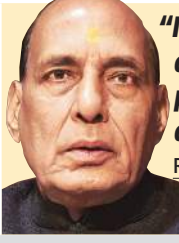


“Government silent on terrorist DSP Davinder Singh. Why are PM, HM and NSA silent on Davinder Singh. What was Davinder Singh’s role in Pulwama attack. Who was protecting him and why”

RAHUL GANDHI
Congress leader



“India cannot remain dependent on arms import. We have set a target of achieving a turnover of \$26 billion by 2025 in defence production. This involves an investment of \$10 billion in this sector and generation of two–three million employment opportunities”

RAJNATH SINGH
Union defence minister



“As long as there are states which sponsor terrorism, we will have to live with the menace. We need to take the bull by its horns and strike at the root cause”

GEN BIPIN RAWAT
Chief of Defence Staff, in reference to Pakistan

IN BRIEF

UN lowers India growth forecast to 5.7% for FY20

GDP growth in India and a few other large emerging countries may gain some momentum this year after the global economy recorded its lowest growth of 2.3 per cent in 2019, a UN study said on Thursday, while lowering its current and next fiscal year forecasts for India. The United Nations World Economic Situation and Prospects (WESP) 2020 said GDP growth estimate for India has been lowered to 5.7 per cent in the current fiscal year (from 7.6 per cent forecast in WESP 2019) and lowered its forecast for the next year to 6.6 per cent (from 7.4 per cent earlier). It has also forecast a growth rate of 6.3 per cent for the fiscal beginning in 2021. **PTI**

RBI to conduct one more special OMO

The Reserve Bank of India (RBI) will be conducting one more special open market operations (OMO), on January 23, in which it will simultaneously buy medium-to-long term bonds and sell short term bonds worth ₹10,000 crore each to flatten the yield curve. The central bank has conducted three such OMOs in the past. **BS REPORTER**

IBBI makes amendments to liquidation norms

A liquidator will have to deposit undivided dividends and undistributed proceeds in a separate account before seeking dissolution of a corporate debtor under the voluntary liquidation process, according to the IBBI. The Insolvency and Bankruptcy Code of India (IBBI) has notified changes to the voluntary liquidation process regulations. **PTI**

Shriram Transport Finance raises \$500 mn in debt

Shriram Transport Finance Company on Thursday said it has raised \$500 million through social bonds, out of \$3 billion fund raising plans approved by its board. **PTI**

► FROM PAGE 1

The firm that's sweeping up bankrupt telcos

However, a closer look at the shareholding in its annual report of March FY 19 shows that the largest shareholder is one Shilpi Sharma who is also a promoter with a 35.47 per cent stake. The banks together have a mere 7.7 per cent and the insurance companies only around 0.52 per cent.

Except for the Central Bank of India which holds 5.4 per cent, none of the banks or insurance companies are among the top 10 investors. A detailed questionnaire to Sharma on the company did not elicit any response.

So who is Sharma? Those familiar with her career say she is a chartered financial analyst who used to help companies raise syndicated loans before she set up UVARCL with the help of PSU banks. She is also the executive vice chairman of the board and also, according to the website, a ‘whole time’ director. It further adds that she ran her own advisory firm to advise clients across industries on diversified regulatory and compliance matters relating to banking, finance and capital markets, among other things.

UVARCL is among the top 10 asset reconstruction companies in the country in terms of book building with a CAGR of 109 per cent over the last three years. Its board comprises experienced executives who have worked mostly in PSU banks as well as the Reserve Bank of India.

Based on ROC data, the company says that in order to gain business, it acquired financial assets of ₹410.68 crore in 2018-19 through bids and bilateral deals with banks and NBFCs and resolved financial assets of ₹178.58 crore, taking the outstanding total financial assets to ₹100.46 crore.

The assets listed in its annual report of 2017-18 are concentrated in the infrastructure sector (53.68 per cent in value), followed by food processing (9.44 per cent) and steel (5.53 per cent).

IDBI to meet RBI this week; seeks to exit PCA framework

IDBI Bank, under prompt corrective action since 2017, will hold meeting with the RBI this week to seek removal of operational restrictions. **PTI**

YES Bank shares up on acquiring stake in Sical Logistics

YES Bank has acquired 10.25 per cent stake in Sical Logistics, a Coffee Day Group firm, by invoking pledged shares. The bank's scrip was trading at ₹40.15, up 0.88 per cent in noon trade. **PTI**

Correction

In response to a *PTI* report (*Amrapali case: SC asks ED to attach JPMorgan properties for FEMA violation*) published on January 13, JPMorgan has clarified that it is not a party to the SC proceedings, and it has received no communication or notice from the Court to date. Specifically, the court has made no order directing seizure or attachment of JPMorgan assets and media reports do not reflect the order passed by the court. “Compliance with applicable laws, regulations and policies including foreign direct investment rules is fundamental to how we do business at JPMorgan and we always co-operate with any government or regulatory agency,” the statement said.

