Enemy shares

■ NEW DELHI: The government has garnered Rs 700 crore through the first sale of "enemy shares" after the cabinet in November 2018 gave its goahead to the department of investment and public asset management to sell such shares held in companies. PTI

Tata Capital

■ MUMBAI: Tata Capital, the financial services arm of the diversified conglomerate, will be raising \$100 million in foreign borrowings through an arm by next week, a top official has said. PTI

Housing finance

■ MUMBAI: The liquidity crisis has crimped credit growth for housing finance companies and is unlikely to improve much in FY20, even as the weak external environment will put a pressure on asset quality, ratings agency Icra has said in a report. PTI

Jyoti resolution

■ NEW DELHI: The National Company Law Appellate Tribunal (NCLAT) has set aside the order to liquidate Jyoti Structure and asked the Mumbai bench of NCLT to consider the Rs 4,000-crore resolution plan submitted by Sharad Sanghi and others. PTI

FPI inflow

■ NEW DELHI: Foreign investors have poured in a net amount of Rs 38.211 crore in the domestic capital markets in March so far, mainly on account of improved global liquidity. PTI

Power worry

■ NEW DELHI: As much as Rs 3 lakh crore of investment in a dozen power plants of the private sector is at risk of turning into NPA as states buying power have not been make ing payment for months, official data said. PTI

BOTTOM LINERS



"Turn a profit... why wasn't I informed earlier?

The Telegraph

BUSINESS

CALCUTTA MONDAY 25 MARCH 2019

We have been redefining the performance segment

Mercedes Benz India MD & Martin Schwenk on the company's focus on AMG brand



XXCE

Hefty gas price hike in pipeline

R. SURYAMURTHY

New Delhi: Domestic natural gas prices are set to increase a steep 18 per cent to \$3.97 per million British thermal unit (mBtu) from April 1 following a spike in the prices in global gas hubs.

Families using piped natural gas for cooking will have to pay more for its use, along with the users of CNG in automobiles and fertiliser and power plants. The gas prices are revised twice a year based on a global hub formula

The increase in prices ahead of the general elections could provide the Opposition with an effective tool to attack the government.

However, any hike could boost the revenues of state-owned firms such as ONGC and Oil India, which produce 83 per cent of the domestic gas. Other producers such as Reliance Industries, Vedanta and Hindustan Oil Exploration Company

For ONGC, the hike will raise the prices marginally above the average cost of production. The explorer has been unable to recover the total cost of production at current prices, making the gas business loss-making. The average cost of production stood at \$3.59 per mBtu, and the losses affected its ability to fund capital expenditure plans and future development projects.

Natural gas prices were last hiked on October 1, 2018, by 10 per cent to \$3.36 per mBtu from \$3.06 per mBtu. If the prices are hiked again, it will be the fourth straight increase

"We believe the prices of domestic natural gas for the April-September 2019 period will increase from the current \$3.36 per mBtu to around \$3.97 per mBtu, an 18 per cent increase," Madan Sabnavis, chief economist of Care Ratings, es-

HIGHER RATES FROM APRIL TO SEPTEMBER

What to expect

■ Natural gas price likely to rise 18% from April

Who are the losers ■ Consumers using piped

natural gas for cooking

Cars using CNG as fuel Fertiliser costs to go up

Power that uses natural gas as

Oil industry officials said the price of gas produced from difficult fields would also rise to about \$9 per mBtu from \$7.67 per mBtu.

Natural gas prices are set every six months - on April 1 and October 1 every year — based on the average rates in gas-surplus nations such as the US. Russia and Canada.

The rate is calculated by taking a weighted average price at Henry input to cost more

Who is the winner Gas producers,

Revenue to rise Rs 4,000 crore for every dollar increase in price

particularly ONGC.

Any political impact

Hike before election. Opposition to protest

Point of the UK and the rates in Alberta (Canada) and Russia with a lag of one quarter. So, for the April-September 2019

Hub of the US, National Balancing

period, the average rates prevailing during January-December 2018 would be taken into account.

The increase in prices will boost the earnings of producers such as Oil and Natural Gas Corporation

the price of CNG, which uses natural gas as an input. It would mean higher cost of natural gas piped to households (PNG) for cooking purposes as well as of feedstock for fertilisers and petrochemicals.

Besides, for every dollar increase in price, power companies using gas raise their rates by 45-50 paise, while the price of piped natural gas rises by around Rs 2.6 per

standard cubic metre. The hike will boost the earnings of ONGC. Every dollar increase in price results in about Rs 4,000 crore additional revenue every year for the PSU, sources said.

