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CRUDE WATCH

OIL FALLS 1% ON CORONAVIRUS FEARS

Bengaluru: Oil prices fell about 1 per cent on Friday on renewed concerns about crude demand being pinched by the economic impact of the coronavirus outbreak, while OPEC and allied producers appeared to be in no rush to curb output. **REUTERS**

'NEED TO MOVE TOWARDS FAR MORE OPEN TRADE POLICIES'

Stay away from pro-crony policies, RPTs need to be tracked most: CEA

ENSECONOMIC BUREAU
MUMBAI, FEBRUARY 22

CHIEF ECONOMIC Advisor Krishnamurthy Subramanian on Saturday said "pro-crony policies are something that we have to stay away from" and "related party transactions need to be tracked the most" to increase the governance standards in the country.

"Pro-business policies are those that enable fair competition in the country. We have some distance to go in terms of enabling that fully," Subramanian said. "Pro-crony policies on the other hand just help incumbents and that is something that we have to stay away from in enabling the invisible hands of the market," he said while speaking at the alumni conference of IIT-Kanpur.

He said India is not fully out of policies that benefitted crony interests, and more work needs to be done on the shift to be fully pro-business. It will be the pro-business policies that will enable the hand of the "invisible hands of the market" and also take the country to achieve the US\$ 5 trillion GDP goal, he said.

Subramanian said investor re-

EXPLAINED

Focus on improving transparency, better governance

SEVERAL FRAUDS like the one at mortgage lender DHFL and infrastructure firm IL&FS had recently created problems in the financial sector. A Sebi panel had recently proposed stringent measures to curb the misuse of related party transactions.

CEA Krishnamurthy Subramanian's comments put the focus on better governance of such transactions. He said if the governance standards in the country have to be improved, there has to be a greater focus on disclosing the related party transactions.

turns from "connected companies" — or crony companies — have been very low as compared to the broader indices. The problem with cronyism is that it is not a better business model and processes which drive the growth, he said, adding we should aim for "creative destruction" where the incumbents are challenged.

As per Subramanian, if the governance standards in the country have to be improved, there has to be a greater focus on disclosing the related party transactions. "In our country, related party transactions are what really need to be tracked

most... disclosures of related party transactions are far worse among willful defaulters when compared to non-defaulters or distressed defaulters," he said.

Several frauds like the one at DHFL and IL&FS had recently created problems in the financial sector. A Sebi panel recently proposed strict measures to curb the misuse of related party transactions.

"Scholarly work isn't something that was written in the last 100 years but dates back millennia," he said making a strong case for not depending only on recent work in economics to make our

choices and neglecting age-old texts like the Arthashastra.

The Arthashastra stresses on ethical ways of creating wealth, he said, adding that "we need to focus on creating trust in the markets as well."