FinMin exempts MFs from foreign-investor status

Govt has modified circular that classified MFs as investment vehicles



ASHLEY COUTINHO & JASH KRIPLANI
Mumbai, 16 January

The finance ministry has clarified to foreign-owned mutual funds (MFs) that they will not be categorised as foreign investors and subjected to sectoral caps under the Foreign Exchange Management Act (Fema). Last October, a circular had notified rules with regard to foreign investment in non-debt instruments, classifying mutual funds with over 50 per cent equity as “investment vehicles”.

This meant that downstream investment by such funds by way of subscription or acquisition of shares would have been considered “indirect foreign investment” if their investment manager or sponsor is owned or controlled by a non-resident. The finance ministry has now said that mutual funds that invest more than 50 per cent in equity shall be omitted from the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. The changes notified in October had got foreign-owned MFs worried that their investments through equity schemes

would have been impacted if the norms were made effective. Foreign-owned funds would have had to adhere to the sectoral caps and restrictions applicable to foreign investment in Indian equities. This would have put them at a significant disadvantage vis-à-vis domestic funds, limiting their investments in stocks and dragging down overall returns. The foreign funds that could have been impacted included Mirae Asset, Principal MF, Nippon India MF, Franklin Templeton MF, and Invesco MF. HDFC Mutual Fund and ICICI Prudential MF might have also been impacted. Concerned about the fallout of these restrictions, several fund houses had approached Sebi and finance ministry. The restrictions would have also made it impossible for exchange-traded funds to invest according to assigned weightage of the underlying benchmarks, without breaching sectoral caps. Listed stocks are subject to certain sectoral caps with regard to foreign ownership. For example, banking stocks have a 74 per cent foreign direct investment and foreign institutional investor cap. The ruling would have barred foreign-owned fund houses from investing in sectors after the limit was breached, while domestic fund houses would have no such limits. It might have potentially also put brakes on fresh money coming into schemes of foreign fund houses and would have led to investor assets moving towards domestic mutual fund houses.

Expect India to source our oil: Iran min

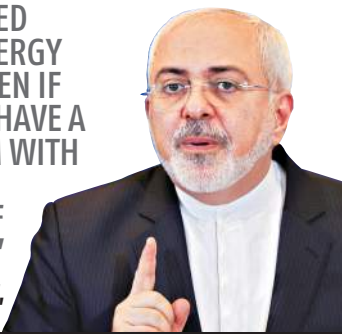
PRESS TRUST OF INDIA
Mumbai, 16 January

Amid mounting tensions between the US and Iran, Iranian foreign affairs minister Mohammad Javad Zarif on Thursday said India will not find a stable and reliable energy partner other than Iran. He said losing Iran as a reliable source of energy will not make Indian economy more reliable.

For India's economic growth you need more and more energy and energy security, which has been an area of concern. I can assure you that you can't find an energy partner which is more stable more reliable than Iran. “We never involved politics in our energy relations. And if we did, we don't have political problem with India. We are

“WE NEVER INVOLVED POLITICS IN OUR ENERGY RELATIONS. AND EVEN IF WE DID, WE DON'T HAVE A POLITICAL PROBLEM WITH INDIA. WE ARE THE SECURED SOURCE OF ENERGY FOR INDIA”

MOHAMMAD JAVAD ZARIF,
Iranian foreign affairs minister



which killed its top commander Qassem Soleimani, and imposition of the sanctions, the minister said these actions by the US are regrettable. “These attempts are to ensure that the people of Iran starve. It is regrettable that he (Trump) said if Iranians want to eat they should listen to him. But we won't beg to the US to eat. Starvation is crime against humanity and punishable.” “These are also attempts made so that they (the US) can increase the prices of oil and energy. Now the US is the biggest exporter of oil and they want to take Iranian share in Asia through the sale of their shale gas, which is much more expensive and much less reliant energy. We need to find a response to this,” Zarif said.

NEWSMAKER: MICHAEL DEBABRATA PATRA, DEPUTY GOVERNOR, RBI

The ‘insider’ on monetary policy

ANUP ROY
Mumbai

The appointment of Michael Debabrata Patra, 59, as deputy governor for three years at the Reserve Bank of India (RBI) on January 14 was well anticipated and is the right decision by the government.

His appointment also aims to resolve a few issues within the central bank and for the government as well.

To start with, there is perhaps no better person than Patra at this juncture to handle the monetary policy department with the same attention to detail as is warranted. Unlike outsiders, Patra is not a theoretician, but a scholar-practitioner of monetary policy matters, something the country needs desperately at a time when there are signs of stagflation with the growth falling nearly a decade low of below 5 per cent, and inflation rising to a five-year high of about 7.5 per cent level.

