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"We will make sure the industry is not starved of necessary finances"
Commerce minister **Suresh Prabhu** on the gems and jewellery sector

IN BRIEF

Broadband user base at 463m

NEW DELHI: Amid explosive growth in data consumption, India's broadband subscriber numbers touched 463.6 million at the end of August 2018, up 0.74 per over the previous month, according to official data by the department of telecom (DoT). The number of broadband subscribers stood at 460.24 million in July this year. According to data released by the DoT on its website, the total number of telephones rose to 1,189.17 million, up 9.73 million over the previous month. PTI

PSU ETF

NEW DELHI: The BSE has said subscriptions for the fourth tranche of CPSE ETFs will commence from next week on its Internet-based book building system (iBBS) platform, an online mechanism for investment. The facility will be made available to trading members registered with mutual fund industry body Amfi. PTI

Wind energy

NEW DELHI: The European Investment Bank (EIB) on Friday said it will increase its support for India's wind energy projects by expanding the existing lending programmes with the SBI. PTI

Jet director

NEW DELHI: Jet Airways said on Thursday that retired diplomat Ranjan Mathai has resigned as an independent director on its board due to his other commitments. PTI

AI move opposed

MUMBAI: Travel industry bodies TAAI and TAFI have opposed Air India's move to shift exclusively to a single global distribution service (GDS) platform and have urged the AI management not to discontinue the inventory from existing providers. PTI

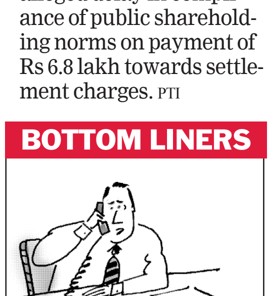
Havells target

NEW DELHI: Consumer durable maker Havells, a new entrant in the fast growing water purifier segment, is aiming to have around 10 per cent of the segment in next 3-4 years, said a company official. PTI

Polson settlement

NEW DELHI: Polson has settled a case with Sebi for alleged delay in compliance of public shareholding norms on payment of Rs 6.8 lakh towards settlement charges. PTI

BOTTOM LINERS



"I took out a home equity loan, also known as playing with *house money*."

Bet on rate status quo

OUR SPECIAL CORRESPONDENT

Mumbai: The Reserve Bank of India (RBI) is likely to keep the key policy rates unchanged at its forthcoming policy review meet next month amid easing global crude prices and robust agriculture production, a report has said.

According to a forecast by Dun & Bradstreet Economy, robust farm production and softening of vegetable and fruit prices will also help to control food inflation.

The report added that the government's new procurement policy would support the prices of agricultural produce going ahead.

D&B expects the CPI inflation to be in the range of 2.8-3 per cent and WPI inflation to be in the range of 4.8-5 per cent in November this year.

This observation comes at a time there have been calls from some quarters that the RBI should trim the cash reserve ratio (CRR) given the tight liquidity conditions in the system. Though the central bank has come out with open market operations (purchase of government bonds), a clamour for a reduction in CRR has not died down.

CRR is the portion of deposits that banks must maintain with the RBI and it stands at 4 per cent.

A 50-basis-point cut in this reserve ratio will improve banking sector liquidity by at least Rs 50,000 crore. Though retail inflation came in at 3.31 per cent in October, a few experts are not in favour of a CRR cut at this juncture as core inflation remains high. They feel the central bank will still be wary of how oil prices could behave.

The RBI will announce its fifth bi-monthly monetary policy on December 5. In its last meeting, the committee had changed its stance to calibrated tightening even as the policy repo rate was kept unchanged at 6.5 per cent.

According to Dun & Bradstreet India lead economist Arun Singh, the risks emanating from global oil prices have eased to an extent as oil prices are likely to fall or remain subdued in the near term.

"This has partially dispelled concerns over one of the primary factors affecting India's current account deficit, fiscal slippage and inflationary dynamics," he added.

