ECONOMY

GOLD ₹38,828 | RUPEE ₹70.97 | OIL $66.52 | SILVER ₹45,649

*Indian basket as on December 17, 2019

SENSEX: 41,558.57 ▲ 206.40 NIFTY: 12,221.65 ▲ 56.65 NIKKEI: 23,934.43 ▼ 131.69 HANG SENG: 27,884.21 ▲ 40.50 FTSE: 7,535.24 ▲ 9.96 DAX: 13,255.67 ▼ 32.16

*International market data till 1900 IST

POLICY WATCH HEALTHCARE

Suspension of CGHS cashless services: Empanelled hospitals to take call today

PRABHA RAGHAVAN
NEW DELHI, DECEMBER 18

SEVERAL PRIVATE hospitals empanelled under the Central Government Health Scheme (CGHS) have decided to meet in the Capital on Thursday to take a call on whether and when they will suspend cashless services to beneficiaries of the healthcare programme. In the meantime, an association representing these hospitals has written to Prime Minister Narendra Modi highlighting issues with unpaid dues from CGHS as well as other healthcare schemes like Ex-Servicemen Contributory Health Scheme (ECHS).

CGHS promises comprehensive medical care to approximately 35 lakh Central government employees and pensioners. Ex- and sitting Members of Parliament, pensioners, freedom fighters and employees serving at CGHS, Directorate General of Health Services and the Health Ministry are entitled to cashless services at empanelled providers. Pensioners and their dependents account for around 11 lakh of registered beneficiaries, government sources earlier said. It is not clear how many beneficiaries fall under the other categories eligible for cashless services.

Over 18 lakh beneficiaries across the country used services under ECHS in 2018-19, shows government data.

"All the leaders in cashless services under CGHS (major hospitals) are assembling tomorrow morning to deliberate whether we should suspend cashless services and, if so, what the date (to stop this facility) should be," said Girdhar Gyani, director general, Association of Healthcare Providers (India), or AHPI.

This includes large hospitals like Max, Medanta and Fortis, which provide cashless services to CGHS beneficiaries, a majority of whom are in Delhi, he told *The Indian Express*. These hospitals are members of AHPI, which represents around 9,000 hospitals across the country.

"We have tried to bring the plight of our members (private hospitals) to the attention of the Prime Minister also. We wrote to him today (Wednesday)," said Gyani.

"Thousands of crores in dues have long been pending from CGHS as well as other schemes like ECHS. The CGHS rates have also not been revised since 2014, which is making it even more difficult for hospitals to function under this scheme," he added.

The Health Ministry has not been approached by any hospital, hospital group or association informing it of plans to exit CGHS or stop cashless treatment to beneficiaries, Alok Saxena, Joint Secretary, Ministry of Health and Family Welfare, told *The Indian Express*. "This year so far, around Rs 1,400 crore has been released to service providers for cashless services. More payments are under process."

In October, *The Indian Express* reported that several hospitals were contemplating the move to stop providing cashless services to CGHS patients citing frustration with delays in payment of dues from the government. The Health Ministry, at that time, had already sent a request for additional funds of over Rs 1,000 crore for CGHS in the next Budget and a majority of these funds were expected to be used "towards payment of hospital bills and procurement of medicines", senior government officials had said then.

HOSPITAL BODY WRITES TO PM

■ The Association of Healthcare Providers (India) has written to the Prime Minister highlighting issues with unpaid dues from CGHS as well as other healthcare schemes like ECHS

■ Pensioners and their dependents account for around 11 lakh of registered CGHS beneficiaries

PRE-BUDGET MEET: STATE FMs PITCH FOR MORE FUNDS

Hike in states' fiscal deficit limit, IGST dues among chief demands

ENS ECONOMIC BUREAU
NEW DELHI, DECEMBER 18

Delhi Deputy Chief Minister Manish Sisodia and Bihar Deputy Chief Minister Sushil Modi arrive for a pre-Budget meeting in New Delhi, Wednesday. *Anil Sharma*

IN A pre-Budget consultation held with the Centre on Wednesday, the state finance ministers pitched for more funds, relaxation in fiscal deficit target and settlement of pending Integrated Goods and Services Tax (IGST) payments.

