GOLD	RUPEE	OIL	SILVER
₹41,294	₹71.33	$62.54	₹47,870

*Indian basket as on January 23, 2020

SENSEX: 40,966.86 ▼ 188.26 NIFTY: 12,055.80 ▼ 63.20 NIKKEI: 23,215.71 ▼ 127.80 HANG SENG: 27,949.64 ▲ 40.52 FTSE: 7,436.05 ▲ 24.00 DAX: 13,227.19 ▲ 22.42

*International market data till 1900 IST

IRDAI ISSUES GUIDELINES ON GROUP HEALTH INSURANCE POLICIES

Merger of PSBs, insurers to set the stage for reshuffle in health insurance portfolio

GEORGE MATHEW
MUMBAI, JANUARY 28

THE HEALTH insurance segment is set to witness a major reshuffle in the way business is handled following the merger of several public sector banks and the impending merger of three public sector insurance companies.

The insurance regulator, Insurance Regulatory and Development Authority of India (Irdai), on Tuesday laid down the guidelines on group health insurance policies following the merger of public sector banks (PSBs). The boards of the three insurance companies — National Insurance Company, Oriental Insurance Company and United India Insurance Company — approved the merger process last week, setting the stage for the formation of a big insurance entity.

The government is planning to expedite the merger of three public sector general insurance companies and an indication to this effect is likely to be announced in the Budget. Though former Finance Minister Arun Jaitley had announced their merger in Budget 2018-19, there was hardly any momentum in its implementation. "When the merger takes shape, various insurance products handled by the three companies will come under one company," said an insurance sector official. The health insurance sector reported a premium collection of over Rs 37,000 crore for 2017-18.

Meanwhile, the regulator said a bank in its capacity as a group organiser may have group insurance arrangements with any number of insurance companies for the insurance needs of its customers. At the end of the current policy period of the group insurance policy of the merged bank, the acquiring bank at its option may continue with the same group insurance policy with the same insurance company, for the customers of the merged bank. "The acquiring bank may simultaneously continue to have insurance coverage for its existing customers with its existing insurance company. The acquiring bank can also offer this insurance coverage to the customers of the merged bank with the consent of its insurer," Irdai said.

The arrangements of the merged banks can be continued with the respective insurance companies for a period of twelve months from the date of merger, subject to willingness of the acquiring bank to function as the corporate agent for the respective insurance companies.

In August 2019, the government announced the government's decision to merge 10 state-owned banks to create four large entities or lenders. Under the plan, Oriental Bank of Commerce and United Bank of India will be merged with Punjab National Bank; Canara Bank with Syndicate Bank; Andhra Bank and Corporation Bank with Mumbai-based Union Bank of India; and Allahabad Bank with Indian Bank. That will mean a consolidation of banks in India from 27 before 2017, to 12 after the merger goes through. In 2018, the government had announced merger of Vijaya Bank and Dena Bank with Bank of Baroda, aiming to create the third-largest lender after SBI and ICICI Bank.

During FY17-18, insurance companies collected Rs 37,029 crore as health insurance premium, registering growth of 21.8 per cent over the previous financial year. The share of group health insurance was the highest at 48 per cent, followed by individual business (41 per cent) and the government business (11 per cent).

SAFEGUARDING CONSUMER INTEREST

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SCHEMES FOR SC, ST, OBC, MINORITY, WOMEN, AMONG OTHERS

Amid higher expenditure level of Ministries, funds in welfare schemes remain underutilised

SHYAMLAL YADAV
NEW DELHI, JANUARY 28

YOUR RIGHT TO KNOW
AN EXPRESS RTI APPLICATION

THE GOVERNMENT'S ministries and its various departments may have tried to reach their overall target of expending 75 per cent of the Budget allocation. However, several schemes of these ministries where there are real beneficiaries — Scheduled Castes, Scheduled Tribes, Other Backward Classes, women, minorities, and disabled people — have shown very poor expenditure level in almost nine months.