Singh said the return of foreign investors in Indian markets, stability in rupee, strengthening of industrial production and benign inflation have provided much required support to expectations of economic growth revival.

"It would be interesting to know the decision taken by the RBI in its upcoming monetary policy review. RBI will maintain a status quo in the policy rate," he said.

Fund demand

The finance ministry will not curtail its capital infusion plan for this financial year even as state-owned banks would be needing fewer funds following the RBI's decision to defer the deadline to meet Basel III norms by a year, according to sources.

Under the new dispensation, the capital infusion would come down to around Rs 15,000-20,000 crore, sources said.

POLICY LOGIC

- Global crude prices are easing
- Robust farm production and lower vegetable and fruit prices will help to control food inflation
- Centre's procurement policy will support the prices of farm products

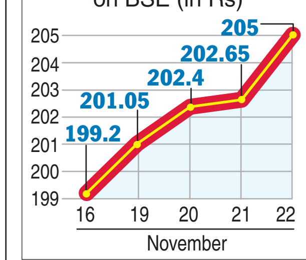
Oil India buyback

OUR SPECIAL CORRESPONDENT

Mumbai: Oil India Ltd has joined the list of PSU firms to come out with a share buyback programme. The oil & natural gas exploration company will purchase 5.04 crore of its shares for over Rs 1,085 crore.

The share buyback is being seen as part of the government's push to strong PSUs to share a portion of their surplus cash to help meet the Centre's revenue targets.

STOCK STATUS



Some of the other PSUs to announce similar programmes include NHPC, Bhel, Nalco, NLC, Cochin Shipyard and KIOCL.

It is expected that these offerings will fetch the Centre over Rs 3,000 crore as it tenders a part of its stake.

Economic affairs secretary Subhash Chandra Garg had recently said the government will meet its fiscal deficit target of 3.3 per cent set for the current year.

In a regulatory filing, Oil India said its board had approved THE buyback of shares at an aggregate of no more than 10 per cent of the fully paid-up equity share capital and free reserves of the company.

The board approved "the buyback by the company of its fully paid-up equity shares of Rs 10 each not exceeding 5.05 crore equity shares (representing about 4.45 per cent of the total number of equity shares in the paid-up share capital of the company) at a price of Rs 215 per equity share payable in cash for an aggregate consideration not exceeding Rs 1,085.72 crore", it said.

Oil India's buyback will be through the tender offer route. However, the government, which has an option to participate in the programme, has expressed an intention to do so. The Centre, which holds over 66 per cent of the company, will tender 5.04 crore shares. Oil India shares closed at Rs 218.78 on the BSE on Thursday. If the Centre's shares are accepted, it will get a little over Rs 1,100 crore.

In a share buyback, a company buys its shares from the market, which are subsequently extinguished.

Share buybacks generally improve a company's earnings per share (EPS) and help return surplus cash to shareholders, while also supporting the share price during periods of sluggish market conditions.

Oil India said the buyback will help it to optimise the capital structure and improve key financial ratios. It added that the buyback will not impair its ability to pursue growth opportunities or meet cash requirements for business operations. Coal India is also expected to launch a buyback some time early next year.

In September, the department of investment and public asset management (Dipam) had discussed share buyback plans with central public sector enterprises. The firms were reportedly asked to buy back the shares following the capital restructuring guidelines set by Dipam in May 2016.

Airtel lessens debt load

OUR SPECIAL CORRESPONDENT

Mumbai: Bharti Airtel has completed its tender offer to buy back bonds worth $1.5 billion. The telco's offer saw investors tendering bonds worth over $994 million.

"Valid tenders were received with respect to $99,48,85,000 principal amount of the notes when the offer ended on November 21," the company said in a filing to the stock exchanges.

Bharti Airtel International (Netherlands) BV had started cash purchase of $1.5 billion, 5.125 per cent Guaranteed Senior Notes due in 2023.

