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“The decline in sales is due to the economic slowdown and lower production of BS-IV vehicles

Siam president **Rajan Wadhera** on the 19% fall in February auto sales

STOCK CHECK

Sensex intra-day movement

Previous 32778.14

CURRENCIES

US $	Rs 73.91
UK Pound	Rs 92.75
Euro	Rs 82.56

INDICES

BSE		
Sensex	34103.48	+1325.34
Midcap	12638.74	+258.38
Smallcap	11761.22	+146.33
NSE		
Nifty	9955.20	+365.05
Next 50	23423.80	+647.40
Nifty 500	8163.00	+261.65

Most active on NSE

Scrip	Price*	Traded value#
SBI	244.25	3532.28
Reliance	1116.95	3529.71
HDFC Bank	1074.00	3377.83
ICICI Bank	449.95	2910.61
HDFC	2072.65	2788.76

*In Rs; #In Rs crore

COMMODITIES

Gold (10 gram in Rs)		
Pure	42475	-1325
Hallmark	40905	-1275
Silver (kg in Rs)		
Bar	43200	-2300
Portion	43300	-2300
Crude*	2489	+161
Copper#	426.85	+4.75

*per barrel in Rs; # per kg in Rs

MONEY MARKET

	Yield (%)
Call rate	3.70
91-day T-Bill	4.88
1-year Gilt	5.08
5-year Gilt	5.96
10-year Gilt	6.32

Centre clears Yes Bank rescue plan

OUR SPECIAL CORRESPONDENT

New Delhi: The Union cabinet on Friday has approved the reconstruction scheme of Yes Bank proposed by the RBI even as it raised the authorised share capital of the bank to Rs 6,200 crore against the apex bank's proposal to cap it at Rs 5,000 crore.

Finance minister Nirmala Sitharaman said the cash withdrawal restrictions and other moratorium conditions on the private sector lender would be lifted within three days of the notification of the SBI-led bailout plan.

“After the notification of the scheme, within three (working) days the moratorium will be lifted and within seven days, a new board will be constituted,” Sitharaman said, adding that the notification will be issued “very soon”. She said the State Bank of India will invest up to 49 per cent equity in Yes Bank and other investors are being asked to infuse funds.

Hours after the cabinet approved the restructuring scheme, private sector lenders ICICI Bank, Kotak Mahindra Bank and Axis Bank, and mortgage lender HDFC came to the bank's rescue.

The SBI on Thursday said it would invest Rs 7,250 crore in equities, while ICICI Bank, HDFC, Axis Bank and Kotak Mahindra Bank would together invest Rs 3,100 crore in the bank's shares, taking the total commitment to Rs 10,350 crore, so far.

Nirmala Sitharaman in New Delhi on Friday. Picture by Prem Singh

There will be two directors from the SBI on the new board of Yes Bank. The administrator will vacate the office within seven days of the notification and a new board will take charge. The finance minister said there would be a three year lock-in period for all the investors. However, the lock-in period for SBI would be only for 26 per cent shareholding. It would be 75 per cent in the case of other investors.

Tier-I capital query

Sitharaman declined to comment on a query regarding the write-off of AT1 (additional tier-1) bonds, saying the “matter is in court…would not like to comment”.

The RBI's proposed writedown of the additional tier-1 (AT-) bonds issued by Yes Bank would cause a loss of around Rs 10,800 crore to their holders

Meanwhile, the CBI has booked Yes Bank founder Rana Kapoor and his wife Bindu for allegedly obtaining a Rs 307-crore bribe through the purchase of a bungalow in Delhi from a realty firm at half the market price and facilitating around Rs 1,900 crore bank loans to it in return.

Maharashtra ignores advisory

Despite pleas from the Reserve Bank against it, the Maharashtra government on Friday issued a circular asking all its departments to shift their accounts to nationalised banks, according to PTI.

In the wake of reports of such moves being mulled by some states, the RBI had on Thursday written to state governments not to shift away from private sector lenders, flagging its concerns on financial stability. The fiasco at Yes Bank, a private sector lender, has led some state governments to think on these lines.