Both Bihar and Kerala had suggested raising the fiscal deficit limit for states to 4 per cent, while Delhi raised the issue of stagnation of share in central taxes for union territories with legislature since 2001-02, and West Bengal flagged the issue of budgetary resources amounting to Rs 7,300 crore for cyclone relief not having reached the state.

Delhi has also asked for augmentation of financial assistance to tackle the issue of stubble burning in Punjab, Haryana, Uttar Pradesh and Delhi, which has an impact on air pollution in the region.

"The biggest take home from pre-Budget discussion of FMs is suggestion by Bihar and Kerala to raise the fiscal deficit limit to 4 per cent. It was agreed to large number of states. In current year realised expenditure of states will decline — a crazy macro outcome in time of recession," Kerala's Finance Minister Thomas Isaac said in a tweet.

"Cutting across political divide State FMs demand raising fiscal deficit, larger central allocation for programs Ayushman Bharat, social pensions and MGNREGS, support to farmers, interest subvention to SHGs and streamlining of central devolution to avoid ways and means crisis," he said in another tweet.

Delhi's Deputy Chief Minister and Finance Minister Manish Sisodia raised the issue of stagnation of share in central taxes for union territories with legislature. "Government of NCT of Delhi is only getting grants in lieu of share in central taxes and that too has been kept stagnant at Rs 325 crore since 2001-02 while all other states get an enhanced share in central taxes every year," he said in his submission to Finance Minister Nirmala Sitharaman.

He also asked for augmentation of financial assistance to tackle of stubble burning.

West Bengal's Finance Minister Amit Mitra said budgetary resources amounting to Rs 7,300 crore for cyclone have not reached the state.

He also said social expenditure needs to increase through budgetary provisions, especially at a time when "stagflation is knocking at our doors."

The meeting was attended by Chief Ministers of Goa, Haryana and Puducherry, Deputy Chief Ministers of Arunachal Pradesh, Bihar, Delhi, Tamil Nadu and Tripura as well as 17 Finance Ministers/Ministers representing their states. Union Minister of State for Finance & Corporate Affairs Anurag Singh Thakur also attended the meeting.

Sitharaman spoke about "Cooperative Federalism" and steps taken by the Centre to bolster growth of the economy, a Finance Ministry release said.

Tamil Nadu's Deputy Chief Minister O Panneerselvam, in his proposal to the Centre, said the state has created two funds, Tamil Nadu Infrastructure Fund (TNIF) and the Tamil Nadu Shelter Fund (TNSF), and has requested the National Investment and Infrastructure Fund (NIIF) to make investment in these alternate investment funds from the "Fund of Funds" of NIIF.

He further said the Union Government is yet to provide the IGST arrears of 2017-18 amounting to Rs 4,073 crore to Tamil Nadu. "The initiative of the GST council to form a Group of Ministers to look into the issue is a welcome move," he said.

Conditions apt to allow a fiscal slippage: RBI Guv

SHRITAMA BOSE
MUMBAI, DECEMBER 18

"What is important at this point of time is next year's fiscal deficit number. There it's a policy call which the government has to take as to whether they will stick to the glide path which has been spelt out earlier or whether they would like to invoke the recommendations of the FRBM committee that in situations of stress, you can deviate up to 0.5%"

SHATIKANTA DAS,
GOVERNOR, RESERVE BANK OF INDIA

THE PREVAILING economic conditions were apt for the Centre to invoke the escape clause in the Fiscal Responsibility and Budget Management (FRBM) Act that tolerates a deviation from the fiscal target of up to half a per cent of GDP a year under exceptional circumstances, Reserve Bank of India Governor Shatikanta Das told *FE* in an interview on Wednesday.

