The Telegraph
BUSINESS
CALCUTTA TUESDAY 25 JUNE 2019
XXCE

"This is not like Aadhaar, not a software and print cards

TVS Motor chairman **Venu Srinivasan** on the transition to electric vehicles

STOCK CHECK

Sensex intra-day movement

Previous 39194.49

CURRENCIES

US $	Rs 69.35
UK Pound	Rs 88.46
Euro	Rs 79.03

INDICES

BSE		
Sensex	39122.96	-71.53
Midcap	14578.30	-46.29
Smallcap	14063.45	-20.79
NSE		
Nifty	11699.65	-24.45
Next 50	26960.25	+34.05
Nifty 500	9564.10	-17.50

Most active on NSE

Scrip	Price*	Traded value#
IBulHsgFin	617.70	1148.38
Yes Bank	111.40	889.16
Reliance	1261.85	651.10
SBI	353.10	631.50
Emami Ltd	270.05	612.54

*In Rs; #In Rs crore

COMMODITIES

Gold (10 gram in Rs)		
Pure	34660	+110
Hallmark	33380	+110
Silver (kg in Rs)		
Bar	38050	+100
Portion	38150	+100
Crude*	4015	-2.00
Copper#	412.85	-2.80

*per barrel in Rs; # per kg in Rs

MONEY MARKET

	Yield (%)
Call rate	4.40
91-day T-Bill	5.95
1-year Gilt	6.17
5-year Gilt	6.71
10-year Gilt	6.85

IN BRIEF

Call to Jet creditors

MUMBAI: The resolution professional for Jet Airways, which was admitted to the NCLT last week, has invited claims from all creditors to the grounded airline. The airline owes over Rs 8,500 crore to a consortium of 26 banks led by the SBI, and over Rs 13,000 crore to vendors and around 23,000 employees. PTI

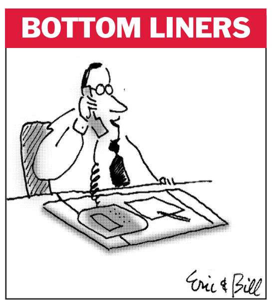
IndiaMART IPO

NEW DELHI: The initial public offer (IPO) of IndiaMART InterMESH, an online marketplace for business products and services, was subscribed 51 per cent on the first day of bidding on Monday. PTI

Spencer's Retail

NEW DELHI: Spencer's Retail has sought shareholders' approval to raise Rs 350 crore by using movable or immovable properties of the firm as collateral, in the annual general meeting scheduled on July 19, 2019. PTI

BOTTOM LINERS



"We accept two forms of ID — an expired licence or a bum credit card."

Voluntary Aadhaar bill in House

OUR SPECIAL CORRESPONDENT

New Delhi: A bill to allow the voluntary use of Aadhaar as an identity proof to open bank accounts and procure mobile phone connections was introduced in the Lok Sabha on Monday amid opposition.

The bill will amend the Aadhaar Act 2016 and replace an ordinance issued in March. It also proposes stiff penalties for the violation of norms.

Critics said given limited alternatives, the Aadhaar was likely to become the defacto identifier at banks and mobile outlets, with serious implications for data privacy and security.

Opposing the bill, RSP MP N.K. Premchandaran said the was a "grave violation" of the Supreme Court's judgment on Aadhaar. He claimed private entities can get hold of Aadhaar data and violate the right to privacy.

In his reply to Premchandran, IT minister Ravi Shankar Prasad said Aadhaar was a valid law, in national interest and did not violate privacy. "Aadhaar is in the national interest and it does not infringe privacy

"I want to convince that there is no compulsory compliance. SIM cards can be taken with or without Aadhaar," Prasad told the Lok Sabha members.

He said so far more than 60 crore people have taken SIM cards through Aadhaar.

