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“The ambition needs to be tempered with practical approach

Siam president **Rajan Wadhera** on India's electric vehicle road map

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## IN BRIEF

### Rapid Huawei 5G strides

■ **BEIJING:** Chinese telecom giant Huawei has said it has obtained 46 commercial 5G contracts so far in 30 countries and shipped more than one lakh 5G stations globally, emerging as a top player in the race for setting up the super-fast telecommunications system despite the US ban on the use of its 5G services. The Shenzhen-based firm, which is under immense pressure after the US issued the ban warning that Huawei systems could be manipulated by Beijing to spy on other countries and disrupt critical communications, made the announcement on Thursday in a press statement. PTI

### Aviation concern

■ **SEOUL:** Indian airlines are facing very tough competition and the cost environment too is not in their favour, International Air Transport Association (IATA) chief Alexandre de Juniac has said, with more than 25-year-old Jet Airways shuttering its operations. PTI

### Farm budget

■ **NEW DELHI:** Finance minister Nirmala Sitharaman will hold her first pre-budget consultation meeting with farm bodies and agricultural experts on Tuesday amid delayed monsoon and drought in some states such as Maharashtra. PTI

### RPower posts loss

■ **NEW DELHI:** Anil Ambani-group firm Reliance Power on Sunday reported a net loss of Rs 3,558.51 crore for the quarter ended March 31, against a net profit of Rs 189.21 crore in the year-ago period. For the full fiscal, Reliance Power reported net loss of Rs 2,951.82 crore against a net profit Rs 840.46 crore. PTI

### SAIL land in Odisha

■ **NEW DELHI:** State-owned steel maker SAIL has received a positive response from the Odisha government on its request of land allocation to set up a coast-based plant in the state, its chairman Anil Kumar Chaudhary said. PTI

### Export pills

■ **NEW DELHI:** The government should take six concrete steps such as reducing cost and time of port clearance for goods and enhancing availability of credit with a view to boost exports, the Trade Promotion Council of India (TPCI) said. PTI

### BOTTOM LINERS


“My profession is accounting, but my passion is looking out of the window.”

# G20 warns of trade war fallout

ALAN RAPPEPORT

**Fukuoka, Japan:** Global finance leaders meeting in Japan this weekend said they were increasingly worried that the trade dispute between the United States and China, which shows no signs of abating, could propel the world economy into a crisis.

The sense of gloom at the gathering of the Group of 20 major economies came amid increasing evidence that global economic growth is slowing amid President Trump's renewed trade war with Beijing.

In a closing statement, or communiqué, officials at the G20 warned that trade tensions have "intensified" and agreed to address the risks.

But the Trump administration, intent on rewriting the rules of international commerce in America's favour, gave no sign that it was ready to back down. Treasury secretary Steven Mnuchin continued to blame China for prolonging the fight and insisted that the trade dispute was not hurting America's economy or hampering global growth.

"I don't think the slowdowns you're seeing in parts of the world are a result of trade tensions at the moment," Mnuchin told reporters on the sidelines of the G20.

Trump is expected to meet President Xi Jinping of China in late June, an encounter that could determine whether the world's two largest economies can resolve their dispute. Talks between the two countries fell apart last month, with Trump accusing China of reneging on a trade deal and China insisting that the US States was not negotiating in good faith.

IMF managing director Christine Lagarde and Nirmala Sitharaman with G20 participants at Fukuoka on Sunday. AFP

### India view

India has made a strong case for the adoption of a "significant economic presence" concept to taxing global digital companies and close co-operation among the G20 member nations to deal with fugitive economic offenders who flee their countries to escape consequences of law.

During the G-20 meeting, finance minister Nirmala Sitharaman also pitched for the development of common measures to deal with non-compliant tax jurisdictions or nations which refuse to share tax related information. New York Times News Service & inputs from agencies

## Data policy rationale

“Countries must have the sovereign right to use their data for the welfare and development of its people

PIYUSH GOYAL

**New Delhi:** India has said countries must have the sovereign right to use their data for the welfare of people, and free trade advocacy should not necessarily lead to justification for the free flow of data.