The extent of fiscal expansion such forbearance will allow is not immediately clear, as the government has not strictly followed the glide path laid down by the NK Singh committee, which mooted the escape clause, in early 2017.

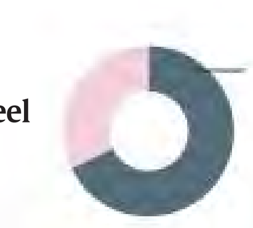
Das said, "What is important at this point of time is next year's fiscal deficit number. There it's a policy call which the government has to take as to whether they will stick to the glide path which has been spelt out earlier or whether they would like to invoke the recommendations of the FRBM committee that in situations of stress, you can deviate up to 0.5 per cent". He added, "That's a policy call which the government has to take and if you see today's overall economic numbers and other aspects, I think the conditions are quite appropriate for invoking that particular clause in the FRBM Committee's report. To what extent the government will invoke it and whether they will invoke it is a call which the government has to take."

Responding to concerns that cuts in the repo rate have not translated into softer yields on the benchmark government bond, Das said movements in the benchmark are the result of a variety of factors. "One is liquidity, one is the market perception of the fiscal outlook and then the market expectation that there will be a rate cut happening or not happening. It's also about the market's assessment of movement in crude prices," he observed. On the RBI revising growth projections several times this year, Das acknowledged that the central bank was constantly working to fine-tune its forecasting mechanisms. **FE**

'Average wealth expectancy of affluent Indians is ₹3.6 cr'

Average wealth expectancy of those in India with enough disposable income to save and invest is just ₹3.6 crore and this would give them ₹93,000/month to live during retirement, a Standard Chartered report said

78%: Share of emerging affluent Indians who feel more in control of finances by managing their money digitally



68%: Share of people for whom it is still possible to narrow the gap with well-defined goals and a considered wealth management approach

32%: Share of people who are on track to achieving more than half of their wealth goal at age 60

₹93,000: Money that the affluent class could live on per month during retirement, which is less than both their current income and wealth aspirations

WEALTH EXPECTANCY OF PEOPLE AS PER INCOME:

Emerging affluent: **₹1.3 crore**

Affluent: **₹2.6 crore**

High-net-worth individuals (HNWIs): **₹6.9 crore**

NUMBER OF YEARS WEALTH WOULD LAST, IF PEOPLE SPENT AT AVERAGE MONTHLY RATE TO WHICH THEY ASPIRE:

■ Emerging affluent: 6 years of retirement

■ Affluent: 9 years of retirement

■ HNWIs: 5 years of retirement

Source: PTI

Growth to get priority over fiscal prudence, indicates govt official

ENS ECONOMIC BUREAU
NEW DELHI, DECEMBER 18

WITH ECONOMIC growth rate slowing down and revenue targets looking out of reach, the government has indicated that it's focus would rather be on reviving growth than fiscal prudence, a hint that it could overshoot this year's fiscal deficit target of 3.3 per cent of GDP, a senior Finance Ministry official said on Wednesday.

"Fiscal prudence is important, but growth should take precedence," the official, who did not wish to be named, said, adding that growth will be the priority.

The government is looking at how much space it has within the Fiscal Responsibility and Budget Management (FRBM) Act for a possible fiscal slippage, the official added. The NK Singh committee on FRBM had proposed an escape clause wherein the fiscal deficit could be marginally relaxed by up to 50 basis points to bring in structural reforms. The comments come as the government's revenue targets for both direct and indirect taxes are lagging behind the budget estimates by a wide margin. The Revenue Department under the Finance Ministry had earlier this week exhorted both direct and indirect tax officers to achieve targets without troubling the taxpayers. With only four months left to meet the overall target, Goods and Services Tax (GST) target has been set at Rs 4.55 lakh crore (Rs 1.10 lakh crore for three months each and Rs 1.25 lakh crore in one month), while direct tax officials have to collect Rs 7.78 lakh crore during the same period.