The tender offer by Airtel was part of its efforts to "proactively manage capital structure, reduce gross debt and leverage by acquiring the notes funded out of equity proceeds and also provide liquidity to noteholders at a premium to the market".

The pre-payment will be done through the proceeds that it had received from six global entities investing in its Africa unit.

Bharti Airtel International (Netherlands) parent Airtel Africa Ltd, a UK incorporated subsidiary of Bharti Airtel Ltd, had made a primary equity issuance of $1.25 billion to these investors which included Warburg Pincus, Temasek, Singtel, SoftBank Group and others.

During the second quarter ended September 30, Bharti Airtel had declared a net profit of Rs 119 crore which marked a fall of 65 per cent over the same period last year.

Mobile service revenues from India fell 16.3 per cent to Rs 10,252 crore compared with Rs 12,245 crore in the corresponding quarter last year because of continued contraction in the average revenue per user (ARPU).

Revenues from India mobile services contribute close to 68 per cent of its total revenues. For the company, the overall ARPU for the quarter stood at Rs 101 compared with Rs 142 in the year-ago period.

Deep distress

India's telecom sector is in deep distress, with Bharti reporting a sharp fall in profit, while Vodafone Idea reported almost Rs 5,000-crore loss in the second quarter.

A company document said Vodafone Idea was in the process of reducing the number of its distributors by 16,000 and branded stores by 2,000 by the end of this fiscal. The company plans to reduce the number of its distributors from around 43,000 to 27,000 by December.

Vodafone Idea has around 6,000 branded retail stores across the country, which it plans to cut to 4,000 by March 2019, the document said.

BURDEN REDUCED BY ALMOST $1BN

What did Airtel do?

- **Step 1:** Six global investors bought shares worth $1.25bn in Airtel Africa. Investors included big names such as Warburg Pincus, Temasek, Singtel, SoftBank Group
- **Step 2:** Bharti Airtel International (Netherlands) BV, a subsidiary of Airtel Africa, offers to buy back bonds worth $1.5 billion. It uses the proceeds from the equity sale to buy the bonds. So far, almost $1 billion have been tendered for buyback.
- Airtel, thus, reduces its debt with equity, which improves its financials

Export leeway for rice

R. SURYAMURTHY

New Delhi: The government has announced a five per cent subsidy on the export of non-basmati rice for the next four months as a steep hike in the minimum support price has made the commodity uncompetitive.

The incentive will be in force till March 25, 2019, the director general of trade policy said in an order.

"Non-basmati rice items have been made eligible for MEIS benefit at the rate of 5 per cent for exports," it said.

The products include husked (brown) rice, parboiled and broken rice.

The Merchandise Exports from India Scheme (MEIS) involves duty credit scrips, which are freely transferable and can be used for the payment of customs duty.

In April-September this year, India exported just 5.8 million tonnes (mt) of rice worth $3.8 billion, trade data showed.

Non-basmati shipments dropped 13 per cent in April-September to 37.23 lakh tonnes, while basmati rice exports fell 2.4 per cent to 20.82 lakh tonnes. However, because of better realisations, basmati exports were higher in value terms by 6 per cent at $2.25 billion, while the non-basmati variety was down 12 per cent.

Traders said the steep hike in minimum support price had affected their export competitiveness from countries such as Thailand, Vietnam and Myanmar.

"We had sought a 10 per cent relief from the government for the exports to be competitive. The government has provided 5 per cent, which would help in competing in the global market. With this incentive, we hope to at least meet last year's export level," B. V. Krishna Rao, president of All India Rice Exporters' Association, told **The Telegraph.**

The government in July this year increased the paddy MSP by 13 per cent to Rs 1,750 per quintal, the biggest hike in six years.

Limited export edge from US-China tiff

R. SURYAMURTHY

New Delhi: Indian exporters are unlikely to capture the space vacated by China in the US market as India mainly exports primary commodity, raw material and semi-finished goods, while Chinese exports comprise manufacturing products.