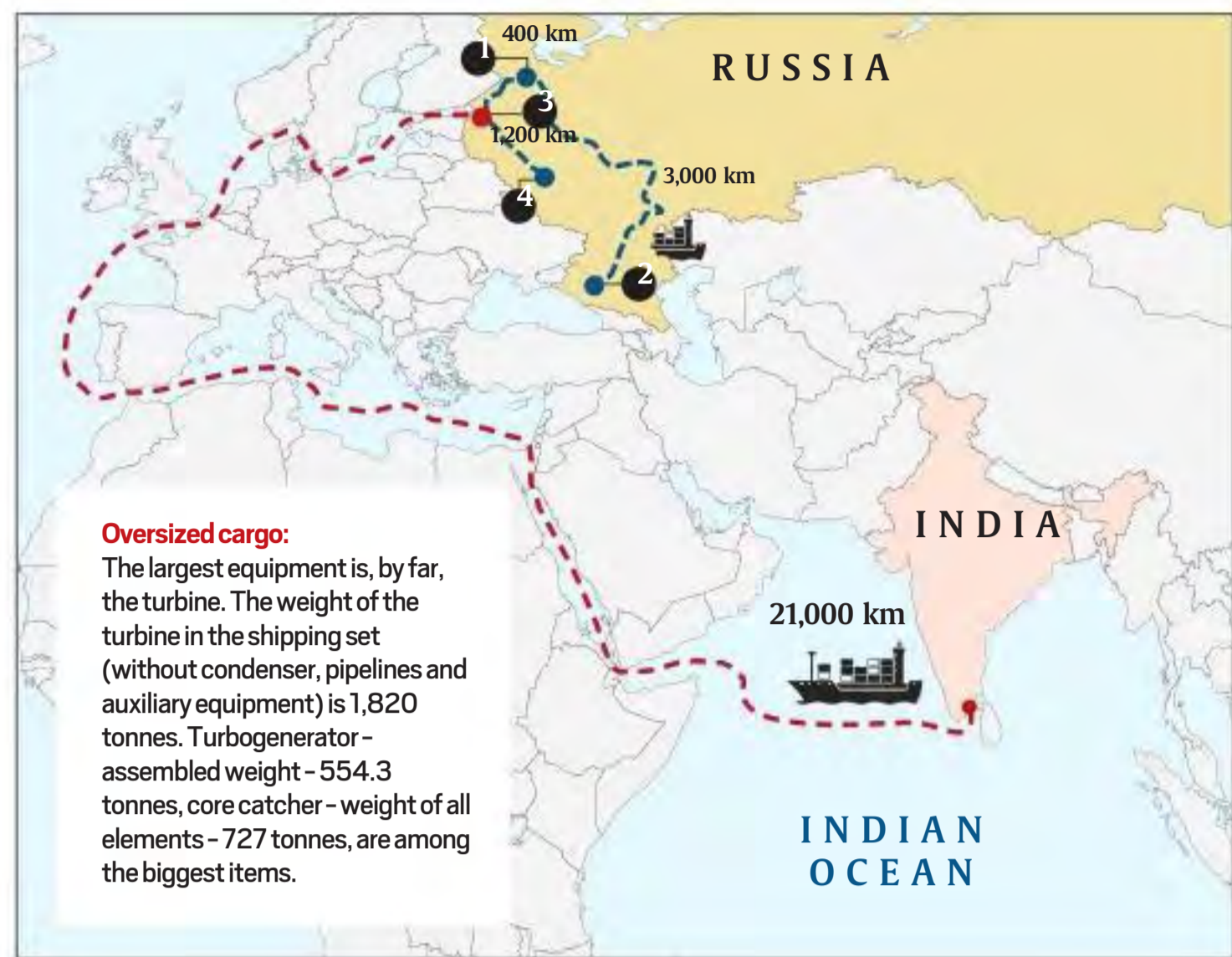
He said the Budget's thrust on assemble in India should not be seen as substitute to the government's flagship 'Make in India' programme, but as a complementary aspect which will act as a precursor to other goals. Asked about the Budget's thrust on imposing tariffs on certain sectors and how it is criticised as being protectionist, he said, "We need to make a distinction on those that are imposed on finished products against those on raw materials or intermediate goods which hurt exports."

"We need to move towards far more open trade policies on intermediate goods and raw materials to enable exports," he told reporters on the sidelines of the event. To a question on the plea of some RBI Monetary Policy Committee members for more structural reforms and stimulus, Subramanian said all the work, like rate cut and reforms, function with a lag and we should allow time for the benefits to accrue.

From Russia to India: The month-long trip nuclear equipment headed for KNPP takes

Russia's integrated nuclear power company Rosatom State Atomic Energy Corporation said last month it had completed the production of steam generator for the fourth unit of the Kudankulam Nuclear Power Project (KNPP) in Tamil Nadu. Here is a look into the details

The Nuclear Power Corporation of India Ltd (NPCIL) is building four plants of 1,000 MW units each — Units 3, 4, 5 and 6 — with Russian assistance, and the first two units of similar power generation capacity have already started generating power.



