Global market has no dearth of oil: Pradhan

PRESS TRUST OF INDIA
KOLKATA

Union Petroleum and Natural Gas Minister Dharmendra Pradhan on Saturday said there was no need to 'panic' about oil prices owing to present tensions between Iran and the U.S.

"The government has taken a position to wait and watch and there is no need to panic," he said on the sidelines of a CII event.

"There is no dearth of crude oil in the global market. Yes, there has been some spike in oil prices, but for the last two days it [has been] subdued," he said. Crude oil prices rose to a 3-month high of almost $72 a barrel soon after Iranian air strikes at U.S.-Iraqi military bases, but cooled off amid speculation that Tehran is opting for limited retaliation over the killing of its top general.

'Won't back fiscal tightening currently'

Nobel laureate Abhijit Banerjee says the deficit numbers are a bit imaginary, not a big deal if breached

AJEET MAHALE
MUMBAI

Nobel laureate Abhijit Banerjee has said that he would not back fiscal tightening in the current economic environment.

Prof. Banerjee added that the real constraint to the state of education in the country in the current climate of economic slowdown was not lack of money, but the lack of attention paid to the sector.

The Union Budget 2019-20 pegged the fiscal deficit target at 3.3% of GDP. "I think the budget deficit numbers are a little bit imaginary. I don't think it's a big deal to breach it more. Certainly, I won't be supporting fiscal tightening right now," he said on Saturday while interacting with journalists ahead of a talk he delivered at the Tata Institute of Social Sciences. Prof. Banerjee had been associated with Pratham, an NGO in education at whose silver jubilee he gave the speech, and had used randomised control trials on its projects. Speaking about the impact of the current economic slowdown on education, Prof. Banerjee said that the real constraint was the lack of attention, and not money. "People are starting to get very worried about the state of the macro-economy [which] is not very good news," he said. He added that the Centre had little role to play in funding education as it was a State subject.

Open talk: Nobel prize winner Abhijit Banerjee delivering a lecture at the Tata Institute of Social Sciences in Mumbai on Saturday. • EMMANUAL YOGINI

More than budgets, what was required was the reform of institutions such as the Ministry of Human Resources and Development and the University Grants Commission (UGC) and funding reforms on a par with global standards.

Institutional reforms

"We need institutional reforms where I can decide my own syllabus with no interference by anybody. I think we should start getting people who are active participants in the education more involved in deciding what's the right syllabus rather than syllabi decided some board or the other," he added.

Prof. Banerjee also said that the emphasis had shifted too far towards technical education at the time he was growing up and in order to have a vibrant democracy, the country needs to have a class of people who would have broad-based education.

Tata Steel refinances debt in Europe, raises €1.75 bn

Loans come with better terms, say firm

SPECIAL CORRESPONDENT
MUMBAI

Tata Steel's wholly owned European subsidiary Tata Steel Netherlands Holdings B.V. (TSNHBV) has executed agreements for the refinancing of its bank debt.

The company has raised term loan facilities of €1.75 billion from 19 banks.

"This represents a reduction of €500 million versus the external debt outstanding in Tata Steel Europe as of March 2019, enabling the standalone European business to have a more robust balance sheet, while also putting in significant efforts at restructuring and improving its operating performance," the company said in a statement.

These facilities have also been contracted at 'favourable terms and more efficient pricing', besides extending the maturity profile relative to the existing ones.

Koushik Chatterjee, executive director and chief financial officer, Tata Steel, said "The new financing has more flexible terms and better pricing that will provide greater financial headroom to the business in the coming years. The company was able to complete this financing despite all the volatility in the financial markets."

No 'word play' in health insurance policies: IRDAI

Insurance regulator proposes standardising clauses commonly incorporated in the policies

N. RAVI KUMAR
HYDERABAD

Health insurance policy clauses, at least a clutch that are common, will soon be easier to comprehend, become more transparent and not vary across companies, with regulator IRDAI setting in motion the process towards uniformity in wordings of the contracts.

