

Russian gas arrives

NEW DELHI: India will on Monday import its first ever cargo of LNG from Russia under a long-term deal as the world's fourth-largest buyer of liquefied natural gas (LNG) diversifies its import basket to meet its vast energy needs. State-owned gas utility GAIL India Ltd will bring the shipload of LNG from Gazprom at Petronet LNG Ltd's import terminal here, official sources said. **PTI**

DeMo deposits

NEW DELHI: As many as 73,000 companies that have been deregistered deposited Rs 24,000 crore in bank accounts post demeritisation, according to government data. The corporate affairs ministry has struck off the names of around 2.26 lakh companies that have not been carrying out business activities for long. **PTI**

Illegal mining

NEW DELHI: The Centre will give environment clearance (EC) to regularise illegal mining projects provided the companies pay penalty as directed by the Supreme Court, the environment ministry has said. **PTI**

Coal pricing

CALCUTTA: Coal India Ltd will try out a new customer-friendly billing system for consumers with state-owned power major NTPC on a pilot basis, in line with a global quality practice framework, a top official has said. **PTI**

Bank top posts

NEW DELHI: The newly constituted Banks Board Bureau, headed by former DoPT secretary B.P. Sharma, will undertake its first major assignment of shortlisting candidates for about 30 top level vacancies in PSU banks beginning June 13. **PTI**

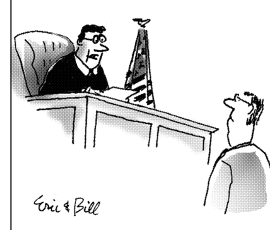
Ride sharing

NEW DELHI: India is expected to be a leader in shared mobility by 2030 as the rising share of electric and autonomous vehicles will improve shared mile economics, says a Morgan Stanley report. **PTI**

SBI start-ups

MUMBAI: The country's largest lender, the SBI, which has not been able to invest in fintech startups despite earmarking funds, is now looking to modify rules to kickstart the infusion, chairman Rajnish Kumar said. **PTI**

BOTTOM LINERS



"You have the right to a speedy trial. You're guilty."

“You have to be tuned to the new technology”

IT minister Ravi Shankar Prasad on fears of job losses because of new technologies



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Reforms test before polls

JAYANTA ROY CHOWDHURY

New Delhi: The BJP-led government is likely to tread carefully on two reform measures which are being intensely debated at present — strategic disinvestment in Air India and regulatory permissions to Walmart to take over Flipkart.

Top officials said both the issues had been discussed between the BJP-led government and RSS ideologues over the past few days.

“With elections to crucial states such as Rajasthan and Madhya Pradesh coming up and a general election as well, the government is likely to go slow on both the contentious issues, in part because of the objections raised,” said North Block officials.

Both the RSS and its arm, the Swadeshi Jagran Manch, are against the takeover of homegrown Flipkart by global

retail giant Walmart on ideological grounds, arguing it had the potential to impact millions of local stores as well as farmers.

Officials said while Walmart's proposal would not be rejected outright, a go-ahead to the deal could create problems before the elections.

“The proposed buyout is a backdoor way of entering multi-brand retail. It will hit traders and farmers and is against FDI rules,” argues Ashwini Mahajan, the national co-convenor of the Swadeshi Jagran Manch (SJM).

“Earlier, India was a slave of a multi-national. Now, this Walmart move could make our small traders and manufacturers slaves of another MNC,” Mahajan added.

An earlier written complaint by the SJM against the deal has been forwarded by the industry ministry, which prepares foreign direct invest-

NEGATIVE SIGNALS ON TWIN DEALS

Walmart-Flipkart deal

- Swadeshi Jagran Manch objections to industry ministry forwarded to CCI, RBI & tax authorities

- Traders body CAIT has moved CCI and Enforcement Directorate

- Government likely to adopt go-slow policy



Air India selloff

- No bids emerged for Air India

- Government unlikely to make fresh attempts to find buyer

- Swadeshi Jagran Manch has argued against waiving off loans. Instead, government can use funds to revive Air India

ment rules, to the Reserve Bank of India, the Competition Commission of India and tax authorities, who are required to clear the deal.

Walmart Inc has finalised a \$16-billion deal last month to take control of India's largest online retailer, Flipkart Ltd, including \$2 billion in fresh investment. The world's largest retailer, through an invest-

ment arm, will acquire a 77 per cent stake in Flipkart's Singapore-based holding firm.

