck under both the schemes at a time when the flow of bank credit remains muted and exports have dropped for months, according to Gautam Nair, MD of Matrix Clothing, one of India's largest garment exporters. Since 80 per cent of the garment exporters are MSMEs, with very limited ability to raise resources, they have been hit very hard, he added.

A senior government official said the resource-strapped revenue department felt that since garment/made-up exporters were to get the RoSCTL benefits (which are not extended to other exporters), they should not be simultaneously granted the MEIS benefits, which, in any case, had come under scrutiny from the World Trade Organization.

However, the Textile Ministry is learnt to be backing the garment exporters' claims and wants both the MEIS and RoSCTL to co-exist. At least one of them must be extended urgently to contain a fall in exports until a final decision is made, said a Commerce Ministry official. The matter is now being considered by the Prime Minister's Office.

Exporters said the problem started in March when the Textile Ministry, after a Cabinet decision, notified the RoSCTL scheme for garments and made-up exporters to replace an earlier scheme that was reimbursing them for only the state levies.

However, while the earlier scheme — called the remission of state levies (RoSL) — was scrapped in March, the benefits under the new one (RoSCTL) were never granted.

The problems got compounded when the revenue department asked the Directorate General of Foreign Trade to stop the release of MEIS benefits to garments/made-up exporters from August 1. Thus, these exporters were stripped of "legitimate benefits" worth 8-10 per cent (4 per cent on account of MEIS and another 4-6 per cent due to RoSCTL, depending on the nature of garments) of the freight-on-board value of shipments, they said.

Exporters claim that MEIS and RoSCTL are totally different schemes and must run simultaneously. "The RoSCTL is aimed at keeping exports zero-rated, as per best international practices, while the MEIS is intended to help exporters deal with several infrastructural bottlenecks, including exorbitantly high logistics costs," Nair pointed out. **FE**

'SIMULTANEOUS BENEFITS'

- **An official said the revenue department felt that as garment/made-up exporters were to get the RoSCTL benefits, they should not be simultaneously granted the MEIS benefits**
- **While MEIS gains have been stuck since August, RoSCTL benefits have never been extended since its introduction in March, exporters said**

'Discoms' outstanding dues to gencos up 48% in Oct'

Total outstanding dues owed by discoms to power gencos, rose around 48 per cent to ₹81,010 crore in October 2019 over the same month last year, according to the PRAAPTI portal

₹54,654 cr
Amount owed by distribution companies, or discoms, to power generation companies, or gencos, in October 2018

₹67,143 cr
Total overdue amount not cleared by discoms in October 2019, even after the 60-day grace period offered by gencos

₹39,338 cr
Total overdue amount in October 2018

₹82,548 cr
Total outstanding dues on discoms as of September this year; revised from Rs 69,558 crore

₹65,155 cr
Total overdue amount on discoms in September 2019; revised from Rs 52,408 crore

>22.46%:
Share of overdues of independent gencos within the total overdue amount of Rs 67,143 crore on discoms

PRAAPTI: The Payment Ratification And Analysis in Power procurement for bringing Transparency in Invoicing of generators — or PRAAPTI — portal was launched by the government in May last year to bring in transparency in power purchase transactions between generators and discoms

OVERDUES OF PRIVATE GENCOS ON DISCOMS:
- **Adani Power: ₹3,201.68 crore**
- **Lalitpur Power Generation Company Ltd: ₹2,212.66 crore**
- **GMR: ₹1,930.16 crore**

OUTSTANDING DUES AND OVERDUES:
Power producers give 60 days to discoms for paying bills for supply of electricity. After that, outstanding dues become overdue and generators charge penal interest on that in most cases

Source: PTI

Dec 31 last date to link PAN, Aadhaar

ENS ECONOMIC BUREAU
NEW DELHI, DECEMBER 15

THE INCOME Tax Department, in a public message on Sunday, announced that it is mandatory for taxpayers to link their PAN with Aadhaar by the end of this year.

"Building a better tomorrow! To reap seamless benefits of income tax services, complete the vital link before 31st December, 2019," the department said.

The message, which comes two weeks before the deadline, said it is mandatory to link your PAN with Aadhaar.

Earlier this year, the Central Board of Direct Taxes (CBDT) issued an order stating that the deadline to link the permanent account number (PAN) with Aadhaar was extended till December 31. Previously, the deadline for this linkage was September 30. The CBDT frames policy for the I-T Department.

In September 2018, the Supreme Court had declared the Centre's flagship Aadhaar scheme as "constitutionally valid" and held that the biometric ID would remain mandatory for filing of I-T returns and allotment of PAN.

Section 139 AA (2) of the Income-tax Act states that every person having a PAN as on July 1, 2017, and is eligible to obtain Aadhaar, must intimate his Aadhaar number to tax authorities. Aadhaar is issued by the Unique Identification Authority of India (UIDAI) to a resident of India, while PAN is a 10-digit alphanumeric number allotted by the I-T Department to a person, firm or entity. **WITH PTI**

Over 14K prosecutions withdrawn under Companies Act: MCA

PRESS TRUST OF INDIA
NEW DELHI, DECEMBER 15

THE CENTRE Sunday said more than 14,000 prosecutions have been withdrawn under the Companies Act as it undertook various steps to improve the ease of doing business in the country, including de-criminalisation of various penal provisions under this law.

Listing out the measures taken, the Ministry of Corporate Affairs (MCA) said it has set up the Central Registration Centre for name reservation and incorporation of companies and LLPs within one-two days as opposed to an average of at least 15 days earlier.

"During the last three years more than 1,25,000 companies have been incorporated every year in the country in this manner, as compared to 50-60,000 companies in earlier years," the ministry said in a release.

