

15 ECONOMY

GOLD	RUPEE	OIL	SILVER
₹43,513	₹71.61	\$53.04	₹48,130

*Indian basket as on February 26, 2020

SENSEX: 39,745.66 ▼ 143.30 NIFTY: 11,633.30 ▼ 45.20 NIKKEI: 21,948.23 ▼ 477.96 HANG SENG: 26,778.62 ▲ 82.13 FTSE: 6,909.11 ▼ 133.36 DAX: 12,518.01 ▼ 256.87

*International market data till 1900 IST

SECTOR WATCH MOBILE DATA

'At 11.2 GB/user a mth, India's consumption far ahead of others; prices among lowest in world'

ENS ECONOMIC BUREAU
NEW DELHI, FEBRUARY 27

THE AVAILABILITY of low-cost data plans and an influx of affordable 4G-enabled handsets has pushed India's consumption of data ahead of other developed countries such as China, France, Spain, Germany, South Korea, and Japan, telecom equipment maker Nokia said in a report Thursday.

India's data use, which has seen a compound annual growth rate of 93 per cent between 2015 and 2019, has also been driven by availability and consumption of vast regional content, the report said. In its annual report on broadband usage patterns, Nokia said the overall data traffic for the country went up by as much as 47 per cent in 2019, primarily driven by continued 4G usage.

The mobile data usage in India is likely to increase further as broadband penetration approaches the level of similar developed geographies, Nokia India chief marketing officer Amit Marwah said, adding that domestic data price—at about Rs 7 per GB—continued to remain among the lowest across the globe.

"Is there affordability enough to take Rs 7/GB market to eight or nine rupees? I think yes. We have seen some tariff increase from the operators and we still need to see an impact of that increase on consumption. So far, it has not been, and we have not seen it happen," Marwah said.

In India, growth of mobile data consumption in both 3G and 4G spectrum has seen a spurt with the advent of country-wide over-the-top (OTT) platforms, such as Netflix, Amazon Prime and other smaller regional content players. On an average, Indians spend as much as 70 minutes per day on these OTT plat-

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forms, and the average duration of each such watching session is as high as 40 minutes, Nokia said in its report.

"We believe migration of subscribers to 4G will continue to drive broadband growth in the country. The upcoming 4K/8K videos and Industry 4.0 solutions that promise to enhance productivity and bring down expenses for industries across different verticals, demand ultra high speed and extremely low latency," Marwah said.

At 11.2 gigabytes (GB) per month and a mobile phone penetration of only about 45 per cent, data usage in India for 2019 was far ahead of other countries such as China, where the consumption is 9 GB per month and mobile phone penetration is nearly 100 per cent. In other countries such as France, which has a mobile phone penetration of almost 90 per cent, the mobile data consumption stood at 7 GB per month, Nokia's report said.

For Germany and Spain, with mobile penetration at nearly 110 per cent each, the mobile data consumption per user per month stood at 2 and 3 GB, respectively. The study by Nokia, however, excludes the internet usage on WiFi, and therefore may have missed accurate readings in countries such as Korea and Japan, which have huge free public WiFi infrastructures.

WILL STILL PROVIDE SOVEREIGN GUARANTEE FOR ALL POLICIES

Centre starts process to sell partial stake in LIC, approvals being lined up

SUNNY VERMA
NEW DELHI, FEBRUARY 27

THE FINANCE Ministry has not received any opposition to the proposal of listing Life Insurance Corporation of India (LIC) on the stock exchanges. The government is working on the modalities of LIC share sale, which will be carried out depending upon stability of markets, and an initial 5 per cent equity can be sold in the market, a senior government official said.

"We haven't received any opposition in writing on LIC share sale. It is a complex exercise and the work has already started to seek necessary approvals for selling shares in the market," the official said. Sources said even after the listing of LIC, the government will continue to provide sovereign guarantee for all policies issued by the Corporation.

The Budget 2020-21 announced an ambitious disinvestment agenda, aiming to raise Rs 2.1 lakh crore through stake sales next year, including plans to sell part of the government's stake in LIC, the country's largest insurer, through an initial public offering (IPO). The Centre also proposed to sell its equity in the stressed IDBI

EXPLAINED IPO could bring transparency to LIC's operations

THE GOVERNMENT is on course to sell a portion of its equity in LIC as it has not received any opposition to the proposal so far. While stake sale in the country's largest and oldest life insurer will depend upon market conditions, the Finance Ministry has started work on finalising modalities and seeking necessary approvals. LIC's initial public offering will be significant in bringing transparency in operations of the Corporation, while enabling the government to raise funds through disinvestment.