“All the government offices, public undertakings, corporations are advised to ensure that all their banking- related businesses should be undertaken with nationalised banks itself,” a government resolution from the state finance department said.

Bank trio, HDFC to buy shares

OUR SPECIAL CORRESPONDENT

Mumbai: Three top private sector banks and mortgage behemoth HDFC have agreed to invest more than Rs 3,000 crore in Yes Bank, a shot in the arm for the RBI's revival plan for the bank.

ICICI Bank will invest Rs 1,000 crore in the bank, Axis Bank Rs 600 crore, Kotak Mahindra Bank Rs 500 crore, while HDFC will invest another Rs 1,000 crore.

On Thursday, SBI said it would buy 725 crore shares for Rs 10 a share, aggregating Rs 7,250 crore.

ICICI Bank on Friday said it would invest Rs 1,000 crore as part of the RBI's reconstruction plan. The decision was taken at its board meeting on Thursday.

“The board... accorded approval for an equity investment of up to Rs 1,000 crore in equity shares of Yes Bank, comprising up to one billion equity shares at a price of Rs 10 per share, under the proposed Scheme of Reconstruction of Yes Bank Limited under the Banking Regulation Act, 1949, subject to regulatory and government approval,” the bank said.

RESCUE MISSION

Investments (in Rs crore)

SBI	7,250
ICICI Bank	1,000
HDFC	1,000
Axis Bank	600
Kotak Bank	500

The bank said the investment will result in it holding over a five per cent stake in Yes Bank.

Axis Bank said it would invest Rs 600 crore via the acquisition of 60 crore shares of Yes Bank.

The bank said as on December 31, 2019, its promoter Life Insurance Corporation held 8.06 per cent in Yes Bank.

Mortgage lender HDFC Ltd will invest Rs 1,000 crore. “The corporation is investing in 100 crore equity shares of Rs 2 each of Yes Bank for a consideration of Rs 10 per share (including Rs 8 premium) for an aggregate consideration of Rs 1,000 crore,” HDFC said in a regulatory filing.

The investment is likely to result in the corporation holding in excess of 5 per cent shareholding in the bank.

Kotak Bank chips in

Kotak Mahindra Bank said it will infuse an equity capital of Rs 500 crore. “The bank has issued a equity commitment letter to invest Rs 500 crore in Yes Bank for subscription of 50 crore equity shares of Yes Bank at a price of Rs 10 per equity share,” Kotak Mahindra Bank told the stock exchanges.

IN BRIEF

Co-op bank rule tweak

■ **MUMBAI:** The RBI on Friday revised the exposure limits for urban cooperative banks (UCBs) to a single borrower and a group of borrowers to 15 per cent and 25 per cent, respectively, of the tier-1 capital. The RBI had earlier permitted UCBs to have exposures up to 15 per cent and 40 per cent of their capital funds to a single borrower and a group of borrowers, respectively. PTI

NCLAT chairman

■ **NEW DELHI:** NCLAT chairperson Justice S.J. Mukhopadhaya, who handled several big-ticket insolvency cases during his tenure, retired on Friday. Bansi Lal Bhat will be heading the tribunal for three months till a new chairperson is appointed. PTI

Jet plea

■ **MUMBAI:** Jet Airways' resolution professional has filed an application in NCLT seeking a 90-days extension for the corporate insolvency resolution process of the carrier. PTI

BOTTOM LINERS

“Tariffs on Mexico will cause extreme hardship — *life without chips and salsa.”*

Bill on tax amnesty passed

OUR SPECIAL CORRESPONDENT

New Delhi: Parliament on Friday approved the Direct Tax Vivad Se Vishwas Bill that will provide an opportunity to taxpayers to settle disputes by paying their tax dues, with a complete waiver of interest and penalty till March 31.

The bill was passed by a voice vote and returned by the Rajya Sabha as it was a money bill. It was approved by the Lok Sabha on March 4.