"It is proposed to standardise some of the general clauses that are commonly incorporated in the health insurance policy contracts of indemnity-based health products," the Insurance Regulatory and Development Authority of India (IRDAI) said, soliciting comments on an exposure draft.

Threat of forfeit: Policy will become void in the event of misrepresentation by the insured. • GETTY IMAGES/ISTOCK

One of the key aspects under the proposed guidelines on 'Standardisation of General Clauses in Health Insurance Policy Contracts' will be insurers committing to a timeline in handling claims and in the event of failure to comply, pay interest to the policyholder.

"The company shall settle or reject a claim, as the case may be, within 30 days from the date of receipt of the last necessary document. In case of delay in the payment of a claim, the company shall be liable to pay interest from the date of receipt of the last necessary document to the date of payment of claim at a rate 2% above the bank rate," the IRDAI draft said.

Where a claim warrants an investigation in the company's opinion, it has to be settled within 45 days from the date of receipt of the last necessary document. Beyond that, the insurer will be liable to pay interest at a rate of 2% above the bank rate from the date of receipt of last necessary document to the date of payment of claim.

Another aspect for which wordings are proposed to be common relates to action against the insured. "The policy shall be void and all premium paid thereon shall be forfeited to the company in the event of misrepresentation, mis-description or non-disclosure of any material fact," the draft said.

Uniformity in wordings have been proposed by IRDAI with regard to complete discharge, multiple policies, cancellation, renewal of policy, including the company not being bound to give any notice for renewal, as well as migration and portability.

The proposed guidelines assume significance in the backdrop of robust growth in the segment. Health insurance premium continues to grow over 20% year-on-year in the past four fiscal years, IRDAI's annual report for 2018-19 said.

Apparel Export Promotion Council eyes 10% rise this fiscal

Delay in funds disbursement by Centre hits working capital

SPECIAL CORRESPONDENT
COIMBATORE

The Apparel Export Promotion Council (AEPC) is looking at a 10% rise in garment exports in the short term.

A. Sakthivel, the newly-elected chairman of the council, said the immediate focus was on 10% growth and that for the next fiscal, the sector could be looking at a 15% increase.

"If we get pending export incentives from the government immediately, we can get more orders from overseas buyers in the next two months," he said.

Garment exports last financial year came to approximately $16.5 billion.

Mr. Sakthivel added the Centre had announced that the MEIS (Merchandise Exports from India Scheme) would continue till December-end.

Exporters used to get 3.8-4.8% benefit from the scheme. They placed orders taking it into account while working out the costs. However, funds have not been disbursed under MEIS.

The government later announced the Rebate of State and Central Taxes and Levies scheme.

The AEPC and the Cotton Textiles Export Promotion Council submitted data to the government on the taxes that exporters pay so that these could be reimbursed under the scheme. However, that too is yet to be implemented.

This has hit working capital availability for exporters. Mr. Sakthivel said the Centre had assured him that these would be addressed soon.

To improve export competitiveness, the AEPC also plans to study the products and markets that Vietnam and Cambodia supply to in apparels. Garment exports are surging for both countries and India should work to compete with them, Mr. Sakthivel said.

Mercedes-Benz India's 2019 sales decline 11.27%

'At segment top spot 5th year in a row'

SPECIAL CORRESPONDENT
MUMBAI

German luxury car manufacturer and segment market leader Mercedes-Benz India reported an 11.27% decline in car sales in the calendar year 2019 compared to the previous year, reflecting the gloom in the automobile sector.

In the January-December 2019 period, the company reported an overall sales volume of 13,786 units as compared to 15,538 units reported in 2018. However, the company continued its leadership position in the Indian luxury car segment for the fifth year in a row.

'Sales satisfactory'

Martin Schwenk, MD & CEO, Mercedes-Benz India said, "We are satisfied with our sales performance in 2019 despite facing strong macro-economic headwinds, specifically in the first three quarters. We were, however, able to positively influence the customer sentiment with our industry-best customer solutions and achieved the new best ever Q4."

