

MINUTES OF RBI MPC MEETING
‘Rising inflation warranted a pause in rate reduction’

ENSECONOMICBUREAU
MUMBAI, DECEMBER 19

THE RESERVE Bank of India’s Monetary Policy Committee (MPC) has said there is a need for greater clarity as to how the overall food inflation path is going to evolve and “it is prudent to expect higher than current readings over the next two or three months” which warrants a pause in the sequence of rate reductions that began in February 2019.

MPC members, who met on December 5, said it is prudent to expect higher than current readings over the next two or three months. “Arguably, the slump in real GDP growth warrants accommodative monetary policy actions and stance whereas the upturn in headline inflation for the third month in succession after a quiescent phase of nine months calls for an opposite response or at least status quo until there is ground to infer that the food price spirals that are driving it are on the ebb,” according to the minutes of the MPC meeting released by the RBI Thursday. The RBI, which slashed its key interest rate — repo rate — by 135 basis points in 2019, unexpectedly left the rate unchanged at 5.15 per cent earlier this month, even as it slashed its forecast for economic growth to 5 per cent, its lowest in over a decade.

According to RBI Governor Shaktikanta Das, the surge in food inflation in last three months, driven up by a spike in onion and other vegetable prices, could be transitory. “It is likely to reverse gradually as late kharif output comes to the market. In view of this, even as current food price spike driven by vegetables can be looked through, there is a need for greater clarity as to how the overall food inflation path is going to evolve, as there is some uncertainty about the outlook of prices of certain non-vegetable food items such as cereals, pulses, milk and sugar,” Das said.

According to RBI Deputy Governor BP Kanungo, the current uptick in inflation driven by a sharp increase in food prices is ex-

pected to reverse. However, there exists considerable uncertainty on the food price trajectory, and the quantum of impact of unseasonal rains on kharif output would be known only early next year.

“The incoming data may also provide greater clarity on the growth outlook. It is better to wait and watch for the incoming data. Even as space exists for future monetary policy action, a pause at this juncture would help calibrate the appropriate policy response in future,” he said.

RBI Executive Director Michael Patra said that it is prudent to expect higher than current readings over the next two or three months. “This warrants a pause in the sequence of rate reductions that began in February 2019. Second, inflation pressures are rotating from vegetable prices to those of other elements of food and beverages. By current reckoning, vegetables prices can be expected to reverse by Q4:2019-20 as the supply situation improves. They can, therefore, be looked through while setting monetary policy,” he said. “The key question is: will the upside in other food prices reverse or persist, especially those of pulses and milk? If it persists, will it spill over into non-food inflation?” Patra said.

“In my view, it is prudent to wait and watch out for clarity on growth-inflation dynamics and gain some more confidence at this juncture before taking a decisive action on the policy rate front. In the meantime, there is enough slack for the markets to adjust to the rate cuts already made,” MPC Member Ravindra Dholakia said.

a balance between requirement of investments and consumer on the other side,” Mittal, chairman of Bharti Airtel, told reporters after a pre-Budget meeting between Finance Minister Nirmala Sitharaman and corporate leaders. The industry needs to get to that balance, he said adding that Trai needs to work on this as the industry “has not been able to have an orderly mechanism to get to that point”.

‘Rising inflation warranted a pause in rate reduction’

PRESS TRUST OF INDIA
NEW DELHI, DECEMBER 19

SUNIL BHARTI Mittal has said a combination of rock-bottom tariffs and high consumption is killing the telecom industry and Trai needs to urgently intervene to strike a balance between the needs for protecting investments and consumer interest.

“...but, I think we need to have

CGHS, ECHS: Hospitals to ‘stop cashless services’ if dues not paid in 30 days

PRABHA RAGHAVAN
NEW DELHI, DECEMBER 19

SEVERAL PRIVATE hospitals empanelled under the Central Government Health Scheme (CGHS) have decided to suspend cashless services to beneficiaries of the healthcare programme if the hospitals’ dues are not paid in a month’s time, said an association representing them.