Oversized cargo: The largest equipment is, by far, the turbine. The weight of the turbine in the shipping set (without condenser, pipelines and auxiliary equipment) is 1,820 tonnes. Turbogenerator - assembled weight - 554.3 tonnes, core catcher - weight of all elements - 727 tonnes, are among the biggest items.

The route: Heavy equipment is transported from the manufacturing plants in Russia by freight forwarding companies. Steam generators, for instance, are loaded on specialised vehicles on the territory of the manufacturing plant, then transported to the specialised river

berth in Volgogradsk, where they are reloaded on tug-and-tow boats. The tug-and-tow boats go along the Volga-to-Don Channel, then upstream, then via a system of river sluice-gates they get to the port of St. Petersburg. The average duration of transportation by river is 25-30 days.

All equipment is then shipped by sea vessels nominated by NPCIL, from the port of St. Petersburg. Vessels with equipment travel for about one month to the port of Tuticorin in India, after which, heavy equipment is delivered to the berth at the construction site of Kudankulam NPP Units 3-6.

Rosatom uses a number of group firms to supply the key items — reactor, turbine, steam generator and fuel.

3 heat-exchange items were shipped to KNPP in 2019; fourth one will be shipped in April 2020.

Note: 1,2,3 and 4 represent the factories; Source: Rosatom

BRIEFLY

Samsung plant shutdown in South Korea

Seoul: Samsung Electronics has said one of the virus cases has been confirmed at its mobile device factory complex in Gumi, causing a shutdown of the facility there until Monday morning. Samsung's factory in Gumi accounts for a small portion of its total smartphone output, as it produces most of its products in Vietnam and India. **REUTERS**

Clarification on 'Vivad se Vishwas'

New Delhi: Income tax cases being arbitrated abroad will be eligible to be taken up under the proposed 'Vivad se Vishwas' scheme to settle disputes between the taxpayer and the taxpayer, the department said on Saturday.

UPL Corp's overseas arm raises \$400 mn

New Delhi: Agro-chemical firm UPL Saturday said its Mauritian arm has raised \$400 million by issuing bonds, and the amount will be used to retire existing debt. **PTI**

G20 FINANCE MINISTERS, CENTRAL BANK GOVERNORS' MEETING

Need to enhance global risk monitoring: FM

PRESS TRUST OF INDIA
NEW DELHI, FEBRUARY 22

FINANCE MINISTER Nirmala Sitharaman on Saturday emphasised the need to enhance global risk monitoring and explore the scope for policy co-ordination to deal with such risks.

Speaking at G-20 Finance Ministers and central bank governors meeting in Riyadh, she called upon all the member countries to enhance their efforts aimed at empowering women, youth and small and medium enterprises (SMEs).

"Finance Minister Smt @nsitharaman called upon the G20 to enhance global risk monitoring and explore the scope for policy co-ordination to deal with such global risks," a tweet by the Finance Ministry said.

Sitharaman was the lead speaker during the session on "Enhancing Access to Opportunities for All" in the G20 Finance Ministers and Central Bank Governors

Meeting on Saturday.

"Finance Minister Smt @nsitharaman emphasised that growing inequality has slowed down the pace of inter-generational mobility globally. She pointed out that identifying the causes and developing solutions require co-ordinated policy solutions," the ministry tweeted.

The minister also highlighted the initiatives undertaken by the Indian government for empowering women such as 'Stand Up India' and STEP scheme.

She emphasised the risk and collateral free MUDRA scheme for SME segment in the meeting, the ministry said.

Sitharaman held bilateral talks with her counterparts from other countries and Organisation for Economic Co-operation and Development officials on the sidelines of the G20 event.

Meanwhile, finance ministers and central bank governors from across the globe weighed the potential impact of the coronavirus epidemic on the world economy as they met in Riyadh.