FEW ALTERNATIVES TO ID

- Bill on voluntary use of Aadhaar tabled in Lok Sabha
- Bill proposes voluntary use of Aadhaar number as identity proof and for authentication at banks and mobile outlets
- Penalty of Rs 1 crore for violating Aadhaar act provisions

- Unauthorised use of ID would be punishable by three-year imprisonment
- Unauthorised access to Central Identities Data Repository & data tampering punishable by 10-year jail against three-year now
- Permission to create alternative virtual identity number

The bill proposes to allow the voluntary use of the Aadhaar number for authentication and for identity proof in the opening of bank accounts and in the procuring of mobile connections.

The bill proposes penalty of up to Rs 1 crore on entities that violate the provisions of the Aadhaar Act, with an additional fine of up to Rs 10 lakh per day in case of continuous non-compliance.

Similarly, the unauthorised use of identity information by a requesting entity or an offline verification-seeking entity would be punishable with imprisonment of up to three years.

Besides, there will be a fine that may extend to Rs 1 lakh for companies..

The punishment for unauthorised access to the Central Identities Data Repository as well as data tampering is proposed to be extended to 10 years each from the current three years.

Exit option at 18

The bill also seeks to give a child an option to exit from the biometric ID programme on attaining 18 years of age.

The bill paves the way for the use of alternative virtual identity number to conceal the actual Aadhaar number.

The bill also proposes the deletion of Section 57 of the Aadhaar Act, relating to the use of a biometric identifier by private entities.

No denial of service

The amendment will prevent the denial of services by any entity for refusing to, or being unable to, undergo authentication.

The proposed amendments provide for the establishment of Unique Identification Authority of India Fund and confers enhanced regulator-like power on the UIDAI.

TCS hikes stake in Japan unit

OUR SPECIAL CORRESPONDENT

Mumbai: Tata Consultancy Services on Monday said it was increasing its holding in TCS Japan Ltd to 66 per cent at an investment of 3.5 billion yen ($32.6 million, or Rs 226.2 crore). TCS Japan is a joint venture with Mitsubishi Corporation.

"The company, through TCS Apac, is acquiring a 15 per cent stake from Mitsubishi Corporation in TCS Japan for 3.5 billion Japanese yen (about $ 32.6 million) and consequently, the holding of TCS Apac in TCS Japan will go up from 51 per cent to 66 per cent," TCS said in regulatory filing to the stock exchanges.

The country's largest IT services firm added that the current operations and management will remain unchanged by the stake purchase. The joint venture was set up in July 2014.

"Our joint venture has been a gamechanger in the Japanese market, bringing scale and impact as companies look for technology partners that can help them to ride the waves of digitisation and heightened global competition," said Amur S. Lakshminarayanan, president and CEO, representative director, TCS Japan.

The Tata group firm said TCS Japan has achieved double-digit revenue growth in constant currency terms in each of the last two years, making it one of the fastest growing IT services firms in Japan.

To augment the local workforce and gain scale, a Japan-centric delivery centre with enhanced language support and localisation of global business practices was set up in 2015 within TCS Sahyadri Park in Pune, India.

Shares of TCS on Monday ended in the green on the stock exchanges. On the BSE, the scrip settled 1.11 per cent, or Rs 25.05, higher at Rs 2,275.

Panel fails to fix black money sum

OUR SPECIAL CORRESPONDENT

New Delhi: A report on black money tabled in the Lok Sabha on Monday said there were no reliable estimates of slush money generation or accumulation by Indians even as three different studies put the cash stashed abroad by Indians at $216-$490 billion.

The studies conducted by three institutes — NIPFP, NCAER and NIFM — have found that the sectors where unaccounted income was found to be the highest included real estate, mining, pharmaceuticals, pan masala, gutkha, tobacco, bullion, commodity, film, and education.

There are no reliable estimates of black money generation or accumulation, neither is there an accurate well-accepted methodology for making such an estimation, according to a report by the parliamentary standing committee on finance, titled "Status of Unaccounted Income/Wealth Both Inside and Outside the Country — A Critical Analysis".