“We have tried all avenues of getting the dues cleared from the government ... However, we have not made any significant headway,” said Alex Thomas, president, Association of Healthcare Providers India (AHPI). “It is now a question of survival for healthcare providers. We will continue to engage with

TRIED ALL AVENUES: HOSPITAL BODY

■ We have tried all avenues of getting the dues cleared from the government ... However, we have not made any significant headway, said Alex Thomas, president, Association of Healthcare Providers India

■ This year so far, around

Rs 1,400 crore has been released to service providers for cashless services. More payments are under process,” Alok Saxena, Joint Secretary, Ministry of Health and Family Welfare, earlier told *The Indian Express*

the government, but if the issue is not resolved over the next few weeks, hospitals will be forced to stop cashless services to the beneficiaries,” he told *The Indian Express*.

Cashless services for the Ex-

Servicemen Contributory Health Scheme (ECHS) may also be suspended, he said, adding that the association will wait for “about a month” for dues to be cleared.

The lobby group represents over 9,000 hospitals, including

RBI plans purchase and sale of govt securities under OMO

ENSECONOMICBUREAU
NEW DELHI, DECEMBER 19

THE RESERVE Bank of India has decided to conduct simultaneous purchase and sale of government securities under Open Market Operations (OMO) for Rs 10,000 crore each on December 23.

This follows “a review of the current liquidity and market situation and an assessment of the evolving financial conditions”, an RBI statement said.

The central bank reserves the right to decide on the quantum of purchase/sale of individual securities, accept bids/offers for less than the aggregate amount and purchase/sell marginally higher than the aggregate amount due to rounding-off effects. It also reserves the right to accept or reject any or all the bid/offers either wholly or partially without assigning any reasons, it added.

Audio leak of BoE news conferences gave high-speed traders head start on briefings

REUTERS
LONDON, DECEMBER 19

A ROGUE supplier has been misusing audio feeds from Bank of England (BoE) news conferences this year, the central bank said, giving traders access to potentially market-moving information seconds before rivals.

In response to a report in *The Times* newspaper, Britain’s central bank said a third-party supplier had misused a back-up audio feed of some of its news conferences without its consent. Briefings by BoE Governor Mark Carney and other central bank officials often move the prices of financial assets such as currencies and government bonds, and early access to their comments could allow traders to make millions.

The supplier sent the feed to high-speed traders who could have had a five to eight second head start because sound can be compressed and transmitted faster than video, *The Times* said.

“We have recently identified that an audio feed of certain of the Bank press conferences... has been



Bank of England Governor Mark Carney. Reuters file photo

misused by a third-party supplier to the Bank since earlier this year to supply services to other external clients,” the UK central bank said. “This wholly unacceptable use of the audio feed was without the Bank’s knowledge or consent, and is being investigated further,” it said in a statement, without naming the supplier. The BoE has referred the misuse of the feed to the Financial Conduct Authority

Bank of England holds rates steady

London: Bank of England says it has decided to hold its key interest rate at 0.75 per cent, as markets widely expected. The decision was announced Thursday after a regular monetary policy meeting. The bank said seven of the nine members of its monetary policy committee had voted to keep the rate unchanged, and that two continued to back a quarter-point reduction. AP

regulator, which is expected to start a scoping exercise, that can take months, before deciding whether to launch any investigation into potential offences such as market abuse.

Hedge funds have long sought to steal a march on rivals by getting data first, and the pressure to do so has grown in recent years as many funds have struggled to outperform market indexes, reduc-

Pensioners, ex- and sitting Members of Parliament, 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.

ECHS, which provides allopathic medicare to ex-service-men pensioners and their dependents, is structured on the lines of CGHS to ensure cashless transactions. Over 18 lakh beneficiaries across the country used services under ECHS in 2018-19, shows government data.

BRIEFLY
MMTC to import 12,500 tonnes onion

New Delhi: MMTC has contracted an additional 12,500 tonnes of edible bulb from Turkey to boost domestic availability.

Balkrishna is Ruchi Soya CMD

New Delhi: Acharya Balkrishna has been appointed as the chairman and managing director of Ruchi Soya and Swami Ramdev as non-executive director on its newly constituted board, according to a BSE filing.

Hyundai unveils new compact sedan

Chennai: Hyundai Motor India on Thursday unveiled its upcoming compact sedan Aura which it plans to launch next month.

Will look at any opportunity: Delta on Air India

Mumbai: American carrier Delta Air Lines Thursday did not rule out the possibility of investing in Air India, saying it will “look at any opportunity” that fits its plan, Jimmy Eichelgruen, Director (Sales) for Africa, Middle East and India at Delta Air Lines said.