This was stated by commerce and industry minister Piyush Goyal at the two-day G20 trade minister's meeting at the science city of Tsukuba in Japan on Saturday.

He said with growing internet use, an enormous amount of data is being generated in the country.

"Countries must have the sovereign right, to use their data, for the welfare and development of its people," the minister has said.

India has started the exercise to formulate a national e-commerce policy that proposes to set up a legal and technological framework for restrictions on cross-border data flow.

Privacy and security should be given due consideration in the debate on free flow of data with trust, Goyal said, adding that clarity on these issues is essential before making rules on e-commerce. PTI

## Drill to bring fuel duo under GST umbrella

R. SURYAMURTHY

**New Delhi:** The Narendra Modi-government would be keen to push the inclusion of natural gas and aviation turbine fuel (ATF) within the ambit of the goods and services tax to promote the use of green fuel and provide some relief to the airlines.

The next meeting of the GST Council is likely to be held in mid-June and the finance ministry has started doing the groundwork to include these two items in the discussion among the council members.

### REJIG COURSE

■ **Products under GST:** Kerosene, naphtha and LPG

■ **Excluded:** Crude oil, natural gas, aviation fuel, diesel and petrol


Officials are hopeful that there would not be much opposition to the inclusion of ATF and natural gas in the GST compared to other petroleum products.

Petroleum products such as kerosene, naphtha and LPG are under the ambit of the GST. However, five items — crude oil, natural gas, aviation fuel, diesel and petrol — have been excluded.

ATF attracts an excise duty of 11 per cent and over this central levy, states charge different rates of value-added tax that go up to 30 per cent. However, aviation fuel constitutes about 40 per cent of the operating cost of an airline, and the fuel prices in the country are higher by about 35 per cent than its global peers.

The high cost of fuel has been blamed as one of the reasons for several airlines, including Jet Airways, ModiLuft, Damania Airways, Air Sahara, Kingfisher and Air Deccan.

The parliamentary standing committee on energy in a report has said that natural gas being a cleaner fuel should not be placed at a disadvantageous position vis-a-vis other sources of energy such as coal.

While coal is taxed at 5 per cent GST, natural gas has been kept outside the purview. The committee, therefore, recommended that "natural gas should be brought under GST so that the taxes get rationalised and gas becomes cheaper and affordable", it added.

# Graphite move helps state

SAMBIT SAHA

**Calcutta:** Karnataka's loss could well be Bengal's gain.

Graphite India Ltd, the world's third-largest graphite electrode maker, is scaling up the capacity of its Durgapur unit to make up for the loss suffered by the untimely closure of the Bangalore plant.

In a communication to its shareholders, the company, chaired by Krishna Kumar Bangur, said Graphite would de-bottleneck its Durgapur unit, along with the Nasik facility, to cover the gap caused by the closure of the Bangalore plant.

Durgapur is the largest producer of the electrode for the company, accounting for around 59 per cent of its capacity of 98,000 tonnes.

The Bengal unit has been expanded gradually over 15 years, and the capacity now stands at 54,000 tonnes.

The decision to close the Bangalore unit, located at Whitefield, which is now an IT and realty hotspot, was taken by the board of directors on April 2.

The move followed an order of the principal bench of the National Green Tribunal — which restored an order of the Karnataka State Pollution Control Board (KSPCB) passed in 2012 – to close the plant. Following this, the KSPCB issued a fresh closure order on February 14, 2019.

### CAPACITY HIKE

■ A National Green Tribunal order forces Graphite India to close its Bangalore plant

K.K. Bangur

■ Bangalore unit has 13,000-tonne capacity. Output to be allocated between Durgapur and Nasik units

■ Company plans to raise Rs 5,000cr through private placement of bonds

The Bangalore plant had an output of 13,000 tonnes and contributed 17.05 per cent to the turnover of Graphite India Ltd in 2017-18. It is immediately not known how much of the Karnataka capacity will come to Durgapur as K.K. Bangur could not be reached for comment.