Saudi Arabia central bank governor Ahmed al-Kholifey at the meeting in Riyadh, Saudi Arabia, on Saturday. **Reuters**

'Let's come together to tax tech giants'

Riyadh: Leading world economies must show unity in dealing with aggressive "tax optimisation" by global digital giants like Google, Amazon and Facebook, G20 officials said on Saturday.

Global rules are being developed by the Organisation for Economic Co-operation and Development (OECD) to make digital companies pay tax where they do business, rather than where they register subsidiaries.

The OECD says this could boost national tax revenues by a total of \$100 billion a year.

"There is no time to wait for elections," German FM Olaf Scholz told a tax seminar on the sidelines of a meeting of G20 finance ministers and central bankers. "A coordinated answer is not the better way forward, but, given the alternatives, the only way forward," OECD head Angel Gurría said. **REUTERS**

MEANWHILE

Kuroda blames yen's fall on strong dollar

Riyadh: Bank of Japan Governor Haruhiko Kuroda said on Saturday the yen's recent declines were largely driven by a strong dollar, shrugging off some market views that the widening coronavirus epidemic is triggering an outflow of funds from Asia.

'Safe harbor proposal not optional tax'

Riyadh: US Treasury Secretary Steven Mnuchin said on Saturday his "safe harbor" proposal for US companies was not an optional tax and he hopes the OECD will agree on a global tax reform this year.

"Our proposal has been referred to as an optional tax. It's not an optional tax ... it's a safe

harbor," Mnuchin told an economic conference in Saudi Arabia, which is hosting finance leaders of the world's 20 largest economies.

"People will pay a price for certainty. I think that's something there's a lot of support for. I think this is hopefully something we can get done this year."

'US blocking mention of climate change'

Riyadh: The United States is against mentioning climate change in the communique of the world's financial leaders, G20 diplomats said, after a new draft of the joint statement showed the G20 are considering including it as a risk factor to growth. **REUTERS**

'US prosecutors investigating if Boeing pilot knowingly lied'

AGENCIES
BENGALURU/CHICAGO, FEB 22

FEDERAL PROSECUTORS investigating Boeing Co are examining whether the US planemaker knowingly misled the Federal Aviation Administration while it was seeking approval for its 737 MAX jet, the *New York Times* reported, citing two people familiar with the matter.

Boeing said it was cooperating with the US Department of Justice investigation.

The prosecutors have questioned several Boeing employees in recent months, focusing on whether Mark Forkner, a top pilot at the company, intentionally lied to the regulator about the nature of new flight control software on the jet, according to the report.

Meanwhile, debris has been found in the fuel tanks of 70 per cent of grounded Boeing 737 Max jets that have been inspected by the company, Boeing confirmed on Saturday. **REUTERS & AP**

Buffett says Berkshire is '100% prepared' for his, Munger's departure

REUTERS
NEW YORK, FEBRUARY 22

WARREN BUFFETT Saturday defended Berkshire Hathaway Inc's decision to invest heavily in stocks of companies such as Apple Inc as he labors through a four-year drought since his last major acquisition of a company.

In his widely-read annual letter to Berkshire shareholders, the 89-year-old Buffett also assured that his conglomerate is "100 per cent prepared" for the eventual depart-

tures of him and Charlie Munger, his 96-year-old vice chairman.

Berkshire also posted record full-year earnings of \$81.42 billion, boosted by unrealised gains from its stock investments, though operating profit fell 3 per cent to \$23.97 billion.

Berkshire ended the year with a \$128 billion cash hoard, having had no major acquisitions since paying \$32.1 billion in January 2016 for aircraft parts maker Precision Castparts. It repurchased \$5 billion of its own stock in 2019, the most ever.

ment ratios (RRR) cuts, Liu said.

"China's monetary policy space is still very sufficient, and the toolbox is also sufficient. We are confident and able to offset the impact of the epidemic," Liu said.