IL&FS gets nod for sale of its education biz

New Delhi: The IL&FS Group Thursday said Justice (Retd) D K Jain, who is overseeing the IL&FS resolution and divestment process, has granted approval for the sale of its education business, Schoolnet India Ltd, to Career Point Publications. PTI

Yahoo Japan exits Oyo’s Japan apartment venture

REUTERS
TOKYO, DECEMBER 19

SOFTBANK-CONTROLLED YAHOO Japan has pulled out of a Japanese apartment rental venture with Oyo Hotels and Homes, in the latest setback for the loss-making Indian startup.

Yahoo Japan said it exited the venture OyoLife, in which it had a 33.9 per cent stake, to focus on other initiatives. The internet firm has led a wave of consolidation in Japan this year, buying online fashion retailer Zozo Inc and scooping up messaging app operator Line Corp.

Oyo, also backed by SoftBank Group, on Thursday said it has bought the Oyo Life shares held by Yahoo Japan, now known as Z Holdings, for an undisclosed amount. Oyo expanded rapidly in India and abroad by promising to drive up hotel occupancy through its online booking system, but has faced pushback from hoteliers who say they have been blindsided by hidden fees.

The startup has been forced to relax expansion targets in Japan, where it also launched a platform for hotel reservations this year and faced complaints over its booking system and unmet promises of payment for room renovations.

Pune Metropolitan Region Development Authority, Pune

PCNDTA, New administrative Building “A” wing 3rd floor, Near Akurdi Railway Station Pune-411044 Email : cepmrda@gmail.com

E-Tender Notice No. 38 for FY 2019-2020

PMRDA invites proposal through e-tendering for “CONVERSION OF EXISTING 220 KV OVERHEAD LINES TO UNDERGROUND CABLE INFRINGING THE METRO RAIL ALIGNMENT OF PUNE METRO LINE 3 PROJECT WHICH INCLUDES ENGINEERING, SUPPLY, ERECTION, TESTING, COMMISSIONING OF THE WORKS AND, DISMANTLING OF UNUTILISED TOWERS AND HANDING OVER OF THE WORKS. Pune Dist.”

The Tender document can be downloaded from the website : www.mahatenders.gov.in from 20/12/2019 at 16:00 Hrs. onwards. Last date for submission of the proposal is 14/01/2020 up to 18:00 Hrs. The changes in tender notice and relevant information will be available on www.mahatenders.gov.in

Sd/- (Vikram Kumar)

Metropolitan Commissioner & CEO

Pune Metropolitan Region Development Authority, Pune

KONKAN RAILWAY CORPORATION LTD. (A Government of India Undertaking)				
The Konkan Railway Corporation Limited has invited following Open Tenders through ireps.gov.in system				
Sl. No.	Name of The Work	Tender No.	Cost of the Work (₹) (Excluding GST)	Closing Date & Time
(1)	Overhauling of Turnout Fittings under SSE/P.way/JD Section.	KR/KW/OL/W/2019/36/RB/RT-1	3.64 Lakhs	03/01/2020 at 15.00 Hrs.
(2)	Flattening of Side Slopes at Khazane Cutting between km.382/5 – 9 under SSE/P.way/MAO Section	KR/KW/OL/W/2019/77/CB	77.15 Lakhs	03/01/2020 at 15.00 Hrs.
(3)	Tree Cutting in Cutting Slopes and Embankment in SSE/P.way/JD Section.	KR/KW/OL/W/2019/73/RB	21.29 Lakhs	03/01/2020 at 15.00 Hrs.
(4)	Hiring of Private Road Vehicle (pick up van) for Carling of all types of Railway Materials (P-way) for Departmental use of JE/Pway/Karwar Section.	KR/KW/OL/W/2019/60/RB	6.32 Lakhs	03/01/2020 at 15.00 Hrs.
(5)	Hiring of Private Road Vehicle (pick up van) for Carling of all types of Railway Materials (P-way) for Departmental use of JE/Pway/Kumta Section.	KR/KW/OL/W/2019/61/RB	6.32 Lakhs	03/01/2020 at 15.00 Hrs.
For further details, Contact Office of Senior Regional Engineer, Konkan Railway Corporation Ltd, Karwar, Karnataka. For more details visit www.ireps.gov.in				

ENSECONOMICBUREAU
MUMBAI, DECEMBER 19

AFTER A long delay, UTI Asset Management Company (UTI AMC), a leading asset management firm, has filed its offer document with the Securities and Exchange Board of India (Sebi) for an initial public offering (IPO) of up to 3.89 crore equity shares of face value of Rs 10 each at a premium. The fund’s US-based strategic investor T Rowe Price International is also selling part of its stake in the IPO.

