

IN BRIEF

US tariff deadline

■ **NEW DELHI:** The government on Tuesday extended the deadline to impose retaliatory customs duties on 29 US products, including almond, walnut and pulses, till April 1. As discussions are going on between India and the US for a proposed trade package, the commerce ministry had asked its finance counterpart to again defer the implementation of a notification to impose high duties on US products. **PTI**

Arcelor worry

■ **LONDON:** ArcelorMittal has said it is staring at various risks, including excess capex and delays in achieving commercial objectives, in view of its proposed acquisition of debt-laden Essar Steel India. **PTI**

Jute strike

■ **CALCUTTA:** Jute sector trade unions in Bengal have deferred a proposed strike from March 1 by two weeks, as the state government sought more time to look into their demands. **PTI**

BOTTOM LINERS



"I don't want my boss's job, I just want my boss's pay."

Twitter transparency test

OUR BUREAU

New Delhi: Political advertising on Twitter, the micro-blogging site, is set to become more transparent in India with the US-based company setting up an Ads Transparency Centre that will give everyone the opportunity to glean information about the person or entity who has paid for the advertisement and its targeted audience.

The Centre — which will become operational from March 11 — is at the heart of Twitter's initiative to bring about transparency in political spending in India which heads for a crucial general election this year.

Only certified advertisers will be allowed to run political campaigning ads, the social media network said.

Twitter is bringing to India the political advertising transparency standards that it has already introduced in the US,

the EU and Australia.

Explaining its Political Campaigning Policy, Twitter in its blog site said details, including billing information, ad spend, and impressions data per Tweet of political advertisers will be shown. It will also show demographic targeting data for the ads being served, both intended by the advertiser and actually delivered by Twitter.

"We are making it clearer who is advertising Indian political campaign content on Twitter by including a visual label and disclaimer information on promoted content from certified accounts. This will allow users to easily identify political campaign ads and to know who paid for them," the social media site said.

In order to advertise, an advertiser must have a certified advertiser account and provide their information.

Political parties registered with the Election Commission of India will need to submit a registration certificate or found-

ing documents of the political party. In the case of an organisational advertiser, it needs to provide Corporate Identification Number (CIN) or document showing proof of the business' address. For Individuals or candidates, they need to provide government-issued ID containing the address of the individual, Twitter said.

Twitter global vice-president of public policy Colin Crowell met the officials of the Election Commission and discussed how they could collaborate on a real time basis to take appropriate steps to ensure the election outcome was not influenced like they were reportedly done in the 2016 US presidential polls.

A parliamentary panel has also summoned senior officials of other social media platforms Facebook, WhatsApp and Instagram on March 6 to discuss its concerns on fake news and other means to influence voters.

OUR SPECIAL CORRESPONDENT

Mumbai: The Calcutta-based Allahabad Bank and two other lenders have come out of the Reserve Bank's prompt corrective action (PCA) framework.

Other than Allahabad Bank, the Reserve Bank of India (RBI) on Tuesday removed public sector Corporation Bank and private sector lender Dhanlaxmi Bank from the PCA list.

Earlier, the RBI had taken three other state-owned lenders — Bank of India, Bank of Maharashtra and Oriental Bank of Commerce — out of the PCA mechanism.

The decision to release the two PSU lenders — Allahabad and Corporation Bank — from the PCA mechanism was expected after the recent capital infusion by the government. While the Centre had put in Rs 48,239

crore in 12 PSU banks, Corporation Bank was the biggest beneficiary as it got Rs 9,086 crore, followed by Allahabad Bank with Rs 6,896 crore.

The RBI had put in a revised PCA structure in April 2017 under which banks' performance was determined on the basis of three criteria — capital-to-risk weighted assets ratio, asset quality (net NPAs) and profitability (return on assets).

There were three risk thresholds and the breach of any one resulted in the invocation of the PCA, following which various curbs, including that on lending, were placed on the lenders.

Of the 21 PSU banks, 11 were under this mechanism. The sole private sector lender under the PCA was Dhanlaxmi Bank.

Following the cash infusion, Allahabad Bank had said it would use Rs

REFORM ROUTE

■ AllBank, Corp Bank exit PCA

■ BoI, Bank of Maharashtra and Oriental Bank of Commerce had exited earlier

■ Six PSU banks — IDBI Bank, UBI, Uco, Central Bank, IOB and Dena — still under framework

■ Private lender Dhanlaxmi Bank also out of PCA

2,750 crore to make loan loss provisions so as to bring down the net NPA ratio below the threshold of 6 per cent. It used the residual amount to shore up the capital base to enhance the capital-to-risk weight asset ratio above the minimum threshold of 10.875 per cent.