In the case of the Ministry of Social Justice and Empowerment, Rs 2,926.82 crore was allotted for post-matric scholarship to SCs but only Rs 1,731.31 crore were spent — only 59.15 per cent. It has a Budget allocation of Rs 30 crore for free coaching of Scheduled Caste and OBC students. Till January 3, only Rs 6.9 crore (23 per cent) was spent. Of the Babu Jagjivan Ram Chhatravas Scheme's allocation of Rs 107.76 crore, only Rs 7.6 crore (7.05 per cent) has been spent till January 3. The Pre-Matric Scholarship for OBC students was allocated Rs 220 crore, but the Ministry spent only Rs 122.53 crore (55.69 percent). Similarly, of Rs 355 crore allocated to Pre-Matric Scholarship to Scheduled Castes, only Rs 182.67 crore (51.45 per cent) was spent.

Women's welfare schemes have also performed poorly, shows the data. A total of Rs 201.21 crore was allocated to the Ministry of Women & Child Development for schemes funded from the Nirbhaya Fund. But, no amount was spent till December 24, as per the data. Beti Bachao Beti Padhao, one of the most publicised schemes of the NDA government, has an allocation of Rs 280 crore but only 43.94 crore was spent to date — only 15.69 per cent of the allocation. An amount of Rs 1,330 crore was allocated for various schemes to protect and empower women, but the Ministry was able to spend only Rs 204.77 crore — only 15.29 percent of the allocation. The Working Women Hostel scheme has an allocation of Rs 165 crore, but only Rs 19.72 crore was spent till December 24. With an allocation of Rs 15 crore, there is another scheme of the Ministry of WCD — Home for Widows — but there was no amount spent from this scheme till December 24. The Ministry's other schemes like Mahila Shakti Kendra (expenditure of Rs 8.75 crore of allocation of Rs 150 crore) and Ujjwala (expenditure of Rs 8.58 crore of allocation of Rs 30 crore) have also been among the worst performers in terms of expenditure. Another big-ticket programme of this government is the National Nutrition Mission, under this Ministry, for which several highly paid consultants have been hired. This was allocated Rs 3,400 crore for the fiscal, but only Rs 1,102.74 crore — 32.43 per cent — of the allocation was utilised.

The Ministry of Textiles also has some schemes for the welfare of poor. For instance, of Rs 456.8 crore for the National Handloom Development Programme, only Rs 256.14 crore was spent till December 18, which was 56 per cent. The Powerloom Promotion Scheme was given Rs 159.08 crore but only Rs 24.31 crore was spent. For all the schemes of the Ministry of Textiles, there was an allocation of Rs 4,800.57 crore for revenue expenditure and only Rs 30.91 crore was capital expenditure, but till December 18 only Rs 3,243.10 crore (67.56 per cent), and from the capital head only Rs 9.21 crore (29.8 per cent), was spent to date.

The Ministry of Social Justice and Empowerment has several schemes for the welfare of disabled people, but some of them have shown poor expenditure level. For instance, of the total allocation of Rs 41.21 crore for the National Handicapped Finance Development Corporation, the actual expenditure till January 7 was zero. Similarly, the whole allocated amount of Rs 17 crore for the establishment of Centre for Disability Sports was unspent till that date. Also, Rs 8 crore was allocated for the support of Braille Presses, but nothing was spent.

Schemes under the Ministry of Minority Affairs, too, have a poor expenditure pattern as seven particular schemes, with total allocation of Rs 3,289.31 crore, were able to spend only Rs 867.82 crore till November 30 — only 25.38 per cent. Under Hamari Dharohar scheme, Rs 8 crore was allocated in 2019-20, but till November 30 not a single penny was spent. Similarly, of an allocation of Rs 15 crore for the Leadership Development of Minority Women scheme, only Rs 46 lakh was spent (3.07 per cent).