Current rules allow up to 51 per cent FDI in multi-brand retail, subject to the permissions of the state government. However, rules on FDI in retailing through e-commerce lack clarity.

Part of the objections to the deal stem from perceived

“subversion” of these rules, say analysts.

Another pro-BJP traders' outfit, the Confederation of All India Traders (CAIT), has already filed a petition with both the CCI and the Enforcement Directorate against the deal.

Praveen Khandelwal, secretary general of the CAIT, said, “We will talk to commerce minister Suresh Prabhu next week on this issue... We cannot allow this to go through... it will hurt the economy of India.”

The government itself wants the deal to go through as it is expected to send a positive signal to foreign investors. However, the opposition to the deal from within the ruling coalition is expected to force the government to go slow on it without ever saying no.

Air India

Officials said after the attempt to get buyers for a strategic di-

vestment in Air India flopped last week, the government was unlikely to make any fresh attempts to sell the state-run carrier in this financial year.

“We will study alternative revival plans which the Swadeshi Jagran Manch, AI employees and others are working on,” said officials. However, it is unlikely that much would be done on these plans, either.

Air India is expected to be allowed to run the way it is. “Its losses are reducing and there is a real chance of an operational turnaround,” officials pointed out.

Air India has asked the government to “restore” equity infusion after it failed to find any takers for divestment, according to a senior airline official, reports PTI. The airline has received more than Rs 26,000 crore under the bailout package announced by the former UPA government in April 2012.

Tariff wars to impact air travel

Sydney: Growing tension over international trade could damage the airline industry and the world economy, global airlines and aviation executives warned on Sunday.

The US government has renewed tariff threats against China and imposed duties on steel and aluminium on US allies Canada, Mexico and the European Union.

“Any measures that reduce trade and probably consequently limit passenger travel are bad news,” Alexandre de Juniac, the director general of the International Air Transport Association (IATA), said at the organisation's annual meeting in Sydney.

The group represents most of the world's main airlines.

“We always get concerned when you start to see tensions elevate around global trade and free trade,” American Airlines Group chief executive Doug Parker said. American Air has not seen any effect yet on revenues, he said.

The uncertainty could curb demand for business travel, a key driver of profits for the industry, Gloria Guevara Manzo, chief executive of the World Travel and Tourism Council (WTTC), said.

“Business travellers need to wait and see what happens — will their business be impacted, do they need to diversify, go some other places. War in trade is not good,” she said.

Plane makers Boeing and Airbus echoed that the uncertainty was bad for business and said free trade helped to drive economic growth, creating jobs. Airbus said the aviation industry existed because people could travel freely and markets were open. **Reuters**

Maldives fines GMR

Hyderabad: The Maldivian government has slapped a notice seeking \$20.5 million towards income tax and fines on GMR Male International Airport (P) Ltd, a GMR group company, that won a \$271-million arbitration against the premature termination of Male International Airport contract.

A GMR spokesperson refuted the tax claim and said they are awaiting response from Maldives Airports Company Limited on the issue.

According to a regulatory filing, the Indian infra major said the Maldives Inland Revenue Authority had issued audit reports and notice of tax assessments demanding profit tax amounting to \$14.4 million, \$2.8 million as additional withholding tax and \$3.3 million as fines, totalling \$20.5 million. **PTI**

Split view on RBI rate

OUR SPECIAL CORRESPONDENT

Mumbai: Economists are divided over the prospects of the Reserve Bank of India (RBI) raising the policy repo rate in the forthcoming bi-monthly monetary policy to be announced on June 6.

Developments such as rising crude oil prices, high inflation (particularly the sticky core inflation, which excludes food and fuel) and the depreciation in the rupee could prompt the central bank to raise the repo rate.

However, another section believes the RBI should wait for clarity on the minimum support price (MSP) for the kharif season and keep a watch on the monsoon, before taking any decision.

The division may be evident in the monetary policy committee (MPC) itself. While the six-member panel has so far seen only one member — Michael D Patra (executive director, RBI) — arguing for a rate hike, he could be joined by deputy governor Viral Acharya, who had said in the last meeting that he was likely to shift decisively to vote for a beginning of “withdrawal of accommodation” in the June meeting.