Replying to a debate on the bill in the Upper House, finance minister Nirmala Sitharaman said the government was definitely taking all steps towards addressing the issue of reduction of litigation on a priority basis.

On whether the bill will provide amnesty to those who are covered under demonetisation-related cases, she said, “The taxpayer has to pay 75 per cent for settling disputes regarding cash deposits made during the period of demonetisation. So, it is not an amnesty for anybody.”

She said cases above Rs 5 crore have been excluded from the scheme so that people involved in big evasions and frauds do not take advantage of it.“We have limited it to the topmost extent of Rs 5 crore and not beyond. We do not want disputes which involve larger sums to take advantage of the scheme much before we can even establish what is behind those kind of disputes,” the finance minister said.

She said March 31 was the date given to pay the dues without any penalty, whereas between March 31 and June 30, the dues can be paid with an additional penalty of 10 per cent.

However, the last date of the scheme will be notified by the government, she added.

Refund boost for exporters

OUR SPECIAL CORRESPONDENT

New Delhi: The Union cabinet on Friday has approved a duty refund scheme for exporters that will replace the merchandise export incentive scheme(MEIS), which is not compliant with WTO rules.

Under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, the government will reimburse taxes and duties, which were not refunded previously.

Commerce minister Piyush Goyal said the government will reimburse taxes such as duty on power charges; VAT on fuel in transportation, farm sector, captive power generation; mandi tax; stamp duty on export documents; CGST and compensation cess on coal in power production; and central excise duty on fuel used in transportation.

The scheme, announced in the budget, will cost the government Rs 50,000 crore.

Sectors and products under RoDTEP scheme will be notified in a phased manner and the MEIS benefits for those sectors and items will be withdrawn, the minister said.It is proposed to digitally refund to exporters, duties and taxes levied at the Centre, state and local levels.

Goyal said duties not refunded in any other scheme will be refunded under this new scheme, which will be rolled out soon by the department of revenue.

These measures are compliant with the WTO (World Trade Organisation) norms. India is a member of WTO, which frames norms for global trade, since 1995.

The move assumes significance as a WTO dispute resolution panel has ruled that MEIS was not in compliance with the global trade norms.

CABINET MOVE

- Govt to reimburse taxes and duties, which were not refunded previously
- MEIS scheme to be phased out
- Incentives become compliant with WTO norms
- Scheme to cost Rs 50,000 crore

Under the WTO rules, certain duties like state taxes on power, oil, water, and education cess are allowed to be refunded. Further, the commerce minister said as India has graduated from the category of the least developed countries, it cannot give subsidies for exports.

Prop for urea

The government on Friday decided to provide an additional fixed cost of Rs 350 per tonne to 30 urea manufacturing units to boost domestic production and reduce imports.

The Centre fixes the maximum retail price (MRP) of urea. The difference between the cost of production and selling price is reimbursed to manufacturers. India's domestic production of urea is around 25 million tonnes.

Exports rise

Exports rose for the first time in seven months in February, growing 2.91 per cent to $27.65 billion (about Rs 1.97 lakh crore) on account of a growth in shipments in sectors such as petroleum, engineering and chemicals. Trade deficit marginally widened to $9.85 billion from $9.72 billion in February 2019.

Liquidity push by RBI

OUR SPECIAL CORRESPONDENT

Mumbai: The RBI on Friday said it would infuse an additional short-term liquidity of Rs 25,000 crore into the system to make up for any deficit of the Indian currency on account of the dollar sell-buy swap it announced on Thursday.

The apex bank conducted a Rs 25,000-crore variable rate repo auction with a 7-day tenor. However, it did not receive any investor interest in the auction.

Under the dollar sell/buy swap to banks, the RBI will sell dollars to the bank and buy them back six months later. The first round of auctions would be held on Monday, under which it will infuse $2 billion in the system.

As the sale of dollars will lead to the sucking out of rupee liquidity from the system, the RBI had announced the variable rate repo auction.