Bank to private, retail and institutional investors through the stock exchange.

"We are examining a number of legal issues post which a proposal will be taken to the Cabinet for its approval. Discussions are underway with the law department," the official said.

The government will have to first amend the LIC Act before taking the Corporation public. The Department of Financial Services is working on the structuring, modalities and timing of the pro-

posed IPO of LIC.

LIC is currently governed by the LIC Act of 1956, which enables the state-owned insurer to obtain a special dispensation in several areas, including higher stakes in companies beyond the limit set by the insurance sector regulator.

Listing of the Corporation's shares on the market is expected to lead to more disclosures of investment and loan portfolios of the Corporation as well as better corporate governance.

Share sale of LIC, which was

set up in 1956, is expected to generate significant investor interest given its dominant position. LIC had 66.24 per cent market share in total first-year premium and 74.71 per cent share in new policies in 2018-19, as per the insurer's latest available Annual Report.

The insurer's total assets had touched an all-time high of Rs 31.11 lakh crore in 2018-19, an increase of 9.4 per cent.

The Corporation realised a profit of Rs 23,621 crore from its equity investment during financial year 2018-19, down 7.89 per cent from Rs 25,646 crore in the previous fiscal. The government currently owns 100 per cent stake in LIC and 47.11 per cent equity in IDBI Bank, which is majority-owned by LIC with 51 per cent equity in the stressed lender.

"The share sale in IDBI Bank is likely through the offer for sale route. Even though IDBI Bank is categorised as a private bank, sale of government stake could act as a test case for privatisation of state-owned banks," the official said. Apart from LIC and IDBI Bank stake sale, the government has also lined up privatisation of BPCL, Container Corporation of India, Shipping Corporation of India and Air India in the next financial year.

As coronavirus risk pulls down jet fuel prices, domestic carriers see silver lining

As the coronavirus continues to spread across the world, the aviation industry is being pegged to be one of the worst affected sectors. Even as an impact on the demand for international air travel continues to impact Indian carriers, the situation has a silver lining for struggling domestic carriers in subdued jet fuel prices

OUTLOOK

Going ahead, impact of the virus, which is now seeing a fresh wave in Europe, could also be seen on carriers such as Air India, which have significant connections from India to Europe. Two large airline groups in the continent—Lufthansa and KLM—have already announced budget cuts due to the outbreak's impact. KLM is said to be cutting back on hiring new staff and external consultants, delay new IT projects and office refurbishment plans, and reduce travel expenses significantly, while Lufthansa announced a cost savings programme earlier on Wednesday, including a suspension of new recruitment, to counter the business impact of the outbreak

A potential 13% full-year loss of passenger demand only for the Asia Pacific region has been estimated by the International Air Transport Association (IATA) in its

initial assessment of the outbreak impact

The estimated impact of the COVID-19 outbreak assumes that the public health emergency remains China-centric. If it spreads more widely to Asia Pacific markets, the impacts on airlines from other regions would be larger, IATA said

Even though only 0.9-1.3% of India's total international passengers fly on the India-China sector, a prolonged outbreak could mean the impact spreading to other southeast Asian sectors that account for 19.5-23% of India's international passengers, according to ICRA

In response to weak demand, Vistara has cancelled 20 flights between Delhi and Bangkok, 26 flights between Mumbai and Singapore and 8 flights between Delhi and Singapore in March



ATF PRICES IN DELHI In ₹/kilolitre

February 1, 2020	63,449.63
January 1, 2020	64,323.76
December 1, 2019	62,686.51
November 1, 2019	62,672.63

Source: Indian Oil

While a prolonged lockout of such markets could impact airlines' financials, the coronavirus outbreak has caused the crude oil prices to soften, which in turn, has resulted in lower jet fuel prices

The aviation turbine fuel (ATF) price has declined materially following the coronavirus outbreak in China, ICRA noted, adding that

this was the sharpest decline in since October-December 2018

It estimates that a decline in the ATF price by \$1 at the current level will have a positive impact of 0.5-0.7% on the profit margins of the airlines. This will partly compensate the airlines for the loss of revenues due to flight cancellations

In India, while all domestic airlines have cancelled scheduled flights to mainland China and Hong Kong, some are beginning to even see the impact on other Asian markets



This would translate into a \$27.8 billion revenue loss in 2020 for carriers in the Asia-Pacific region, with \$12.8 billion being lost in the China domestic market alone, as per IATA

FM on growth: Lot of efforts by govt, RBI ... mood is changing

ENS ECONOMIC BUREAU
NEW DELHI, FEBRUARY 27

A DAY after prodding state-run banks to shun unreasonable risk aversion and boost lending, Finance Minister Nirmala Sitharaman Thursday insisted that green shoots of a recovery are not just visible but sustainable, and that "concerted efforts" of the government and the Reserve Bank of India (RBI) have started yielding results. She conceded that some indicators may have weakened in recent months after showing signs of an uptick but added that they, too, will revive soon.