Commercial banks have, however, decided not to wait till June 6. Amid rising bond yields and an improvement in credit

HIKE, OR NOT TO HIKE

For repo rate hike

- Crude prices rising
- Core inflation — which leaves out food and fuel — at 44-month high of 5.9%
- April retail inflation up to 4.6% after falling for three straight months

Against the hike

- Greater clarity required on MSP
- Monsoon trend under watch

growth, lenders such as the SBI, ICICI Bank and PNB raised their benchmark lending rates by up to 10 basis point on Friday.

HDFC, the country's largest housing finance company, also followed.

Retail inflation for the month of April rose to 4.58 per cent on higher crude oil prices after falling for three straight months. Further, core inflation, which the apex bank closely tracks, came in at a 44-month high of 5.9 per cent. Though crude oil prices have corrected recently, experts are of the view the RBI will be wary about the upside risks to inflation.

The central bank will also draw comfort from the recent GDP numbers, which will give it more room to focus on taming inflation.

“At this stage, the RBI's focus will be on restoring macro-economic stability. The upsurge in crude oil prices, global financial tightening and India's weak current account deficit (CAD) position have made the rupee the worst performing currency in Asia.

“Core inflation, too, has increased by 60 basis points just in a month's time. There is no alternative but to raise the policy rate by 25 basis points in June. The RBI will not just raise policy rate but will also frontload hikes thereafter to restore macro-economic stability. It has sufficiently sensitised the markets about it in the previous policy minutes,” Rupa Rege Nitsure, chief economist at L&T Finance Holdings, told The Telegraph.

However, there are experts who hold a different view.

According to Indranil Sen Gupta, India economist at Bank of America-Merrill Lynch, “All we are saying is give growth a chance”. Sen Gupta goes on to add though inflation could climb to more than five per cent in June on base effects, it should peak off to 4.1 per cent in the second half with normal rains.

Meet to settle US trade tiffs

R. SURYAMURTHY

New Delhi: India is expected to take up the issues of import duty hike on certain steel and aluminium items, visa restrictions and energy co-operation with the US during the five-day visit of commerce minister Suresh Prabhu to Washington from June 20.

Prabhu in his meetings with the US Trade Representative (USTR) and American commerce secretary Wilbur

Officials are hopeful that there could be some breakthrough during Prabhu's visit as the talks at the highest level could help the two countries understand each others' concerns.

Both the sides have dragged each other to the WTO in recent months. The US has lodged complaints against India's export and farm subsidies, while New Delhi has raised objections to duties on Indian steel and aluminium and massive illegal subsidies in the renewable energy and agriculture sectors.

Rising US crude oil production and its availability for exports have already benefited a few Indian refiners. In the coming years, sourcing of oil and natural gas from the US is a possibility as steps are being taken to reduce India's over-dependence on West Asia for oil and gas imports.

India has repeatedly raised its concerns over tightening visa restrictions by the US on IT professionals.

The proposed overhaul of the popular H-1B visa regime by the US President has raised concerns among Indian IT firms as any changes in the visa regime may result in higher operational costs and shortage of skilled workers for the \$110-billion Indian outsourcing industry.

During the talks, Prabhu will also take up the issue of speedy renewal of the generalised system of preferences scheme (GSP) — the preferential import tax scheme that allows market access at nil or low duties to about 3,500 Indian products, including chemicals and textiles.

KEY ISSUES

- Exemption from US steel and aluminium levies
- US subsidies in farm and renewable energy
- Tightening visa curbs
- Indian items under US's preferential import plan
- Greater sourcing of US oil and gas

Ross will put forward India's views on contentious issues, including the duties on metals.

US President Donald Trump has imposed steep tariffs on imported steel and aluminium, sparking fears of a global trade war.

Trump signed two proclamations that levied a 25 per cent tariff on steel and a 10 per cent tariff on aluminium imported from all countries.

While India has been making efforts to persuade the US to exempt the country from the duty on steel and aluminium or view New Delhi's export subsidies in a proper context, they have not yet yielded results.

Korea gold trade call

New Delhi: South Korea has asked India to remove restrictions on gold and silver imports, which were imposed to check the abuse of free trade agreement leading to a significant surge in inbound shipments.

In August 2017, India restricted the import of gold and silver items from South Korea to check the spurt in inbound shipments of the precious metals from that country.

“South Korea is asking for the removal of these restrictions but we have asked them to increase value addition norms,” a government official said.

As part of the restrictions, importers have to obtain a licence from the directorate general of foreign trade to import gold and silver from South Korea.