ONGC is the country's biggest gas producer, accounting for twothirds of the over 70 million standard cubic metres per day (mscmd) current output in the country. India imports half of its gas, which costs more than double the domestic rate.

The increase will translate into a

ATM alarm over more

users, less machines

finds in difficult areas such as deep sea, which are unviable to develop under the existing pricing formula.

All of ONGC's gas as well as that of Oil India and private sector RIL's KG-D6 block are sold at the formula approved in October 2014.

This formula, however, does not cover gas from fields such as Panna/Mukta and Tapti in the western offshore and Ravva in the Bay of Bengal. The oil ministry has estimated that domestic gas production would go up to 71.9mscmd by 2021-22 because of various policy measures to attract investment in the country's sedimentary basins.

There has been an increased emphasis on pipelines and shift to a gas-based economy with bidding for piped natural gas and CNG stations. India has set a target of natural

gas contributing 15 per cent to the energy mix from the current level of

SBI Mutual in top gear

OUR SPECIAL CORRESPONDENT

Mumbai: After jumping to the third spot in the domestic mutual fund industry in a short span of time, SBI Mutual Fund is set to improve its position further in the highly competitive sector. Besides benefiting from being an arm of the country's largest bank, the fund house is offering solutions keeping the overall investment goals of its clients.

SBI MF, which was the fifth-largest fund house in terms of assets under management (AUM) in the April-June 2018 quarter, rose one notch in the following quarter when it overtook Reliance Mutual Fund to become the fourthlargest player. Subsequently, in the October-December 2018 period, it moved above Aditya Birla Sunlife Mutual Fund to become the third-largest fund house with an AUM of Rs 2.64 lakh crore.

The fund house is set to cross the Rs 3-lakh-crore milestone during the next fiscal. Ashwani Bhatia, manag-

ANASUYA BASU

Calcutta: Mercedes Benz India is trying

to popularise its performance brand AMG

by focussing on the AMG 43 range which

sports smaller but powerful engines and

10 models this year, will have four new

AMG offerings, including the recently

lio in India has steadily grown and cur-

rently we offer 14 AMGs to the customers.

The introduction of the AMG 45 and AMG

43 lines were strategic moves to ensure we

make Mercedes AMG more accessible

and affordable to more customers," Mar-

tin Schwenk, MD & CEO of Mercedes

Benz India, said over email to The Tele-

graph, after the launch of the C43 AMG in

the performance car segment in the in-

dustry. Schwenk said: "We have been re-

Calling its AMG portfolio the widest in

launched AMG C43 Coupe.

The company, which is due to launch

"Since its inception, the AMG portfo-

are affordable.

ASSETS SET TO CROSS Rs 3 LAKH Cr As a fund

Working in favour ■ SBI's distribution strength provides a ready clientele

Strong relationship with independent

financial advisers ■ Stable investment



Merc focus on AMG range

defining the performance segment. Our

AMG cars combine performance with

practicality of daily use. You can take the

AMG car to your office as well as you can

the strategy behind the success of the

brand. While the GT range is priced over

Rs 2.4 crore, the 63 AMG is priced over Rs

1.3 crore and the 45 and 43 lines are priced

between Rs 75 lakh and Rs 80 lakh. The

AMG 43 line is available in C43 Coupe, GLE

Making the AMG more affordable was

test it out on race tracks.

the investor is protected **ASHWANI BHATIA, CEO, SBI MF**

ing director and chief executive officer of the fund, attributed its success to several factors in a highly competitive industry. Apart from the SBI's distribution muscle that provides it with a ready clientele, Bhatia said the fund house had maintained a strong relationship with independent financial advisers.

SBI MF is also focussed on the digital route to enhance the investing and service experiences for both distributors and customers

'As a fund house, we are stable, we are sound, we are credible and we will ensure

that the money of the investor is protected and taken care of... Our investment philosophy is also very simple, its safety, liquidity and return,' Bhatia said.

The plan is to target the

house, we are

stable, we are

sound, we are

the money of

bank network to reach small retail investors with its debt and hybrid offerings, highlighting their benefits over traditional investment op-It has also been looking to

encourage first-time equity investors to start investing through systematic investment plans (SIPs).

One of the key message is to

look at mutual funds for their goals rather than the individual schemes

According to Bhatia. this strategy has paid off with stable flows of over Rs 1,000 crore coming in from SIPs despite a volatile market.