The central bank will push down real lending rates, especially for small firms, by further improving the transmission mechanism

of the loan prime rate (LPR) - its new benchmark lending rate, Liu said. Liu reiterated that the central bank will not resort to "flood-like" stimulus. China has cut several of its key rates in recent weeks, including the benchmark lending rate on Thursday, in a bid to reduce financial strains on companies facing severe business disruptions.

INTERVIEW WITH MANAGING DIRECTOR OF MAHINDRA & MAHINDRA

'Wealth creation will lead to growth ... That's what the govt needs to focus on'

PAWAN GOENKA, managing director of Mahindra & Mahindra, says technology and innovation will drive the automobile industry in the coming years. In an interview to GEORGE MATHEW on the sidelines of IIT Kanpur Alumni conference, Goenka spoke about the economy and the industry. Edited excerpts:



The automobile industry was facing a slowdown in the last so many months. Has the situation returned to normalcy?

I think we have bottomed out and everybody in the industry believes that we will start seeing an upturn. It probably would be a slower upturn for the next, I would say, six to seven months, and, after that, we should see faster growth.

How is the demand from the rural sector now?

There's not much of a difference in rural and urban right now. However, the rural crop is likely to be very good and revenue from the crop, because of MSP (minimum support price), should also be very good. In Kharif, all indications, right now, are that it will not be deficient. Therefore, the rural economy should do well in the next four to six months. My belief is that even this year tractor industry is also down by about right now about 9 per cent, but it will reduce to 7 per cent by the end of the year, and so they start seeing a positive growth from next year.

How do you visualise the automobile industry or in other words where is it heading towards in the next five years?

In a nutshell, accessibility of mobility, clean, electric, safety and shared — these are the words that will define the automatic industry. Without technology and innovation, the industry cannot get to where it needs to get. Whichever one of these words should pick up ... let's say you've got clean. The technology is very high end advanced technology that has emerged only in the last four or five years. If you look at electric, it's all about technology. So everything to take the industry forward to the future is all about technology. In fact, the auto industry people don't realise how technology intensive the industry is. We see what is on the surface. What is not seen is what's behind it to get that vehicle to you. And everything that we do, has a lot of technology embedded.

There is a perception that demand/sales of electric vehicles have not picked up or the growth is not up to the expectations. Do you agree?

I agree with that, for the kind of effort the government is putting into electric vehicles. I think the results have not been proportionate to that effort. I think we are at the inflection point. And the take-off should happen. However, we need to be clear on which is the area of focus and put all our resources on that area of focus. For example, if you think that the three-wheeler and the buses is where we need to focus on electric vehicle, that's mass mobility. That's where you will get the maximum benefit of electric vehicles. So, India needs to decide whether personal mobility and shared mobility — both need to move forward. Or, for India, shared mobility is more important. Let's focus on that first. And then we'll get to personal mobility.

What about the infrastructure for electric vehicles like electric charging points?

Power supply is not an issue at all. The problem is getting the power to the car and that is coming very slowly. The government cannot put up charging infrastructure and it has done enough to facilitate and private entrepreneurship to come forward and see a business opportunity in this. Now, many startups are setting up localised charging infrastructure. And again, we should not underestimate the power of startups. And this time, when I went to the Auto Expo so at least half a dozen startups are working only on charging infrastructure. So maybe charging infrastructure will not come by some big bang businesses, but come by multiple startups in different parts of the country.

Do you see a potential for driverless cars in India now?

For India, probably it is not the priority right now because we have to sort out many more things first. And for India, pollution, safety and accessibility — these three things which perhaps are not as important for developed economy as it is for India. We need to focus on those things. Electric vehicles should become a solution for clean and accessibility.

Has the coronavirus outbreak impacted the auto industry in India?

The initial impact appeared to be large. Now, it seems that the supplies are starting slowly. Okay. So I think by the time we have to wrap up the quarter ... at the worst, we will probably lose few hundred vehicles, but that's okay.