The two nations implemented a free trade agreement in January 2010. Under the pact, a basic customs duty on gold was eliminated. **PTI**

Clarity on financial services GST

New Delhi: Free services, such as ATM withdrawals provided by banks to customers, will not attract the GST, but late payment charges on outstanding credit card bills and purchase of insurance policies by NRIs will attract the levy.

In a set of FAQs on the applicability of the GST on banking, insurance and stock brokers, the revenue department has clarified that transactions relating to securitisation, derivatives, future and forward contracts are exempt.

On whether the GST will be levied on the exit load of mutual funds, the department said exit load in the form of a fee (whether or not as a fixed percentage of the investment) is liable to the GST. “Even if the exit load is in the form of units in the fund, it may be concluded that the consideration received in money was later converted to NAV units,” the FAQ said.

On the levy of the GST on insurance policies purchased by non-resident Indians, it said the amounts from non-resident external accounts are paid in rupees and are not received in convertible foreign exchange.

Duty-free shops

International passengers buying goods at airport duty-free shops will not be subject to the GST and the revenue department will soon clarify on this exemption, an official said.

Following an order passed in March by the New Delhi bench of the Authority for Advance Ruling stating that GST would be leviable on the sale of goods from duty-free shops, the revenue department had received a number of representations seeking clarification on the issue. **PTI**

Auditors flag gaps

New Delhi: Auditors seem to be getting more vocal about financial gaps at listed companies, possibly because of an enhanced regulatory glare, as independent audit reports for a number of publicly traded companies have begun flagging issues such as net-worth erosion and lack of necessary disclosures.

In some cases, the auditors have even begun quitting the audit mandate, while in many others they have expressed their reservations about whether their clients can continue operating on “going concern” basis with the net-worth turning negative, losses mounting and diminishing prospects of required revenue and cash flow generation.

The companies that have seen auditors flagging various issues include Jet Airways, L&T's shipbuilding arm, Manpasand Beverages, Vakrangee Ltd and Atlanta Ltd.

Experts believe this trend may get even more prominent going forward with several sectors facing financial difficulties at a broader level and also because of corporate governance

related issues at individual levels.

Experts believe the recent move by auditors could also be due to regulatory glare on them that requires the audit community to show responsibility to broader stakeholders and not just the corporate clients.

Among others, the auditors of Jet Airways, L&T Shipbuilding and Reliance Naval and Engineering raised doubts whether these companies can continue as a “going concern”.

The management of all these companies, on their part, have maintained that necessary initiatives are being taken to improve their finances and there were no major causes for worry. In accounting parlance, the “going concern assumption” means that the company will remain in business for the foreseeable future without being forced to halt operations and liquidate its assets.

Moreover, PriceWaterhouse quit the audit mandate of Vakrangee and Atlanta, while Deloitte resigned as statutory auditor of Manpasand Beverages. **PTI**

Panasonic thinks local

PINAK GHOSH

Calcutta: Japanese multinational Panasonic Corporation has chalked out an “autonomous” strategy for India, giving priority to decision making to facilitate growth and promote research and development.

Panasonic, which is globally celebrating its 100th anniversary, established Panasonic India Appliance Company in 2017 to cut down on any lag in decision making, increase the contribution of India in global strategy planning and, hence, ensure better resource allocation for the country.

Panasonic has set its sight on doubling revenues in the next three years in the consumer appliances business, comprising televisions, air conditioners, refrigerators and washing machines.

“The overall idea is to delegate authority to India so that it can take decisions such as product planning, designing and sales. Autonomous means you are not only executing your own responsibilities



NEW PRIORITIES: Manish Sharma

but also having the necessary authority to execute,” said Manish Sharma, president and CEO, Panasonic India and South Asia, and executive vice-president (appliances) of Panasonic Corporation.

The appliances company will help to consolidate the efforts of all related entities in India.

The overall Indian operations, comprising both appliances and business-to-

business solutions, registered a revenue of around Rs 10,000 crore for the year ended March.

Half of the business was from appliances and the company expects to double this over the next three years.

India's share in the global revenue of Panasonic is a little over 2 per cent at present and is expected to grow further in the coming years, Sharma said.

He added that growth will be driven by expanding reach into smaller towns, which in turn will lead to further capacity utilisation.

“We have identified a structured approach for covering around 489 towns. We believe that while all the categories will witness significant marketing initiative, refrigerators will help us execute the strategy of getting into small towns,” he said.

As part of the “autonomous” strategy, the Indian arm will also have the flexibility in undertaking its own research and development to add value to products which are suited for Indian users.