The Nasik plant has a capacity of 13,000 tonnes, while Graphite's only overseas unit in Nuremberg, Germany, can produce 18,000 tonnes.

Recently, at least two mid-sized companies have bolstered their presence in Bengal. Earth moving equipment maker Tata Hitachi closed its Jamshedpur plant and moved the machinery to Kharagpur, Bengal. Tata Sponge decided to shift its registered office from Odisha to Calcutta.

Demand for graphite electrode surged when China from 2017 promoted the use of electric arc furnace, where the material is used, to produce steel and ordered the closure of many smoke-belching steel plants. However, additions in capacity could not keep pace with the demand because of the non-availability of petroleum coke, the principal raw material.

Production has increased marginally in the last fiscal at 91,480 tonnes against 90,882 tonnes a year ago.

The company said fresh expansion was only possible when pet coke was available in sufficient quantity. Despite the closure of the Bangalore unit, Graphite India has kept production the same as last year.

### Cash course

The company is moving an enabling resolution to raise Rs 5,000 crore through the private placement of bonds or debentures to make it ready for large acquisitions. The issue will be done in one or multiple tranches in the Indian or overseas markets, the resolution said.

Graphite India is sitting on a cash pile following record income and profit earned last year. It made a profit after tax of Rs 3,396 crore on an income of Rs 5,233 crore in 2018-19. It has retained earnings of Rs 3,775 crore as on March 31, 2019.

# Softer stance on US imports

R. SURYAMURTHY

**New Delhi:** The Narendra Modi-government is unlikely to adopt a tit-for-tat approach and impose retaliatory duties on 29 products from the US after Washington decided to withdraw zero-duty access to over 3,000 Indian products under the Generalised System of Preferences (GSP) scheme.

### GOING SLOW

■ US imposed import duties of 10% on aluminium and 25% on steel

■ It also withdrew zero-duty access to over 3,000 Indian products under GSP

■ India had proposed retaliatory tariff on 29 products from the US but is yet to implement it

"We are keen to resolve the trade differences with the US at the earliest and efforts are on in that direction. The ministry is not keen on any step which could send a negative signal to resolving the trade issues. However, the final decision on the duties would be taken in consultation with the external affairs and finance ministries," a senior commerce ministry official said.

The imposition of retaliatory tariffs had been deferred several times in the past, with the last extension to expire on June 15. The duty would come up for review next week.

Last month, the move was postponed as the US had indicated that it would not revoke the GSP benefits to Indian products till the next government was formed.

The ministry had first proposed the retaliatory tariffs on 29 US products under a June 2018 order.

Striking a conciliatory note, commerce minister Piyush Goyal has said India would try to build export competitiveness on its own without depending on the GSP scheme provided by the US.

New Delhi's retaliatory duties will be in response to penal import duties of 10 per cent on aluminium and 25 per cent on steel imposed by the US last year on a group of countries, including India, citing security threat.

India had notified that it would raise tariffs on select US products worth $235 million, in retaliation to the unilateral duty hikes by the US.

The official said India and the US were having two-track discussions — to increase trade in the short- and medium-term and identify long-term trade potentials.

While India is ready to lower its duties on smartphones, base stations, smart watches, printer ink cartridges and other ICT products, it is seeking the removal of steel duties and greater market excess for its farm products, engineering goods, auto and auto parts, officials said.

# BoB to sell bad loans

**Mumbai:** State-run Bank of Baroda has put on sale non-performing loans worth Rs 9,060 crore, including two large accounts of Bhushan Power & Steel and Alok Industries, as their resolution through the insolvency courts keep getting delayed inordinately.

While Bhushan Power & Steel's dues are worth Rs 2,099 crore, Alok Industries' dues stand at Rs 903 crore.