Air strikes create ripples on bourses

OUR SPECIAL CORRESPONDENT

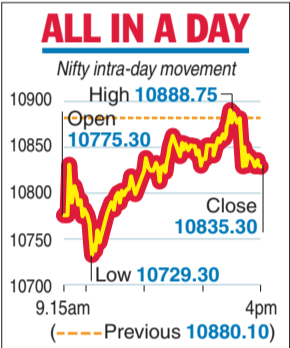
Mumbai: The air strikes carried out by India on a terrorist camp in Pakistan shook investor sentiment on Tuesday with the BSE Sensex ending 240 points lower and the NSE Nifty shedding 44.80 points.

The 30-share Sensex had crashed almost 500 points in intra-day trade hitting a low of 35714.16 after opening at 35975.75. It, however, pared some losses to close 239.67 points, or 0.66 per cent, lower at 35973.71.

The 50-share Nifty also fell 44.80 points, or 0.41 per cent, to 10835.30 after hovering between 10729.30 and 10888.75.

The air strikes came amid a cautious investor sentiment ahead of the upcoming general elections. Weak cues from global equities and selling pressure in financials and realty counters, too, weighed on the market mood.

Experts, however, pointed out that the bombing of the training camp in Pakistan by the Indian Air Force will not



have a major impact on the markets.

"The attacks reflect India's determination to weed out terrorism. While the initial response of the financial market has been negative, we believe such attacks are unlikely to have any material impact on the markets," Soumya Kanti Ghosh, group chief economic adviser of the SBI, said.

"For example, the Kargil war was fought between India and Pakistan during May to July 1999. During the period, the leading indices of the Indian stock markets showed an initial decline but strong re-

covery thereafter... In a similar vein, after the Uri surgical strikes, the Indian financial markets gained with the Sensex climbing more than 100 points and the rupee appreciating," Ghosh explained.

In Tuesday's trading, the banking, realty and PSU counters took a major hit. In the Sensex pack, HCL Tech suffered the most, losing 2.26 per cent. It was followed by HDFC which ended lower by 2.10 per cent. Some of the other big losers included ICICI Bank, which was down 2.08 per cent, Infosys (1.75 per cent), the SBI (1.44 per cent) and Vedanta (1.20 per cent).

In the forex market, the rupee, which depreciated 38 paise to 71.35 against the dollar in early trade, recovered partially and closed at 71.07 to the US greenback.

In Asia, the Shanghai Composite Index declined 0.67 per cent, Hong Kong's Hang Seng fell 0.61 per cent, Japan's Nikkei shed 0.37 per cent, Korea's Kospi was down 0.32 per cent and Singapore Straits Times slipped 0.32 per cent.

Check on frivolous IBC bids

New Delhi: The government will soon come out with "effective steps" to deal with instances where entities back out after making frivolous bids under the insolvency law, according to a senior government official.

The Insolvency and Bankruptcy Code (IBC) mainly seeks to address the issue of stressed assets in a time-bound manner.

However, there have been instances where entities have failed to implement the approved resolution plans.

Against this backdrop, corporate affairs secretary Injeti Srinivas on Tuesday said the government is looking at taking some steps to discourage people from making frivolous bids under the IBC.

"In some cases after one year or more after settlement has taken place, the resolution applicant has failed to implement the plan. What do we do with such resolution applicants? So much of time and resources (are) used in bringing in a settlement and the insolvency costs (are) huge," he noted.

In such cases, Srinivas wondered whether the resolution applicant has to bear the entire resolution cost or should there be some criminal proceedings or should they be banned from becoming resolution applicants again.

"These are all questions and there have to be a definitive answer. This is one area I think the government is very much focused on and would soon bring some sort of effective steps to see how we discourage people from making frivolous sort of bids and then backing out," Srinivas said. **PTI**

COFFER CHECK

At the end of January 2019; (figures in Rs lakh crore)

Total receipts	12.30
Tax revenue	10.19
Non-tax revenue	1.62
Total expenditure	20.01
Fiscal deficit	7.70

Deficit widens

OUR SPECIAL CORRESPONDENT

New Delhi: The country's fiscal deficit in the April-January period touched Rs 7.7 lakh crore, or 121.5 per cent of the budgeted target for the current financial year.

Officials said the government was trying to contain the runaway budget deficit by speeding up divestment and trying to mop up tax collections.

The government has budgeted to cut the fiscal deficit to 3.3 per cent of GDP, or Rs 6.24 lakh crore, in 2018-19 from 3.53 per cent in the previous financial year.

However, with higher spending ahead of an election, the government had in its interim budget raised the deficit target higher to 3.4 per cent of GDP, or over Rs 6.34 lakh crore.

At the end of January 2018, the deficit was 113.7 per cent of the revised estimate, said officials.

A major part of the additional spending was on account of an outlay of Rs 20,000 crore for a new basic income scheme for small farmers.

Revenue receipts totalled Rs 11.81 lakh crore, or 68.3 per cent of the revised estimates till January.

Prabhu tip to boost exports

OUR SPECIAL CORRESPONDENT

New Delhi: Commerce minister Suresh Prabhu on Tuesday expressed the need to extend the interest subsidy benefit to more products, including the chemical sector.