A sum of Rs 60 crore was allocated for the monitoring and evaluation of the programmes of the Ministry of Minority Affairs, but only Rs 1.83 crore was spent. Schemes for the welfare of the students belonging to the minorities section have also almost the same pattern. Of an allocation of Rs 1,470 crore for Pradhan Mantri Jan Vikas Karyakram, only Rs 627.07 crore was spent till that date. And, of Rs 1,220.30 crore allocated for the Pre-Matric Scholarships for minority students, only Rs 162.90 crore were spent. Moreover, of Rs 496.01 crore allocated for the Post-Matric Scholarships of minority students, only Rs 70.56 crore was spent. For the support of the UPSC candidates who clear the C-SAT (Prelims) examination of Civil Services Exams, Rs 20 crore was allocated but till November 30, only Rs 5 crore was spent.

While as per the earlier criterion of only 33 per cent of the Budget allocation was allowed to be spent in the last quarter (January-March), in a communication to the ministries, the Department of Economic Affairs said on December 27 the government would allow only 25 percent of the Budget allocation in the last quarter of the financial year. Sources said the ministries have recently received Revised Estimates in accordance with which the allocation has been reduced for many schemes, which have seen poor expenditure levels.

FB, HSBC curb travel to China as coronavirus warnings grow

REUTERS
SHANGHAI/SEOUL/HONG KONG, JANUARY 28

FACEBOOK INC and other global companies including LG Electronics Inc and HSBC are restricting travel to China, as the death toll from a flu-like virus rose above 100 on Tuesday.

Airlines are also cancelling flights and adjusting schedules as a growing number of countries raise travel warnings to not just Hubei province where the new coronavirus broke out, but also to the rest of mainland China.

The United States warned on Monday that Americans should "reconsider" visiting all of China, while South Korea elevated its travel warning on Tuesday, advising its citizens to stay away.

Europe's biggest bank, HSBC, banned all staff travel to Chinese-ruled Hong Kong for two weeks and to mainland China until further notice, according to an internal memo seen by Reuters.

The British-based lender, which has the largest presence among foreign banks in China, also asked staff who have recently visited the country to undergo a self-imposed quarantine. "We are asking those who have travelled to mainland China or been in contact with anyone who has travelled to or through Hubei province in the last 14 days to stay home for a period of 14 calendar days," a spokeswoman for the bank said.

Tata Sons Chairman N Chandrasekaran, Tata Sons Chairman Emeritus Ratan Tata and Guenter Butschek, CEO and MD at Tata Motors (right) along with other executives, launch the company's electric SUV Nexon EV in Mumbai Tuesday. *Amit Chakravarty*

Tata Motors unveils electric SUV Nexon

ENS ECONOMIC BUREAU
MUMBAI, JANUARY 28

TATA MOTORS on Tuesday unveiled the electric variant of its compact SUV Nexon at a starting price of Rs 13.99 lakh and said it plans to launch four more electric vehicles (EVs) in the next two years. The company which has already set up a network of about 100 EV charging stations so far, has plans to increase the stations to 300 by March this year.

The other four EVs will also be an electric version of its existing cars and will include a hatchback, sedan and SUV.

"After 16 months of strenuous effort, we are delighted to launch India's own electric SUV, the Nexon EV. We are confident that this game-changing product will further reinforce our commitment towards developing sustainable and responsible mobility solutions for India," the company's Managing Director and Chief Executive Guenter Butschek said.

Tata Group Chairman N Chandrasekaran said the whole ecosystem for an electric vehicle is in place now, and its adoption will be much faster and easier going forward as Nexon EV is now a reality. The launch function was also attended by Ratan Tata, the group's Chairman Emeritus.

Nexon EV, powered by in-house developed Ziptron technology, comes with a range of 312 km on a single charge and a high voltage system, fast charging capability, extended battery life and class leading safety features. Besides, it has 35 connected car features as well. Powered by a 129 PS permanent magnet AC motor powered by a 30.2 kWh lithium ion battery, the Nexon EV will be available in three trim levels across 60 authorised dealerships in 22 cities, the company said at the launch. "With the launch of this car, Tata Motors is launching, in fact, India's first EV ecosystem," Chandrasekaran said.