Both these companies are among the 12 stressed accounts which the Reserve Bank had asked banks to refer to the National Company Law Tribunal for resolution in June 2017 and forms the first list put out by the monetary authority in mid-2016.

BoB had put Bhushan Power & Steel on sale in December 2018 but could not find a buyer.

The bank is also looking to sell 65 other medium and small-sized stressed accounts worth Rs 6,057 crore, only on a cash basis, according to the information on the bank's website.

Some of the other accounts are Lanco Vidarbha Thermal Power (dues of Rs 628 crore), Jindal India Thermal Power (Rs 417 crore), Lanco Solar (Rs 160 crore), Visa Steel (Rs 150 crore) and Adhunik Power & Natural Resources (Rs 58 crore).

### ON THE BLOCK

Dues by firms (in Rs crore)

| | |
|---|---|
| Bhushan Power | 2099 |
| Alok Industries | 903 |
| Lanco Vidarbha | 628 |
| Jindal India Thermal | 417 |
| ISMT | 373 |
| Anrak Aluminium | 306 |

The bank has invited expressions of interest (EoI) for all these accounts over the past weekend.

The EoIs for Bhushan Power & Steel and Alok Industries are to be submitted by June 24, while for the other accounts it has to be submitted by June 21, the bank said on its website.

The bank, which has become the third largest lender after it amalgamated Vijaya Bank and Dena Bank with itself in April this year, has narrowed its losses to Rs 991 crore in the fourth quarter of 2018-19 from Rs 3,102 crore in the same quarter of 2017-18.

Its gross non-performing asset (NPA) came down to 9.61 per cent as on March 2019 from 12.26 per cent in the previous year, while the net NPA ratio improved to 3.33 from 5.49 in March 2108. PTI

# Reliance wins KG basin block

**New Delhi:** State-owned Oil and Natural Gas Corp (ONGC) and mining billionaire Anil Agarwal-led Vedanta Ltd are set to win nine oil and gas blocks each in the latest auction, while Reliance Industries and its British partner BP Plc is set to win a KG basin gas block.

Sources said the directorate general of hydrocarbons (DGH) has completed the evaluation of the bids received for 32 oil and gas exploration blocks that were auctioned in the latest licensing round.

According to the bid evaluation, ONGC and Vedanta Ltd are top bidders in nine blocks each and state-owned Oil India Ltd in 12 areas.

The Reliance-BP combine outbid ONGC in one Krishna Godavari basin block in the Bay of Bengal.

The winners of the auction will be announced after the approval of the cabinet committee on economic affairs (CCEA), headed by Prime Minister Narendra Modi, sources added.

The bidding for 14 blocks on offer under the Open Acreage Licensing Policy (OALP) round-II and another 18 oil and gas blocks and five coal-bed methane (CBM) blocks on offer under OALP-III closed on May 15.

Reliance-BP had made their first bid in eight years when they sought an area that previously was held by ONGC, sources said.

When the government in July 2017 allowed companies to carve out blocks of their choice to bring about 2.8 million sq km of unexplored areas in the country under exploration, Reliance-BP sought the KG area containing the discoveries. PTI

# Call for e-vehicle rollout plan

**New Delhi:** The government should follow a well laid-out road map and a practical time-frame for the rollout of electric vehicles (EVs) in the country, auto industry body Siam said on Sunday.

"What is required is a well laid out road map for an ambitious EV rollout over a practical time frame along with an integrated plan for setting up the necessary infrastructure across the length and breadth of the country, in consultation with all stake holders," Rajan Wadhera, president of the Society of Indian Automobile Manufacturers (Siam), said in a statement.

Siam was reacting to reports that the government was planning to ban the sale of three-wheelers with internal combustion engine (ICE) by 2023 and less than 150cc two-wheelers by 2025.

Siam said the industry supports the ambitious aspiration of the Niti Aayog to bring in electric mobility in the country as soon as possible.