The Deputy Governor post was made vacant by the departure of Viral Acharya in July last year, and by practice it is reserved for reputed economists. Patra is a career RBI officer, but the position was advertised globally and he met all the criteria. So it is not an internal promotion, but something that Patra earned on a standalone basis. Still, Patra is the first RBI officer since S S Tarapore in 1992 to get the position. It was a long wait for the central bank, and the government took nearly six months to finalise the name.

One of Patra's biggest achievement is also something that people do not associate him with readily.

Patra wrote the monetary policy framework, which targets flexible inflation targeting, and is the basis of the six-member monetary policy committee (MPC) in which Patra is a member. Then deputy governor Urjit Patel gave Patra, then an executive director at the Monetary Policy Department, the responsibility to give the framework its shape. The fact that the MPC has held up well in the last few years is a testimony to Patra's fine understanding of monetary policy matters.

Patra keeps a low media profile outside RBI, but is known among policy experts as a seasoned researcher and a fine economist, whose core area of expertise lies in monetary policy. He has been associated with the department since 2006 except for a deputation at the International Monetary Fund (IMF) between December 2008 to June 2012. There, at the peak of the global credit crisis and Euro area sovereign debt crisis, Patra was advising the executive board of the IMF on economic matters.

Patra's recent observations in the MPC are interesting. He was perhaps more hawkish than then governor Urjit Patel and deputy governor Viral Acharya and steadfastly advised against cutting rates. He turned dovish and advocated rate cuts when Shaktikanta Das became Governor.

In the February 2019 policy, Patra voted for a rate cut as well as a change in stance from “calibrated tightening” to “neutral”, as “dark clouds seem to be gathering over the horizon,” due to global developments.



But about two months back, in December 2018, Patra was worried about inflation projected to rise above 4 per cent over the 12-month ahead horizon. “It is apposite to persevere with the stance of calibrated tightening to head off inflation pressures from potentially corroding the foundations of the growth path that is evolving over the medium-term,” he had warned. Patra's flip-flop was surprising to many, but Patra in private conversations explained his view changed with the change in numbers and situation in hand. That ‘hawkish’ and ‘dovish’ are just words that central bankers cannot

afford to cling to. But if one reads the history of such committees, Patra's behavior is not very uncommon vis-à-vis his counterparts in US Federal Open Market Committee (FOMC). Economist Alan Blinder noted that in such committees, it is always the chairman who sets the agenda and gets things done his way. “The distinction between individual and group decision making, while clean in theory, can be fuzzy in practice. Many central bank policy boards do not reach decisions by literal majority vote. Committees have chairmen, who may dominate the proceedings,” Blinder's 2007 paper ‘Monetary

ED summons AirAsia CEO in PMLA case

Also asks others to appear before it

THE CASE

- It is alleged the airline tried to manipulate govt policies to get international licence for its Indian venture
- CBI alleged AirAsia India executive had lobbied to get approvals
- Ousted Tata Group chairman Cyrus Mistry had alleged fraudulent transactions of ₹22 crore



Tony Fernandes has been asked to appear on January 20

PRESS TRUST OF INDIA
New Delhi, 16 January

The Enforcement Directorate (ED) has summoned senior executives of AirAsia, including its CEO Tony Fernandes, next week for questioning in a money laundering case, officials said on Thursday.

The agency had registered a case under the Prevention of Money Laundering Act (PMLA) against the airline and its officials in 2018. The officials said while Fernandes has been summoned here on January 20, a few others from the airline's current and past management have also been asked to depose before it for questioning in the following days.

The executives have also been asked to bring along with them certain case-related documents when they appear before the ED so that the probe into the case can be taken forward, they said.

The ED probe is related to allegations that the airline tried to manipulate government policies through corrupt means to get international licence for its Indian venture AirAsia India. A query sent on the latest developments by *PTI* to Air Asia Group and Air Asia India did not elicit any response.

The case under the PMLA was registered by the ED in May 2018 two days after the Central Bureau of Investigation (CBI) filed a criminal complaint to

probe these allegations. Some executives and employees of the airline have already been quizzed in the past by the ED, which is also probing this case under the Foreign Exchange Management Act (FEMA).

AirAsia India at present has flights connecting 21 domestic destinations and as per an aircraft fleet tracking website, it has 29 Airbus A320 planes.

Investigation into the case was initiated on ousted Tata Group chairman Cyrus Mistry's allegation that fraudulent transactions of ₹22 crore, involving non-existent entities in India and Singapore, were carried out in an instance involving the airline.

Certain disclosures made by alleged aviation lobbyist Deepak Talwar are also understood to have given the agency some leads in the case.

The CBI and the ED, in criminal FIRs, had booked AirAsia group CEO Fernandes, former deputy group CEO of Malaysia-based AirAsia Berhad, Tharumalingam Kanagalingam also known as Bo Lingam, and Director AirAsia India, Bengaluru, R Venkataramanan, besides companies AirAsia India and AirAsia Berhad.

The allegations pertain to AirAsia officials and others of trying to manipulate government policies through corrupt means to get international licence for its Indian venture AirAsia India.