ALL IN A DAY

- Reserve Bank to infuse Rs 25,000cr in system
- Apex bank expects rupees to be sucked out of system because of its dollar sell/buy swap decision
- China central bank said it will cut reserve requirements for banks

The central bank further reiterated it was closely monitoring the current global situation and assured that it will take all steps to keep markets adequately liquid and stable.

The statement came on a day trading on the Indian stock exchanges hit a “circuit breaker” — the first time since 2008 — as soon as the markets opened on Friday. The markets are expecting a rate cut by the RBI. They are betting on the monetary policy committee of the bank to announce a rate cut prior to its scheduled meeting between March 31 and April 2.

China move

China's central bank said on Friday it would cut the reserve requirements for banks, releasing some 550 billion yuan ($79 billion) in liquidity as the country fights to control the fallout of the coronavirus.

The People's Bank of China said that it would cut the reserve requirement ratio on March 16 by 50 to 100 basis points for banks that meet its assessment criteria, reducing the amount of cash they must hold. There will be an additional 100 basis point reduction for eligible joint-stock commercial banks, to support the issuance of loans, said the Chinese central bank.

BOOSTER DOSE

Sun Pharma on BSE (in Rs)

Sun Pharma to consider buyback

OUR SPECIAL CORRESPONDENT

Mumbai: Shares of Sun Pharmaceutical Industries rallied over 8 per cent a day after the company informed that its board will be meeting next week to discuss a proposal for buyback of shares.

On the BSE, the Sun Pharma share closed at Rs 384.45, higher by Rs 29.60, or 8.34 per cent. During intra-day trade, the stock had hit a high of Rs 402.85, a gain of 13.52 per cent . Around 5.34 lakh shares were transacted on the exchange.

In an announcement after market hours on Thursday, Sun Pharma said its board will consider a proposal for buyback of shares on March 17.

Sun Pharma added that according to its code of conduct for prevention of insider trading, the trading window for dealing or trading in securities will remain closed with immediate effect for all directors, designated persons and insiders. It will reopen after the expiry of 48 hours following the conclusion of the meeting.

In a share buyback, a company buys its shares from the market which are subsequently extinguished. Buybacks generally improve a company's EPS and helps to return the surplus cash to shareholders, while also supporting the share price during sluggish

Coal stock adequate for summer

A STAFF REPORTER

Calcutta: Coal at thermal power plants have crossed the 22-day stock mandated by the Central Electricity Authority (CEA).

As on March 12, 2020, 135 plants monitored by the CEA had a stock of 39.48 million tonnes. The previous high was a stock of 26 days, around four years ago. The average daily consumption at that time was was 1.48 million tonnes, while it is 1.76mt at present.

The public sector miner had stepped up production after the monsoons. Offtake was earlier affected by rain and production disruptions.

According to Coal India officials, the high stock level comes just before summer when generation is expected to increase.

“With coal stocks comfortably placed, there should not be any shortage in the ensuing summer months,” said a Coal India official.

Thermal power generation between April 1, 2019, and March 9, 2020, was 986.54 billion units, 7.94 per cent less than the actual target.

The plant load factor, a measure of efficiency of thermal power plants, stood at 56.41 per cent at the end of February, less than the planned 59.42 per cent.

Even as thermal power output has fallen short of target, generation from nuclear and hydroelectric sources have compensated for the shortfall with overall generation falling only 5.22 per cent short of the target for 2019-20 as on March 9, 2020.

Coal India supplies to 125 power plants of the 134 monitored by the CEA.

Apple stores open in China

Beijing: The last of Apple's 42 stores in China reopened on Friday as the country slowly goes back to work following weeks of quarantine that forced the closure of businesses.

The firm announced on February 1 that it would shut all its stores, corporate offices and contact centres across the mainland as the epidemic rapidly spread.

More than 3,100 people have died and 81,000 infected in China but the number of cases has declined in recent weeks, suggesting strict quarantine measures have met some success in halting the virus.

Apple's stores have gradually been reopening over the past few days and a spokeswoman for the company said the remaining few would throw their doors open on Friday.

The company's website shows its stores now have “special operating hours”.