Life Insurance Corporation of India (LIC), Bank of Baroda (BoB) and State Bank of India (SBI) — which manage their own existing AMCs and hold 18.24 per cent each in UTI AMC — are selling 1.04 crore shares of UTI AMC through the IPO. Punjab National Bank (PNB) and T Rowe Price International are also selling 38 lakh shares of UTI. The net offer

UTI MF files for IPO, 5 shareholders to sell stakes

It is the seventh largest asset management company in India in terms of mutual fund assets as of September 2019, according to rating agency Crisil. Its total AUM was Rs 154,230 crore

would constitute around 30.59 per cent of the post-offer equity capital of UTI AMC.

PNB, which exited its AMC joint-venture last year, also owns 18.24 per cent stake.

As the crossholding rules of Sebi apply to all the four promoters, SBI, LIC and BoB will have to bring down the stake in UTI AMC, also known as UTI Mutual Fund, to below 10 per cent and give up board seats as they also have their own AMCs. T Rowe Price holds the remaining 26 per cent stake in UTI Mutual Fund. In March 2018, Sebi had introduced crossholding limits in mutual funds to eliminate potential conflicts of interest.

The markets regulator then

mandated that if a shareholder has more than 10 per cent interest in a mutual fund, it cannot hold a similar-sized stake in another fund house and would also have to give up its board positions.

Sebi has been insisting that UTI’s four domestic shareholders will have to pare their stakes to less than 10 per cent each and rejected the requests of shareholders for extension of stake sale.

“However, as UTI Mutual Fund didn’t have a chief executive, it was unable to push for an IPO through which the four promoters could have offloaded their stake. The board of the UTI Mutual Fund couldn’t appoint a full-time CEO after Leo Puri’s tenure ad MD

Indian IT professional among 5 charged with insider trading

PRESS TRUST OF INDIA
NEW YORK, DECEMBER 19

AN INDIAN IT professional and his four friends have been charged by the Securities and Exchange Commission (SEC) with insider trading for repeatedly trading on confidential earnings information about a Silicon Valley cloud-computing company, reaping millions of dollars in trading profits.

Janardhan Nellore, 42, a former IT administrator at the technology company in Silicon Valley, was at the center of the trading ring, using his IT credentials and work contacts to obtain highly confidential information about his employer’s quarterly earnings and financial performance, the Commission said in a statement.

As alleged in the complaint, until he was terminated earlier this year, Nellore traded in his company’s securities based on the confidential information or tipped his four friends.

China comes out with new tariff exemptions for US chemical, oil products

AGENCE FRANCE-PRESSE
BEIJING, DECEMBER 19

CHINA ANNOUNCED Thursday a list of US chemicals that will be exempted from import tariffs, just under a week after Beijing and Washington agreed a trade agreement that a dialled down tensions between the two.

Both the countries have exchanged blows for more than a year, on Friday announced a mini-agreement to reduce some levies in a bruising trade war that has dragged on global growth.

Beijing released a list Thursday of products that will no longer be subject to the tariffs, including certain types of industrial glue and adhesives, industrial polymers and types of paraffin, which can be found in cosmetics and food.

The exemptions will come into force from December 26 until December 25 next year, according to a statement from the Customs Tariff Commission of the State Council. Last week’s “phase one” deal saw US President Donald Trump cancel a planned new wave of tariffs on Chinese

‘Phase one’ trade pact in early January

Washington: US Treasury Secretary Steven Mnuchin said on Thursday the United States and China would sign their so-called Phase one trade pact at the beginning of January, adding that it was completely finished and just undergoing a technical “scrub.” He said the trade deal had already been put down on paper and translated. REUTERS

products, and China in turn saying it would suspend additional measures on US goods.

In September, China said it would exempt 16 categories of US products from tariffs including seafood items and anti-cancer drugs. China announced earlier this month that it will offer a tariff waiver to “some” imports of major products US soybean and pork.