Tata Power, which has set up 100 charging stations, will add another 650 in more than 20 major Indian cities over the next year, the company's CEO Praveer Sinha said.

Tata will use its chain of Croma stores to display digitally its EVs, and some stores could offer test drives and charging stations and may even sell cars.

Low commodity prices, reduced corporate tax help Maruti net rise 5%

ENS ECONOMIC BUREAU
NEW DELHI, JANUARY 28

Maruti Suzuki on Tuesday reported a 5 per cent year-on-year (y-o-y) increase in its net profit at Rs 1,565 crore for the quarter ended December 2019 as marginal recovery in volume growth, lower tax expenses and fall in commodity prices, were offset by higher sales promotion expenses, depreciation and lower other income.

Total revenue from operations rose 5.3 per cent y-o-y to Rs 20,707 crore on account of a 2 per cent y-o-y growth in volumes at 4,37,361 units during the October-December quarter and Rs 300 crore increase in other operating income to Rs 1,058 crore. Volumes rose after five consecutive quarters of decline. Shares of Maruti Suzuki fell 2.05 per cent to close at Rs 6,996.95 at the BSE. The result was announced during the market hours.

On the operating front, Ebitda (earnings before interest, tax, depreciation and amortisation) rose 8.9 per cent y-o-y to Rs 2,102 crore while margins rose by a marginal 30 basis points to 10.1 per cent as raw material costs declined significantly but was partially offset by discounts which had touched the highest-ever levels. Average discounts during the quarter was around Rs 33,000 as demand remained subdued and the company had to liquidate the year-end BS-IV stocks before new emission norms (BS-VI) come into force from April 2020. The cost of raw material as a percentage of net sales declined by a massive 14 per cent y-o-y in Q3FY20.

The company's Ebitda margins have been falling for the past four quarters. Tax expenses fell 22.6 per cent y-o-y to Rs 441 crore.

Ajay Seth, CFO at Maruti Suzuki said margins were impacted due to high discounts on almost every model. "If the discounts would have been normal, the margins would have expanded by another around 150 basis points," Seth told analysts at the post results conference call. Realisations in Q3FY20 declined 5.7 per cent to Rs 4.7 lakh despite price hikes taken by the company on account of introduction of new safety regulations and migration of the petrol portfolio to BS-VI. Analysts at Kotak Institutional Equities had expected revenues to increase by 16 per cent y-o-y led by a 9 per cent increase average selling price. FE

E. EXPLAINED
1st growth in four quarters

MARUTI ANNOUNCED growth in net profit for the first time in last four quarters on the back of lower input cost and cut in corporate tax rates. However, if the industry does not see a revival in consumer demand and growth in sales then the company will continue to face pressure on numbers going forward. Budget announcements to push consumption in the economy and revive sentiments may help the industry's cause.

Aptech falls 6% after chairman Jhunjhunwala comes under Sebi scanner

ENS ECONOMIC BUREAU
MUMBAI, JANUARY 28

APTECH SHARES on Tuesday plunged 6.66 per cent to Rs 161.85 on the BSE after billionaire investor and Aptech Chairman Rakesh Jhunjhunwala was ordered to appear before the Securities and Exchange Board of India (Sebi) in a case of alleged insider trading in shares of the firm.

Jhunjhunwala, known as "India's Warren Buffett", and family hold around 45 per cent stake in Aptech. Rare Equity Pvt Ltd holds 21.77 per cent, Rakesh Jhunjhunwala 12.77 per cent and wife Rekha Jhunjhunwala 11.47 per cent, according to Aptech Annual Report for the year ended March 2019. Aptech is the only company where Jhunjhunwala is holding management control and heads the board of directors.

According to market sources, the regulator is examining deals executed between February 2016 to September 2016 period.

During this period, Rakesh Jhunjhunwala's wife and his brother increased their stakes in Aptech through a block deal and the share hit the upper circuit. Insider trading is the buying or selling of a publicly traded company's stock by someone who has non-public, material information about that stock.

Insider trading is illegal under the rules of Sebi which can ban the persons and entities involved in insider trading from the capital market and disgorge the money made through this route.