The FM's statement came on a day when non-food credit data showed growth crashed to just 6.3 per cent year-on-year in the fortnight through February 14, the lowest pace seen since May 2017.

She also asserted that the latest violence in Delhi and anti-CAA protests haven't dampened investors' sentiment. The minister added that the Centre would move into a less-litigation tax regime, which will help investors.

Speaking to media in Guwahati, she said: "There are monthly ups and downs in some indicators. That shouldn't worry. Very clearly, the FDI inflows are keeping steady, our foreign exchange reserves are doing very well... Inflationary pressures are coming down (after the recent spike in vegetable prices)."

"You also have the RBI not just monitoring inflation but also coming out with steps that would be treated as stimulus to growth—particularly the steps for



Finance Minister Nirmala Sitharaman at a press conference in Guwahati, Thursday. PTI

MSMEs and realty... So there is a lot of concerted efforts by the government and the RBI and, as a result, I can very clearly see that the mood is gradually changing."

Commenting on the impact of the coronavirus outbreak, Sitharaman said as per industry feedback, raw material supplies to companies would likely be hit if situation in China doesn't improve in two months. "We are trying to see what best we can do," she said.

At Guwahati, the minister held a series of meetings with various stakeholders, including experts and industry executives, to ensure that far-flung areas in the north-eastern region are given greater access to credit. She asked state-run banks to set up more branches and widen their network in these states. Top government officials, including Finance Secretary Rajiv Kumar, Economic Affairs Secretary Atanu Chakraborty and Revenue Secretary Ajay Bhushan Pandey, were in attendance. FE

Week after petition by Nirav Modi's son, SC stalls auction of paintings seized by ED

KHUSHBOO NARAYAN
MUMBAI, FEBRUARY 27

IN A relief to fugitive diamond jeweller Nirav Modi, the Supreme Court directed the Enforcement Directorate (ED) and art auction house Saffronart to not auction the rare paintings seized by the agency till February 29, as Modi's son Rohin has claimed that these paintings belong to Rohin Trust and not Nirav Modi.

Rohin Modi, the beneficiary of Rohin Trust, moved a writ petition in the Supreme Court on February 19 against the auction by Saffronart that was scheduled on Thursday. While the Supreme Court bench led by Chief Justice of India, on Wednesday, directed Rohin Modi to approach the Bombay High Court for relief, it asked the Centre to not hold the auction till February 29.

Following the SC direction, Saffronart said it has postponed the live auction of at least 112 assets (including the paintings) till March 5. The auction house had also scheduled an online auction of Modi's assets on March 3. However, with Rohin Modi's pe-

tion, the fate of these auctions will now be decided by the HC.

Saffronart is planning to sell at least 15 artworks by modern and contemporary Indian artists such as Amrita Sher-Gil, MF Husain, VS Gaitonde and Manjit Bawa among others, through the two auctions. As per the auction catalogue, a 1935 piece by Sher-Gil has been valued at Rs 12 crore, while Husain's 'Mahabharata' series, which was on the cover of the catalogue for the Herwitz sale in 2000, has been valued at Rs 18 crore. Further, several luxury diamond watches, Hermes handbags and luxury cars such as Rolls Royce Ghost and Porsche Panamera S have been put on the block.

Most of these paintings were seized by the ED from Nirav Modi's houses in Mumbai after the agency registered a money laundering case against him and his uncle Mehul Choksi for defrauding Punjab National Bank by routing fraudulent transactions of about Rs 13,600 crore. Last year, Saffronart auctioned 68 artworks owned by Nirav Modi on behalf of the I-T Department, which raised about Rs 54 crore through the sale of the paintings.