As per latest data, the fiscal deficit had overshot the full-year target to 102.4 per cent of the full year target in April-October, the first seven months of this financial year, itself.

A320NEO AIRCRAFT

IndiGo flight turns back after ATC sees 'spark and smoke'

ENS ECONOMIC BUREAU
NEW DELHI, DECEMBER 18

FALSE ALARM, SAYS INDIGO

■ IndiGo said the pilot followed standard operating procedure and the smoke from the auxiliary power unit was a 'false alarm'

INDIGO'S A320NEO aircraft flying from Udaipur to Bangalore on Wednesday was turned back from the runway after the air traffic control (ATC) spotted a spark and smoke in the tailpipe of the plane. During inspection, it was found that the smoke and sparks were from the auxiliary power unit (APU) of the aircraft.

"On 18-12-2019 A320/NEO aircraft VT-ITS operating flight 6E-979 (Udaipur-Bangalore) was involved in ground turn back at Udaipur as ATC observed spark and smoke from the tailpipe during taxi. Crew shutdown both the engines. There was no visual alert in the cockpit," an official with the Directorate General of Civil Aviation said. "During ground inspection it was detected that the smoke and sparks were from APU and came while APU was being shutdown during taxi. Aircraft has been released with APU under MEL (Minimum Equipment List)," the official added.

IndiGo said the pilot followed standard operating procedure and it was a 'false alarm'. "An IndiGo flight 6E 979 operating Udaipur-Bangalore was held by the Udaipur ATC after taxi-out. The ATC suspected smoke from the auxiliary power unit in the aircraft tail section. Following the laid standard operating procedures, the pilot returned the aircraft to the bay for further inspection. During the inspection, there were no unusual observations, so it was a false alarm. The aircraft was released for further flight," the private carrier said in a statement.

Most airlines operating A320neo or A321neo aircraft powered by Pratt & Whitney (P&W) engines have faced several engine-related issues, including gearbox failures, combustion chamber distress apart low pressure turbine (LPT) blade failure. These issues have been addressed in the modified engines. Last month, the aviation watchdog instructed IndiGo to ground an old A320neo family aircraft with an unmodified P&W engine, for every new A320neo plane with the modified engine that is added to its fleet.

The regulator's order had come in the backdrop of repetitive events of third stage LPT blade failure of planes causing engine malfunctions on four occasions, potentially compromising passengers safety. IndiGo operates a total of 91 new generation A320neos and seven A321neos. Aviation safety regulators in Europe and USA have also issued instructions in this regard.

In a fresh Airworthiness Directive effective December 31, the European Union Aviation Safety Agency (EASA) said that "occurrences have been reported of finding damaged LPT stage blades on Airbus A320 'NEO' aeroplanes which have affected engines installed. Investigation results determined that the affected parts have limited damage tolerance, and that, following impact at critical regions by foreign (originating from outside of the engine) or domestic (originating from inside of the engine) objects, instantaneous blade fracture may occur. This condition, if not corrected, could lead to dual engine in-flight shut-down, possibly resulting in reduced control of the aeroplane."

The EASA suggested de-pairing of the engines for improving safety. It asked the airlines using A320neo family aircraft to remove one affected engine from service and, thereafter, ensure that at least one engine installed on the aeroplane is not an affected engine, within three months. The US Federal Aviation Administration (FAA) too, last month, issued an alert for certain variants of P&W engines for the Neos. "These conditions, if not addressed, could result in uncontrolled release of LPT 3rd stage blades, failure of one or more engines, loss of thrust control, and loss of airplane," the DGCA said about the FAA notice.

Kochhar's writ petition shouldn't be entertained: RBI in HC

ENS ECONOMIC BUREAU
MUMBAI, DECEMBER 18

THE RESERVE Bank of India (RBI) on Wednesday pleaded in the Bombay High Court that the writ petition filed by Chanda Kochhar, former chief executive and managing director of ICICI Bank, should not be entertained. The high court had earlier sought responses from the RBI on a plea by Kochhar challenging her termination as the CEO & MD of ICICI Bank, months after she voluntarily left the second-largest private sector lender.