Jhunjhunwala bought a small stake in Aptech in 2005 and gradually increased his stake to acquire management control over the years. He also owns stakes in Crisil and Lupin.

MOVE MAY DISMAY THE US, WHICH FEARS CHINA CAN USE HUAWEI TO STEAL SECRETS

UK grants Huawei a limited role in 5G, defying Trump

REUTERS
LONDON, JANUARY 28

UK PRIME Minister Boris Johnson on Tuesday granted China's Huawei a limited role in Britain's 5G mobile network, resisting US pressure to exclude the company from next generation communications over fears China could use it to steal secrets.

In the biggest test of his post-Brexit foreign policy to date, Johnson ruled that "high-risk vendors" would be allowed into the "non-sensitive" parts of 5G networks, but their involvement would be capped at 35 per cent.

They would be excluded from the sensitive core of networks, where data is processed, and banned from all critical networks and sensitive locations such as nuclear sites and military bases, the government said.

The decision will dismay US President Donald Trump's administration which fears China could use Huawei to steal secrets and which has warned that if London gives Huawei a role then it could scale back intelligence cooperation.

"This is a UK-specific solution for UK-specific reasons and the decision deals with the challenges we face right now," Communications Secretary Nicky Morgan said following a meeting of the National Security Council chaired by Johnson.

Huawei was not mentioned by name in the British government's statement, but British cyber security officials said they had always treated the company as a "high risk" vendor.

The White House and US state department did not immediately respond for a request to comment. Huawei, though, was happy. "Huawei is reassured by the UK government's confirmation that we can continue working with our customers to keep the 5G roll-out on track," said Victor Zhang, Vice-President, Huawei.

"This evidence-based decision will result in a more advanced, more secure and more cost-effective telecoms infrastructure that is fit for the future. It gives the UK access to world-leading technology and ensures a competitive market."

Sources told *Reuters* last week senior British officials had proposed granting Huawei a limited role in the 5G network - a "calculated compromise" which could be presented to Washington as a tough restriction but also accepted by British operators already using the company's equipment.

Huawei, the world's biggest producer of telecoms equipment, says the United States wants it blocked from Britain's 5G network because no US company can offer the same range of technology at a competitive price.

HIGH-RISK VENDORS TO BE ALLOWED

- In the biggest test of his post-Brexit foreign policy to date, Johnson ruled that "high-risk vendors" would be allowed into the "non-sensitive" parts of 5G networks, but their involvement would be capped at 35 per cent
- They would be excluded from the sensitive core of networks, where data is processed, and banned from all critical networks and sensitive locations such as nuclear sites and military bases, the government said

EU will not ban Huawei, but impose 'strict' 5G rules

AGENCE FRANCE-PRESSE
BRUSSELS, JANUARY 28

The European Commission, the EU's executive arm, will officially unveil recommendations to member states on Wednesday

THE EUROPEAN Union will not ban Chinese telecom giant Huawei or any other company in Europe, a top official said on Tuesday, despite intense pressure from Washington to shun the firm over spying fears.

The European Commission, the EU's executive arm, will officially unveil recommendations to member states on Wednesday, but commissioner Thierry Breton told MEPs that Brussels will choose tight scrutiny over any blanket ban.

"It is not a question of discrimination, it is a question of laying down rules. They will be strict, they will be demanding and of course we will welcome in Europe all operators who are willing to apply them," he said.

The EU, while never explicitly naming the Chinese giant, is struggling to find a middle way to balance Huawei's huge dominance in the 5G sector with security concerns pressed by Washington.

The proposal is part of a so-called "toolbox" of recommendations that will guide the EU's 27 post-Brexit member states as they build crucial 5G networks.

A ban on Huawei would ultimately be up to an individual member state, but the commission's middle road recommendation gives cover to European capitals to resist pleas from Washington.

Huawei is one of the world's leading network technology suppliers, and one of the few — along with European telecom companies Nokia and Ericsson — capable of building 5G networks.