Many retailers and eateries in China have shortened their opening hours during the epidemic, many checking customer temperatures and restricting numbers in-store.

Last month, Apple said it would miss its second-quarter revenue forecast and global iPhone supplies would fall because of the epidemic. The firm had forecast a revenue of $63-67 billion for January-March but did not disclose how much it expected the revenue to fall. AFP

Steelmakers raise prices

OUR SPECIAL CORRESPONDENT

Calcutta: Indian steel producers have managed to hold on to the price hikes made at the beginning of the month despite a pushback by the buyers in the wake of the coronavirus pandemic.

Integrated producer Jindal Steel & Power Ltd (JSPL) said it had raised prices by Rs 500 a tonne, while JSW Steel hiked prices by Rs 500-800 a tonne, which are holding so far.

“The first 11 days of the month were outstanding for us. We sold more than we ever did during the period. I'm pretty sure this quarter will be a record. But we're not sure about April,” Hervinder Singh, president of JSPL, said.

An official of JSW Steel also confirmed the hike of Rs 500-800 taken earlier this month was holding firm, making it four straight months of rise. But he cautioned about the outlook in April.

Singh was speaking at the sidelines of a seminar organised by the Calcutta Chamber of Commerce on infrastructure and housing.

LIMITED IMPACT

- Steel companies have raised prices in March
- Demand has not been hit despite coronavirus
- Analysts feared coronavirus could impact demand
- Industry unsure of April trend

M.C. Agrawal, executive director (sales & ITD), Steel Authority of India Limited (SAIL), said the price increase in March was holding. “There is no let up in demand which is already recovering. Even though there is a fear factor because of coronavirus now, things will settle. At best, the pick-up may be delayed by a month or two,” he said.

Earlier this month, rating agency Icra came out with a report saying the rally in domestic prices could halt due to coronavirus. After touching a low of Rs 32,250 a tonne in the first week of November 2019, domestic hot-rolled coil (HRC) prices have been on the rise and are currently ruling at around Rs. 37,000 a tonne, implying an increase of 15 per cent in the last three months, the Icra note on March 5, said.

However, the virus scare has rapidly intensified, with the WHO declaring it a “pandemic”. Consequently, Icra moderated the consumption growth forecast for the year 2020-21. “We estimate the domestic steel consumption growth to remain between 4 per cent and 5 per cent in 2020-21 against our November 2019 forecast of 6.5 per cent,” Jayanta Roy, senior vice-president & group head, corporate sector ratings, Icra, said, in the note.

GST rate hike opposed

OUR SPECIAL CORRESPONDENT

Calcutta: Bengal finance minister Amit Mitra has cautioned against a purported move to raise taxes in footwear, textiles, fertiliser and mobile handsets in the meeting of the GST Council slated for Saturday.

In a letter to Union finance minister Nirmala Sitharaman, Mitra said such a hike would send a negative signal to consumers and may lead to job losses at a time the outbreak of the coronovirus was threatening to cripple consumer spending in India.

“Any upward revision of duties, even to purportedly correct the inverted duty structure, may send a very wrong signal to the businesses as well as the consumers,” Mitra wrote on Friday.

LEVY ALERT: Amit Mitra

Mitra will be skipping the meeting in Delhi on Saturday because of the budget session in the Assembly and health issues. He, however, solicited to participate in the proceedings through a video conference.

The industries representing the four items that Mitra mentioned in the letter have been seeking parity in GST rates between inputs and finished products.

In mobile phones, for instance, the GST on handsets is 12 per cent, while that on printed circuit boards is 18 per cent. There appears to be a move to bring handsets in the 18 per cent bracket instead of bringing down the rates on circuit boards.

In garments, finished goods attract GST of 5 per cent, while some of the raw materials are taxed at 12 per cent.

“The sectors under consideration are very basic to the common people, such as textiles and footwear, aside from fertiliser and mobiles. Textile and footwear are large-scale employers and any negative effect on their markets may lead to serious job losses,” Mitra wrote.