The trade war between the US and China had raised the possibility of Indian exporters tapping the vast potential market. However, a detailed analysis of the products exported by the two countries suggests India would not be making significant gain.

"While China's export basket is more advanced and consists of more finished manufacturing goods, India's consists more of raw materials and semi-finished goods. As the tariff war continues, therefore, it is unlikely that India will gain significantly in the international market at the expense of China," Abhijit Mukhopadhyay, senior fellow with the Observer Research Foundation, said in a study.

US president Donald Trump and Chinese leader Xi Jinping are expected to hold talks when they meet at the G20 summit next week in Argentina. Expectation of a solution to the trade war would be keenly watched by the global community.

The two countries have failed to reach any agreement to resolve their dispute that escalated after Trump slapped huge tariffs on Chinese goods, prompting tit-for-tat responses.

It is unlikely that India can fill up the vacuum, if any, created by this tariff war primarily because replacing Chinese products in the American market will require advanced high-tech production capabilities, particularly in manufacturing products, which India currently does not possess and cannot build overnight, the study said.

Besides, India's trade surplus of $21 billion with the US has often attracted the ire of US President Trump, who claims New Delhi follows discriminatory trade practices against American exports. Any move to substantially increase the shipment without reciprocal opening of the Indian market could attract trade measures from Washington.

Data showed that Chinese exports in "machinery and electrical equipment" are 41 times more than Indian exports. Exports in "capital goods" are 26 times the exports from India, and footwear around 20 per cent.

Bigger charge on Ghosn

Tokyo: Nissan's disgraced former chairman Carlos Ghosn under-reported his income by $71 million — much more than initially suspected — Japanese media reported on Friday.

Carlos Ghosn

The Brazil-born tycoon is now reportedly set to face a new charge from prosecutors after he was sacked as Nissan chairman on Thursday to top a spectacular fall from grace for the once-revered boss whose fall has stunned the business world.

Prosecutors arrested Ghosn on Monday, accusing him and fellow executive Greg Kelly of understating the former chairman's income by around five billion yen ($44 million) between June 2011 and June 2015. But Ghosn is now suspected of under-reporting his income by another three billion yen for the following three fiscal years, *The Asahi Shimbun* and the *Nikkei* business daily reported.

Fresh finds

Prosecutors now plan to re-arrest him on charges of understating his income by eight billion yen ($71 million) since June 2011, *The Asahi* said.

Under Japanese law, suspects in jail can face additional arrest warrants, which can impose heavier charges.

Ghosn is also suspected of failing to report a profit of four billion yen through stock appreciation rights — a method for firms to give management a bonus on strong earnings. It has further been reported that Nissan had paid $100,000 a year since 2002 to Ghosn's sister who had no record of doing advisory work for the group.

Deputy chief prosecutor Shin Kukimoto said the Ghosn case is "one of the most serious types of crime" and he could face 10-year prison. AFP

Birla scores in health cover

A STAFF REPORTER

Calcutta: Aditya Birla Health Insurance is on track to turn profitable even though the standalone health insurer is expecting higher competition in the segment in the coming years.

A 51:49 joint venture between the Aditya Birla group and South African financial services firm MMI Holdings, the insurance company is on the verge of completing two years of operations. However, the business is yet to break even and the company has injected capital to take its total capital base to Rs 615 crore from the initial Rs 250 crore.

"There has been some capital injection. The business, however, is yet to break even. The industry standard is 6-7 years and we are hopeful of becoming profitable earlier than that," said Mayank Bathwal, CEO of Aditya Birla Health Insurance.

The company anticipates the business to break even in around three years at an indicative gross written premium level of Rs 1,700-2,000 crore, Aditya Birla Capital had said in its quarterly earnings presentation.