"However, the ambition needs to be tempered with a practical approach and what is possible without needlessly disrupting the automotive industry," Wadhera cautioned. PTI

# Paper seeks duty shield, GST recast

PINAK GHOSH

**Calcutta:** A hike in the customs duty on imports and the rationalisation of the goods and service tax on certain categories of paper are some of the key demands that domestic paper manufacturers will place before the Centre for consideration.

According to data from the Indian Paper Manufacturers Association (IMPA), the apex body representing the interest of the Rs 60,000-crore domestic pulp and paper industry, in the last seven years, imports of paper, paperboard and newsprint have grown at a compounded annual growth rate of 10.85 per cent in value terms and 8.54 per cent in volume terms.

This is exacerbated by the policy of extending preferential tariff treatment to paper and paperboards under the free-trade agreements.

According to the association, under the India-Asean free trade agreement, the basic custom duties have been progressively reduced to nil from a base rate of 10 per cent from January 2014. Also, under the India-Korea comprehensive economic partnership agreement, the basic customs duty has been brought down to zero from January 2017.

### LEVY STORY

Import of paper, paperboard and newsprint (Figures in thousand tonnes

| | |
|---|---|
| 2012-13 | 2,028 |
| 2013-14 | 2,254 |
| 2014-15 | 2,347 |
| 2015-16 | 2,610 |
| 2016-17 | 3,003 |
| 2017-18 | 3,168 |

As a result, the import of paper and paperboard into India from Asean countries in the last seven years has grown at a compounded annual growth rate of 41.75 per cent in volume terms and 41.55 per cent in value. Imports from South Korea have grown at a compounded annual rate of 52.44 per cent in volume and 54.59 per cent in value.

"The basic customs duty on the import of paper and paperboard should be increased from 10 per cent.

The import of paper and paperboard should be allowed only on the basis of actual user licence so that only genuine users import the right quantity for consumption," IMPA said in its pre-budget memorandum for 2019-20.

On the GST, the industry has called for bringing the rates on all grades of paper and paperboard at an equivalent rate of 12 per cent.

# Replacement sales save tyres

OUR SPECIAL CORRESPONDENT

**Mumbai:** A high replacement demand is expected to keep tyre makers away from the clutches of a slowdown, which has gripped the auto industry.

All the major auto makers have reported lower sales in May because of weak demand. Market leader Maruti Suzuki reported a 22 per cent decline in sales, while Tata Motors saw its sales fall 26 per cent. The sector is banking on a favourable monsoon and support from the newly elected government to revive growth.

However, for the tyre industry, whose fortunes are closely linked with the auto demand, the forecast is the muted demand for vehicles will not severely affect its sales.

According to India Ratings, replacement demand accounts for around 55 per cent of the total tyre industry's volumes, and close to 62 per cent of its revenue. It pointed out that though vehicle sales are likely to slow down in the current fiscal, the replacement demand will support the industry's growth over the medium term.

### IN BETTER SHAPE

■ Replacement demand makes up 55% of tyre companies' sales

■ Vehicle sales are down. But strong sales reported till 2017-18 mean replacement demand remain high

■ Demand to remain high more from commercial vehicles as their tyre replacement cycle is high

"Notwithstanding the slowdown in auto sales during the third and fourth quarter of 2018-19, the robust growth in both passenger vehicles and commercial vehicles over the better part of the previous decade has set the stage for a sustained growth in tyre replacement demand from both segments," India Ratings said.

It said the replacement cycle for commercial vehicle tyres is relatively short, and the momentum from replacement demand in the segment will continue in 2019-20.

However, over the medium-term, growth in replacement demand from commercial vehicles may be hit by the continued pressure on fleet utilisation, arising from a modest level of economic activity, slowdown in international trade and moderating consumption levels.

### Credit concern

Fitch warned the aggressive capacity additions planned by the manufacturers would impact their credit profile over the next two years as a large part of the capex would be debt-funded.