"Over the coming years, as the fall in the number of ATM the retail investor gets the taste machines over the last one of SIPs, he or she will come into year even as debit card use is debt, equity and hybrid prodon the rise. RBI data show the number ucts. Gradually, we may see of ATMs deployed has come the investor not talking about fixed deposits, but about fixed down to 2,03,458 as of January maturity plans. Its our expecta-2019 from 2,06,739 in January tion that the retail investor will 2018. In contrast, the number realise the benefits of investing of outstanding debit cards in a mutual fund and this inhave gone up to 93.13 crore as dustry will only grow further" of January 2019 from 84.67 Bhatia said. crore in January 2018.

The decline in ATMs On what investors should would also negate the benefits do amid volatile times, the SBI Mutual Fund CEO says ithey of direct benefit transfers. should remain invested in mu-Government data on direct tual funds or equity over the benefit transfer show long term. "Over the long horiamount of cash transfer has zon, the investor will get regone up to Rs 1,87,652.8 crore in 2018-19 from Rs 1,70,292.2 turns that beat bank deposits and inflation. People should be crore in 2017-18. ATM operators feel the lack good long-term investors, they must invest slowly, steadily of interest among banks, parand have a goal in mind," he ticularly public sector banks. to deploy more machines could

> have ATMs located at convenient locations The situation is aggravated by the skewed deployment of ATMs. According to data from the Confederation of ATM industry (CATMi). Semi-urban and rural areas constitute 81.2

potentially harm direct benefit

transfers as beneficiaries won't

PINAK GHOSH

Calcutta: ATM operators

have expressed concern over

CASH PUZZLE **931261931** 1050000000 208000 1000000000 206000 950000000 2,06,739 205000 204000 Total no. of ATMs 850000000 203000 2.03.458 846697494 800000000 202000 No. of outstanding debit cards 201000 -l 750000000 Jan 2018

per cent of the population, but they account for only 46.4 per cent of the ATMs. "ATM numbers have not

been growing over the past one year. This is not a good situation, especially when the debit card issuance numbers are going up month-on-month and DBT dispensations are growing. The DBT beneficiaries need ATMs to withdraw the amounts given by the government." said Radha Rama Dorai, managing director -

interest among banks is the static inter-charge fee – which is the amount paid for an ATM transaction by a card issuing bank to the bank owning the ATM (acquiring bank).

ATM and allied services. FIS.

The current intercharge fee of Rs 15 per cash transaction and Rs 5 per non-cash

transaction, fixed in 2012, is not viable, according to the ATM operators The current cost of deploy-

ing an ATM is estimated at around Rs 5 lakh, while the cost of operating it varies between Rs 30,000 and Rs 50,000 per month depending on the location of the kiosk. According to CATMi, it

makes very little commercial sense for any bank or a whitelabel operator to roll out ATMs as one makes losses on every transaction. With the current The reason for the lack of intercharge, banks are better off letting their customers go to other banks' ATMs than build their own set of ATMs.

"Neither are the fees raised nor are more ATMs deployed. This is affecting financial inclusion," said Sanjeev Patel, **CEO of Tata Communications** Payment Solutions Limited

SoftBank funds for **Delhivery**

Mumbai: Supply chain solutions company Delhivery has raised fresh investment of \$413 million in a financing round, led by Softbank Vision Fund, the two companies said in a ioint statement on Sunday.

Carlyle and Fosun, both existing investors in the ecommerce business, also participated in the latest financ ing round.

Delhivery was founded in 2011 as a food delivery company but has since shifted to providing a full suite of logistics services in more than 1,800 cities and is a market leader in e-commerce fulfilment. "We will be scaling up our

newer warehousing and freight services through large investments in infrastructure and technology and global partnerships, in addition to improving the reach, reliability and efficiency of our transportation operations and sharing these benefits with our customers and partners," Delhivery CEO Sahil Barua said in a statement.

The plans include increased service locations and expansion of its end-to-end supply chain platform.

Our investment in Delhivery reflects our focus on partnering innovative market leaders... Delhivery has demonstrated industry leading growth and emerged as a onestop solution for e-commerce logistics," said Munish Varma, of SoftBank Investment Advis-

GST edge in exports

CORRESPONDENT New Delhi: Exporters operat-

ing small and medium-sized units (MSMEs) are set to benefit from the exemption to pay taxes under the GST schemes The government has of-

fered to exempt for one more year the payment of integrated goods and services tax and compensation cess by exporters utilising promotion schemes such as the Advance Authorisation scheme, Export Promotion Capital Goods Scheme and Export Oriented Units scheme. GST reliefs under all the three schemes were due to end this month.

Raja M. Shanmugham of the Tirupur Exporters' Association (TEA) said they had made many representations to the government to get the extension. He said a number of exporters, including knitwear makers, import the machinery to meet the requirements of buyers.

Shanmugham pointed out "the payment of IGST for import of machinery under EPCG scheme could not be claimed as refund as the payment is for capital goods".