"The minister (Prabhu) elaborated that expansion of interest equalisation scheme needed to be done by adding more tariff lines, the process of environmental clearance to be speeded up, especially relating to product mix and also expeditious approval process," the ministry said in a statement.

The government provides interest subsidy of 5 per cent to certain sectors, including the micro, small and medium sectors, under its interest equalisation scheme.

At present, the subsidy is also given to certain products in the chemical sector. It helps exporters get credit at affordable rates.

These issues were discussed during a meeting called by Prabhu with representatives of the pharma and chemical industries.

Similarly, Corporation Bank had used the capital infusion to make loan loss provisions to bring the net NPA below the threshold required under the PCA.

The RBI said in a statement that its Board of Financial Supervision (BFS) met on Tuesday to review the performance of the banks under the PCA.

Taking note of the infusion, the BFS pointed out that it had resulted in better capital funds and loan loss provisions for the banks to ensure that the PCA parameters were complied with.

"The banks also apprised the RBI of the structural and systemic improvements put in place to maintain these numbers.

"Accordingly, based on the principles adopted by the BFS in its earlier meeting dated January 31, it was

decided that Allahabad Bank and Corporation Bank be taken out of the PCA framework, subject to certain conditions and continuous monitoring," the RBI said.

Dhanlaxmi Bank has also been taken out of the PCA framework, subject to certain conditions and continuous monitoring, as the lender has not breached any of the risk thresholds of the mechanism.

The RBI said it will continuously monitor the performance of these banks under various parameters.

However, six PSU banks — IDBI Bank, United Bank of India, Uco Bank, Central Bank of India, Indian Overseas Bank and Dena Bank — are still under the PCA framework.

With Dena Bank set to merge with the Bank of Baroda (BoB), the list will come down to five at the beginning of the next financial year.

OUR BUREAU

Mumbai: The State Bank of India (SBI) is understood to have called a meeting of the lenders with Jet Airways chairman Naresh Goyal and Etihad Airways CEO Tony Douglas on Wednesday.

The meeting has been called after the shareholders of Jet Airways cleared various proposals that will pave the way for banks to pick up a majority stake in the beleaguered airline.

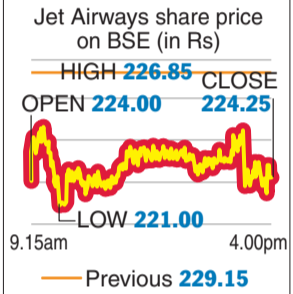
The lenders, led by the SBI, are also expected to infuse urgent funds into the airline. The airline may also come up with a rights issue that could see participation from both Goyal and Etihad. It is not yet clear whether the rights issue will come up for discussion at Wednesday's meeting.

Quoting sources, news agency PTI reported that the meeting would be held at SBI's office in Mumbai and that both Goyal and Douglas would be present.

On Monday, Jet Airways and Etihad had said, in a joint statement, that they, along with key financial stakeholders, were working towards the finalisation of the bank-led provisional resolution plan for the airline.

The two carriers had also expressed confidence that once the plan is implemented, Jet Airways would "re-emerge as a viable and robust airline to reclaim its rightful place as an airline of first choice for its customers". The joint statement was issued by Goyal and Douglas.

STREET MOOD



On the Bombay Stock Exchange, the Jet scrip closed 2.14 per cent lower at Rs 224.25.

Jet Airways, which is in operation for over 25 years, has been grappling with financial woes and is looking to rejig debt as well as raise funds.

On February 14, the Jet Airways board had approved a bank-led provisional resolution plan, whereby lenders would become the largest shareholders in the airline. Its shareholders had also approved the conversion of loan into shares and other proposals during the extraordinary general meeting (EGM) last Thursday.

On Monday, the SBI had also said that no decision had been taken on moving the National Company Law Tribunal (NCLT) against Jet Airways.

However, sources close to the lenders and key shareholders said the SBI was considering various options, including eventually moving the tribunal seeking insolvency proceedings, if other attempts to recover its loans fail to yield desired results.

Iran to buy Indian sugar

Mumbai: Indian traders will export raw sugar to Iran for March and April delivery, five trade sources said. This is the first Indian sugar sales to Tehran in at least five years as Iran struggles to secure food supplies under sanctions imposed by the United States.

Under the sanctions, Iran is blocked from the global financial system, including using US dollars to transact its oil sales.

Iran agreed to sell oil to India in exchange for rupees but it can only use those rupees to buy Indian goods, mainly items it cannot produce enough of domestically.

Trading houses have contracted to export 150,000 tonnes of raw sugar for shipments arriving in March and April at \$305 to \$310 per tonne on a free-on-board basis, the trade sources told Reuters this week.

"Oil payments have piled up in Uco Bank. Iran is keen to utilise the payments to buy sugar and other food items," said one of the sources, a Mumbai-based dealer with a global agricultural trading firm, who asked not to be identified as he was not authorised to speak to media. **Reuters**