The court adjourned the matter for next hearing on January 13, 2020.

Counsel for RBI Venkatesh Dhond said, "There should be great caution in entertaining the writ petition as there will be flood of other similar application due to this case." The RBI also told the court that its decision to grant approval to ICICI Bank for termination of appointment of Kochhar as MD and CEO was fair, and not arbitrary.

"The RBI does not get involved in employer-employee disputes," counsel for the regulator said. The RBI said there was no violation of Kochhar's fundamental rights, and its decision to approve the termination of her services was devoid of any malafide or arbitrariness.

HC HAD SOUGHT RESPONSES

■ The Bombay HC had earlier sought responses from the RBI on a plea by Kochhar challenging her termination as the CEO & MD of ICICI Bank, months after she voluntarily left the second-largest private sector lender. The court adjourned the matter for next hearing on January 13, 2020

In the reply, Kochhar's counsel Vikram Nankani said Section 35B of the Banking Regulation Act of 1949 requires prior RBI approval before terminating the service of a managing director of a bank.

"The RBI should have told bank to go back, instead the regulator provided lip service to the bank."

Kochhar on November 30, 2019 moved the court challenging termination of her employment by ICICI Bank, which also denied her remuneration and clawed back all the bonuses and stock options between April 2009 and March 2018 for her alleged role in granting out-of-turn loans to the Videocon Group which benefited her husband Deepak Kochhar.

Her petition claimed that her termination on January 30, 2019, came months after the bank approved her voluntary resignation on October 5, 2018, and therefore the termination was illegal, untenable and unsustainable in law. **FE**

CHINA'S DONGFENG WILL HAVE A SMALL STAKE

Fiat Chrysler, Peugeot agree on binding $50 bn merger

REUTERS
PARIS/MILAN, DECEMBER 18

FIAT CHRYSLER and Peugeot maker PSA have reached a binding agreement over their roughly $50 billion merger that will reshape the global car industry.

France's PSA and Italian-American Fiat Chrysler (FCA), which are yet to decide on a name for their new company, will now start work on delivering their pledge to cut costs by 3.7 billion euros ($4.1 billion) a year without closing factories.

That will be all the harder with politicians and strong labour unions in both France and Italy worried about job losses at a combined business that will employ around 400,000 people.

PSA and FCA announced preliminary plans six weeks ago for a 50-50 all-share tie-up that will rank as the world's fourth-largest automaker behind Volkswagen, Toyota and the Renault-Nissan alliance. The deal is aimed at helping both companies cope with slowing autos demand and the cost of building cleaner cars to meeting tougher emissions regulations.

With brands including Jeep, Dodge, Ram, Chrysler, Alfa Romeo, Maserati and Opel, the companies sold a combined 8.7 million vehicles last year, but have potential manufacturing capacity of 14 million, according to forecasters LMC Automotive.

PSA Peugeot Citroen plant in Poissy, France. *Reuters File Photo*

They have yet to say precisely how they plan to tackle that potential excess, and which car platforms — or underlying vehicle structures — they will focus on, only detailing that most production would be concentrated on two platforms.

"At this stage nothing is decided. We have been evaluating what the opportunities are," PSA chief executive Carlos Tavares, who will head up the merged entity as CEO, told reporters.

There is no time to lose as both PSA and FCA are "currently lagging far behind the competition in terms of technology and product range," NordLB's Schwoepe said. PSA and FCA said in a statement they expected the deal to close in the next 12 to 15 months, and they would come up with a name over the coming months.

FCA said it would meet unions on Friday to discuss the merger.

Before the merger is completed, one of PSA's shareholders, China's Dongfeng Motor Group, will trim its 12.2 per cent stake in the French firm by selling 30.7 million shares to PSA. That stake was worth 679 million euros ($748 million) at the most recent closing price, and Dongfeng will have 4.5 per cent of the merged group.