"After implementation of the GST, TEA had requested for exemption from the payment of IGST while importing capital goods under the EPCG scheme or inputs like special-

MSME GAINS

■ Multiple promotion schemes to import capital goods for exports exempted from IGST and compensation cess till March 2020

■ Reliefs to benefit SME exporters, especially those importing machinery

ty fabrics under Advance Authorisation scheme. "Considering the need, the government permitted for exemption from payment of IGST for a period of six months on each occasion," he said.

An Advance Authorisation is issued to allow duty free import of inputs, which are physically incorporated in an export product. EPCG is an export promotion scheme under which an exporter can import certain amount of capital goods at zero duty for upgrading technology related with exports. The Export Oriented Units (EOU) scheme was introduced to boost exports, increase foreign earnings and create employment.

The foreign trade policy (2015-2020) provides a framework to increase the exports of goods and services as well as the generation of employment and increase value addition in line with the "Make in India"

Closer trade ties to reduce strife

SAMBIT SAHA

Calcutta: Regional interdependence and economic integration can foster peace in South Asia and unlock untapped potential that can lift millions of people out of poverty, experts have noted.

Underlining the importance of closer trade ties in the post-Pulwama period, when the relation between two major countries in the region is at an all-time low, the experts rooted to create a regional value chain, which may act as a deterrent to war and

"Economic interdependence is a harbinger of peace," Nagesh Kumar, director of United Nations Escap (Economic & Social Commission for Asia and the Pacific), noted, reminding the experience of global trade blocks such as Nafta and the European Union.

Countries sourcing raw material/intermediary products from members of a trade block to produce finish goods and selling into each other's markets are usual business practices in the EU and Nafta, harnessing the strong physical infrastructure that binds these countries together.

Peace is a pre-requisite if such regional value chain is to be maintained, benefiting all participating economies and their population.

Speaking at a seminar on The Benefits of South Asia Economic Integration, organised by the Walter Cronkite School of Journalism & Mass Communication, Arizona State University, in Dubai, Kumar

SOUTH ASIA VIEW

■ South Asia least integrated region in terms of trade

Intra-region trade only 5-6% of total trade

Region loses out at least \$54 billion annually on lost export opportunity ■ Trust deficit, political crossfire, poor infrastruc-

ture stumbling blocks

quoted an Escap study to demonstrate how the South Asian region misses out on realising its full potential.

According to a study quoted by Kumar, South Asia is the least integrated in the world,

where intra-regional trade ac-

counts for just 5-6 per cent of

the total trade by the countries. The study shows two-thirds

of the potential inter-regional trade remain unexploited, causing a loss of \$54 billion worth of exports every year even as the actual scope could be much higher, taking into account dynamic growth possibilities. This is despite the fact that several attempts were made to create an institutional framework to foster trade, such as Saarc and Bimstec which remained a non-starter as they were held hostage to a trust

high trade cost in the region.

deficit and political cross-fires. Posh Rai Pandev, chairman of South Asia Watch on Trade Economics & Environment. pointed towards a World Bank report of 2018 to highlight the

"Cost of trade between India and Brazil, who are poles apart, is only slightly lower than that of India and Pakistan, though the latter share a border," he explained. It is estimated that trade di-

43, GLC 43 and SLC 43. The new Mercedes-

the annual sales of Mercedes in India,

Schwenk said: "AMGs are high-end prod-

ucts that cater to a niche segment of cus-

tomers. However, we have witnessed the

widening of the customer base with the in-

troduction of the 43 range in recent years.

performance car industry in India is esti-

mated at 600 units annually and Mercedes AMG has a 50 per cent market share.

folio of which four are from the 43 range

and this has been crucial in making the

AMG brand more accessible and afford-

CEO said: "We have seen AMG growth in

double digits and we expect this to contin-

ue with the introduction of more AMG

models this year. In India we have a holis-

tic mix of the 63, 45 and 43 lines, making it a

comprehensive portfolio to choose from.

able to the customers.

According to industry sources, the

The company has 14 AMGs in its port-

On the growth in the AMG brand, the

On the AMG brand's contribution to

AMG C43 Coupe retails at Rs 75 lakh.

verted through third countries. such as Dubai and Singapore, is as big as the formal trade. It was also mentioned that 80 per cent of the India-Bangla trade is through the sea despite the fact that the two countries share 7,000 kilometre of land border. A presentation by World

Bank country director of Pak-

istan, Patchamuthu Illangovan, however, held out some hope. It was pointed out that regional value chains were shaping up at micro levels. He drew attention to the border haat (market) in the India-Bangladesh border, which is not only facilitating trade but also bringing people closer.