The standalone insurer has seen its gross written premium grow from Rs 96 crore in the first six months of 2017-18 to Rs 177 crore in the corresponding six months of 2018-19. A large part of the growth is on account of an increase in the retail business. The insurer has also seen an increase in the share of business sourced through banking channels.

"Our focus on retail will continue. We are optimistic the growth in business is sustainable," said Bathwal.

Car sales lack festive fervour

OUR SPECIAL CORRESPONDENT

Calcutta: Domestic automobile retail sales in the festive season declined 11 per cent this year because of a dip in the offtake of passenger vehicles and two-wheelers.

The Federation of Automobile Dealers Associations (Fada) said with retail sales, calculated on the basis of total number of registrations, witnessing a decline specially in two-wheeler and passenger vehicles (PV) segments, a substantially high amount of inventory has become "a matter of great concern".

According to Fada, total registrations during the 42-day festive period, which fell between October 10 and November 20 this year, stood at 20,49,391 units.

Last year, the period was between September 21 and November 1, and the industry witnessed total registrations of 23,01,986 units, it said.

"This is the first time we released sales data of the festive month. We plan to do this every month and very soon we will be publishing region-wise data too," said Ashish Harsharaj Kale, president, Fada.

PV registrations in this year's festive period stood at 2,87,717 units against 3,33,456 units in the corresponding period last year, down 14 per cent.

Two-wheeler registrations also fell 13 per cent to 15,83,276 units against 18,11,703 units in the year-ago period.

"We have not seen such a dull festive season in the past few years, as many negative factors came into play during this season which weakened the consumer sentiment and postponed their purchase decision," Kale said.

High fuel prices and insurance costs along with liquidity issues faced by non-banking financial companies (NBFCs) had affected consumer sentiment.

"Overall, we have seen unusual degrowth (fall in sales) during the combined festive period, both in two-wheelers and PVs. Dealer inventory levels in both these segments have risen substantially as a result of this and is a matter of great concern," Fada said.

The inventory levels before the festivals began, were at around 60 days and 50 days for two-wheelers and passenger vehicles, respectively.

"The same merely came down to around 50 and 45 days post festivities and still remain higher than normal," it said.

SLOW DRIVE

Festive season registrations

- Total: 20,49,391 units against 23,01,986 in 2017
- Passenger vehicles: 2,87,717 units against 3,33,456 units a year ago
- Two-wheelers: 15,83,276 units against 18,11,703 units a year ago

Realty rebound hope

OUR BUREAU

Calcutta: Sales of residential units have gone up 40 per cent, while launches leapt 75 per cent in the first nine months of 2018, according to a report combining the trend of seven major cities in India by property consultancy JLL.

Calcutta stood out with launches growing 325 per cent in January-September even as the report was quick to point out that the low base effect because of the small size of the residential market in the city.

In terms of sales, the city only fared behind Hyderabad where growth was up 277 per cent compared with Calcutta's 230 per cent.

However, in both the cities the residential market is much smaller than Delhi, Mumbai and Bangalore.

"While the implementation of GST (goods & services tax) and RERA (Real Estate Regulatory Authority) led to some initial challenges for developers, most of the issues have been addressed and the industry as whole is aligned.

Going by the data for sales and launches in the January to September period, home buyers are no longer delaying or postponing their decisions on buying homes," Ramesh Nair, country head & chief executive officer of JLL India, said.

"With developers, consumers and other important stakeholders in the sector having accepted realities of doing business post GST and RERA, there is definitely an increase in confidence in the market amid positive signs of recovery. This along with stable pricing augurs well for the industry and demonstrates the return of buyers' confidence in the market, which has in turn prompted developers to launch projects," Nair added.

TREND WATCH

Year-on-year % rise

Cities	Launch	Sales
NCR	152	53
Mumbai	22	13
Bangalore	101	12
Chennai	289	77
Hyderabad	82	277
Calcutta	325	230