GDP GROWTH MAINTAINED AT PREVIOUS ESTIMATE OF 2.1%, COMMERCE DEPARTMENT SAYS

US Q4 growth unrevised, but coronavirus risk looms

LUCIA MUTIKANI
WASHINGTON, FEBRUARY 27

THE US economy grew moderately in the fourth quarter, the government confirmed, and is facing a bumpy road in early 2020 amid the fast-spreading coronavirus that has left financial markets fearing a recession.

Through other data on Thursday suggested some stabilizing in business investment in January and the labor market remained solid, that failed to calm jittery investors.

Wall Street's main indexes dropped for the sixth straight session and slid into correction territory. The yield on the 10-year US Treasury note touched an all-time low for the third consecutive day.

More weekly unemployment benefits filed than expected

WASHINGTON: The number of Americans filing for unemployment benefits rose more than expected last week, but the underlying trend remained consistent with solid labor market conditions.

Initial claims for state unemployment benefits rose 8,000 to a seasonally adjusted 219,000 for the week ended February 22, the Labor Department said on Thursday.

Data for the prior week was revised to show 1,000

more applications received than previously reported. Economists polled by Reuters had forecast claims increasing to 212,000 in the latest week.

The Department said only claims for Alabama were estimated last week. The four-week moving average of initial claims, considered a better measure of labor market trends as it irons out week-to-week volatility, rose 500 to 209,750 last week. REUTERS

has busted the global supply chain apart, it will be a miracle if we avoid a recession." Gross domestic product increased at a 2.1 per cent annual-

ized rate, supported by a smaller import bill, the Commerce Department said in its second estimate of fourth-quarter GDP.

That was unrevised from last month's advance estimate and matched the growth pace logged in the July-September quarter.

The economy grew by an unrevised 2.3 per cent in 2019, the slowest annual growth in three years and missing the White House's 3 per cent growth target for a second straight year.

Financial markets see the coronavirus epidemic as the catalyst that could break the longest economic expansion on record, now in its 11th year.

the risk from coronavirus remained "very low," and said public health officials were preparing to do "whatever we have to," to deal with the outbreak.

The coronavirus has killed more than 2,000 people and infected at least 80,000 people, most of them in China. Money markets have boosted their bets on the prospect of more Federal Reserve interest rate cuts.

The US central bank cut rates three times last year. The coronavirus outbreak will challenge the Fed's view to keeping monetary policy on hold at least through 2020.

Though there is so far no real evidence that the coronavirus epidemic is impacting the US economy, economists expect the struggling manufacturing sector to take a hit through supply chain disruptions and exports. REUTERS

Will look into Kamra's representation against airlines: DGCA to high court

EXPRESSNEWSERVICE
NEW DELHI, FEBRUARY 27

THE DIRECTORATE General of Civil Aviation (DGCA) Thursday informed the Delhi High Court that it will look into stand-up comedian Kunal Kamra's representation against the airlines which put a flying ban on him. The DGCA reply came against the backdrop of the HC expressing its displeasure on February 25 while hearing Kamra's plea against the ban.

The court had pulled up DGCA for asking airlines to impose the ban on Kamra pending inquiry. After the DGCA counsel made the statement before Justice Navin Chawla, the latter disposed of Kamra's plea and asked DGCA to take a decision on his representation within eight weeks.

Meanwhile, a panel set up by IndiGo informed Justice Chawla that it has approved a flying ban on Kamra for only three months, instead of the six months imposed



Meanwhile, IndiGo said it has reduced the flying ban on Kunal Kamra (pictured) to three months. Express file photo

initially. Hearing this, the court gave the comedian liberty to challenge the panel's decision and the indefinite ban imposed by the other airlines—Air India, Spicejet and GoAir. IndiGo had imposed the ban on Kamra for a period of six months on the grounds of "unacceptable behaviour".

had said the aviation regulator ought not to have "certified" action of the airlines, other than IndiGo, which imposed an indefinite flying ban on Kamra without an inquiry. "Why did you (DGCA) give a certification on Twitter? Look at your tweet. You said the action by the other airlines was in compliance of the Civil Aviation Requirements (CAR). Not just IndiGo, you gave a certificate to the others also. You should withdraw your tweet," it had said.

The court had observed that once Kamra moved a complaint before DGCA claiming violation of CAR by airlines, the DGCA cannot say it will not look into it. Kamra moved the court seeking directions to DGCA to direct airlines to revoke the ban on the ground that it cannot be done without a complaint as required under the CAR. The airlines put Kamra on a no-fly list "until further notice" after he allegedly harassed journalist Arnab Goswami on board an IndiGo flight on January 28.