Among others, the MCA has made the process transparent and non-discretionary for dematerialisation of securities of unlisted public companies. It noted that "more than 14,000 prosecutions under the Companies Act, 2013" have been withdrawn and that second phase of de-criminalisation of penal provisions under the law has been initiated.

As part of de-criminalisation of technical and procedural violations under companies law and reducing the burden on criminal courts as well as the National Company Law Tribunal, the Centre has shifted 16 offences sections to monetary penalty regime.

The Ministry also said it has set up the Central Registration Centre for name reservation and incorporation of companies and LLPs within one-two days

FM to meet stakeholders today for pre-Budget consultations

PRESS TRUST OF INDIA
NEW DELHI, DECEMBER 15

BEGINNING THE customary pre-Budget consultation exercise from Monday, Finance Minister Nirmala Sitharaman will seek inputs from various stakeholders including industry bodies, farmer organisations and economists for reviving consumption and boosting growth.

Sitharaman is likely to present her second Budget for the Modi 2.0 government in Parliament on February 1.

Sources said the pre-Budget consultations starting Monday will last till December 23. They said the main focus of the Budget this time will be on boosting economic growth, which slowed to an over six-year low of 4.5 per cent in the second quarter of 2019-20.

As per the finance ministry, Sitharaman will meet stakeholder groups of 'New Economy: Start-ups, Fintech and Digital Sector' on Monday morning, and financial sector and capital market representatives later in the day.

Industry sources said the government has sought their views on matters like ease of doing business, regulatory environment impacting private investment, export competitiveness, role of state (delayed payments, contract enforcement), and revival of private investment and growth, among others. The minister is likely to meet industry chambers on December 19.

With the government already effecting significant cut in corporate tax rates, expectations are high that it would announce some relief for the salaried class by making changes in the personal income tax structure.

BRIEFLY

AirAsia India picks Ankur Garg as COO

New Delhi: AirAsia India on Sunday announced the appointment of Ankur Garg as its chief commercial officer (CCO), a role in which he will be in-charge of areas such as network and revenue management, marketing and sales, and cargo. Garg had quit as the vice-president of revenue management at IndiGo a few weeks back.

CG Power 'fund misuse': Thapar refutes charges

Mumbai: Citing regular board approvals for various inter-corporate loans, former CG Power Industrial Solutions' non-executive chairman Gautam Thapar has refuted allegations of fund misuse amid alleged governance lapses coming under the regulatory scanner, according to documents submitted by him to the government. **PTI**

BAIC BUYING DAIMLER'S SHARES FROM OPEN MARKET, SOURCES SAY

'China's state-owned BAIC raising Daimler stake to unseat Geely as top shareholder'

YILEI SUN, JULIE ZHU & EDWARD TAYLOR
BEIJING/HONG KONG/FRANKFURT, DEC 15

DAIMLER'S MAIN China joint venture partner BAIC Group has set in motion a plan to double its stake to around 10 per cent and win a board seat in the German luxury car maker, as it aims to upstage rival Geely, two sources told *Reuters*.

State-owned Beijing Automobile Group Co Ltd (BAIC), which already owns a 5 per cent shareholding in Daimler, has started buying the German company's shares from the open market, said the sources who were briefed on the matter.

BAIC is currently Daimler's third largest shareholder but a stake of 10 per cent will make it the biggest shareholder, surpassing its Chinese automaking rival Zhejiang Geely Holding Group which owns 9.69 per cent of the German automaker and is seeking to expand its partnership with Daimler in China.

BAIC is currently Daimler's third largest shareholder but a stake of 10% will make it the biggest shareholder, surpassing its Chinese automaking rival Zhejiang Geely Holding Group which owns 9.69% of the German automaker. *Reuters file photo*

With the shareholding of around 10 per cent, BAIC is looking to secure a seat at Daimler's supervisory board, which Geely does not currently have, the sources said.

HSBC, which advised BAIC on its 5 per cent stake purchase in Daimler earlier, is helping the Beijing-based group in the new investment, one of the sources said.

Daimler said in a regulatory filing last month that HSBC held 5.23 per cent in Daimler's voting rights directly as well as through instruments such as equity swaps as of November 15.

When asked by *Reuters*, Daimler said it had not received any notification about BAIC having raised its stake. Daimler's China chief Hubertus Troska said on Friday "we welcome long-term investors in Daimler".

Asked about BAIC and its potential to become a larger shareholder, he added, "we like each other. Let us see how things develop."

A third source familiar with BAIC's thinking said that BAIC wanted to be a bigger shareholder than Geely in Daimler in order to be seen as the German automaker's senior-most partner in China.

BAIC and Geely did not respond to requests for comments made after usual business hours. HSBC declined to comment.

The sources declined to be named as they are not authorised to speak to media. **REUTERS**

Cases involving nearly ₹3.75 lakh cr disposed of at IBC pre-admission stage

PRESS TRUST OF INDIA
NEW DELHI, DECEMBER 15

MORE THAN 9,600 cases involving a total amount of nearly Rs 3.75 lakh crore have been disposed of at the pre-admission stage of the insolvency law process, according to the Centre. The Insolvency and Bankruptcy Code (IBC), which came into force in 2016, provides for resolution of stressed assets in market-linked and time-bound manner.

As many as 21,136 applications have been filed under the Code, the Ministry of Corporate Affairs stated in a release on Sunday.

"9,653 cases involving a total amount of approx. Rs 3,74,931.30 crore have been disposed of at pre-admission stage of IBC," the release added. About 2,838 cases were admitted into the corporate insolvency resolution process (CIRP) and out of them, 306 cases have been closed "by appeal/review/withdrawn", according to the release.