Martin Schwenk

"2020 is going to be another important year for us and we continue to be optimistic with the country's mid- to long-term prospect. We had an overwhelming response to our entire BS-IV portfolio and we are now ready with the all-new BS-VI portfolio, way ahead of the deadline.

This year, the market will witness a strong product offensive from Mercedes-Benz beginning with the New GLE, and followed by some of the most significant product introductions from our global portfolio," he said.

Jewellers push for pre-Budget meeting

Job loss at 10%, to worsen without help

SPECIAL CORRESPONDENT
MUMBAI

With the domestic gold jewellery sector remaining in doldrums on account of poor demand and the steep 25% hike in gold prices since July 2019, jewellers have sought a pre-Budget meeting with Finance Minister Nirmala Sitharaman to suggest measures to revive demand and protect jobs in the sector.

With less than three weeks left for the Union Budget, representatives of the sector said they were yet to be called for consultations. Without support from the government, the sector would see further job cut and business loss, they said.

Adverse policies

"We represent in the domestic gold jewellery industry which is very important for the country. All our members are suffering due to lack of demand in the market and adverse policies. We want to suggest measures to the government for the revival of the sector. So far, the Finance Ministry has not called us for consultations. We had written to them several times, but we are yet to be invited," said Anantha Padmanabhan, chairman, All India Gem & Jewellery Domestic Council (GJC).

He said since banks had stopped lending to the sector, the cost of doing business has gone up. Now, jewellers are borrowing from the market at 18% to 24% interest rate as compared to the 2.5% interest charged by banks.

"Today, there are more people doing business in a transparent manner and we have the know-how to guide the banks to lend to the right people and how to keep a track on the inventory," he said.

He said since people have cut down on gold jewellery purchases, several workshops had laid off workers. About 10% of workers have lost their jobs, he added.

Meanwhile, the GJC has urged the Finance Ministry to reduce customs duty on gold from 12.5% to 6%.

Automakers in south tap exports

Move helps offset domestic slowdown; Hyundai growth highest in sector at 13%

N. ANAND
CHENNAI

Some automobile majors in the south have resorted to increasing their exports to partially offset the impact caused by the ongoing economic slowdown. Shipping vehicles or chasses to neighbouring countries, other parts of Asia and Africa, have helped keep the tempo up for these automakers.

From January to December 2019, two ports located in Chennai collectively handled 3.43 lakh units, an increase of 10.28% over the previous year. The vehicles included passenger cars, buses, trucks, car accessories.

Hyundai Motors was the biggest beneficiary, posting a 13.33% growth over the previous year, exporting 1.52 lakh units. These figures do not include vehicles sent overseas as completely knocked down units.

H2 better than first half

Renault-Nissan exported 84,000 units against 74,464 units. The volume in the first half of 2019 was muted but picked up in the second half due to new launches such as the Renault Triber, Kwid and Duster. Ford posted a marginal increase of 4% in its export volume at 90,000 units, while Toyota showed 9% growth. Honda, which has a manufacturing unit in the North, stopped exporting cars from Kamarajar Port and opted to do so from the West coast due to the logistics cost of sending vehicles from Noida.

> Honda chose the West coast over Kamarajar Port due to logistics cost of moving vehicles from Noida

New entrant Kia Motors shipped 11,000 units in three months from the Chennai Port. It is likely to increase its export volume and product variants too, said a company official. Commercial vehicle manufacturer Ashok Leyland, which was also impacted by the slowdown in the segment, exported about 170 units against 64 units in 2018. Daimler posted 19% growth to end the year with 5,295 units.

Kamarajar Port handled 1.9 lakh units against 1.76 lakh units in 2018. There was a 'slight' decline in the export figures due to stoppage of Nissan Micra, said an official at the Kamarajar Port.