THREE FIGURES

Illicit cash stashed abroad

- **NCAER:** $384-$490 billion from 1980 to 2010
- **NIFM:** $216.48 billion during 1990-2008
- **NIPFP:** 0.2% to 7.4% of GDP during 1997-2009

"All estimates depend on the assumptions made and the sophistication of adjustments incorporated. Among the estimates made so far, there is no uniformity, or consensus about the best methodology or approach to be used for this purpose," the committee, headed by Congress leader M. Veerappa Moily, said.

According to the report, the National Council of Applied Economic Research (NCAER) has said unaccounted wealth accumulated outside India was estimated between $384 billion and $490 billion during the 1980-2010 period.

The National Institute of Financial Management (NIFM) said results of estimation suggest that total illicit outflow at the current value (including opportunity cost) from India in the reform period (1990-2008) stands at Rs 9,41,837 crore ($216.48 billion). Illicit outflows from the country are estimated on an average at 10 per cent of the estimated black economy.

The National Institute of Public Policy and Finance (NIPFP) said during 1997-2009, illicit financial outflows have been in the range of 0.2 per cent to 7.4 per cent of the gross domestic product (GDP) of the country.

In March 2011, the finance ministry had asked the NIPFP, NCAER and NIFM to conduct studies to assess and survey unaccounted income and wealth both inside and outside the country.

Piramal drill to exit Shriram Cap

OUR SPECIAL CORRESPONDENT

Mumbai: Piramal Enterprises on Monday said it was planning to sell its entire holding of around 20 per cent in Shriram Capital Ltd to fund its financial services business.

Earlier this month, the company had sold its entire holding of 10 per cent in Shriram Transport Finance Co Ltd for Rs 2,300 crore.

"As part of the long-term strategy to fund growth of the financial services business, the company is evaluating the feasibility of sale of the entire (effective 20 per cent) stake held in Shriram Capital Ltd," Piramal Enterprises said in a regulatory filing.

The proposed transaction will be subject to the receipt of necessary approvals, including that of the board of directors, it added.

Piramal Enterprises, however, did not disclose the details such as the valuation of its stake in Shriram Capital, a potential buyer and a timeline to close the deal.

Jalan report put off for fourth time

OUR SPECIAL CORRESPONDENT

Mumbai: The Bimal Jalan committee, which is looking into the size of capital reserves that the RBI should hold, has deferred its report for the fourth time. The report, which was expected in April, is now expected after the budget on July 5.

An official said that Monday's meeting was not attended by finance secretary Subhash Chandra Garg and that there would be one more meeting before finalising the report.

"The panel will meet in July and will submit the report post budget," the official said.

A Reuters report quoting sources said a senior government official had opposed and delayed the proposals from the panel that said the central bank should keep most of its so-called "excess reserves" rather than hand them to the central government.

The sources said the move was made by Garg but it was not immediately clear if this could block the proposals or lead to changes in them.

Garg and the finance ministry did not reply immediately reply to emails from Reuters seeking comment.

The panel was set up in December following heated discussions over revamping the framework that guides the amount of profits the RBI shares with the government through a dividend. The argument was one of the key reasons for governor Urjit Patel's resignation late last year.

Deputy governor Viral Acharya, whose resignation was only disclosed on Monday, had also defended the RBI's excess reserves and warned against any transfers to the government.

The RBI has over Rs 9.6-lakh-crore of surplus capital. The finance ministry feels the buffer of 28 per cent of gross assets maintained by the central bank was well above the global norm of 14 per cent.

SURPLUS STATS

- Report deferred for fourth time
- Originally expected in April; now likely after budget in July

- Lack of consensus among members on how much of its surplus the RBI should transfer to the government

The government is keen to find a way to get the excess reserves as it needs funds to stimulate a weakening economy hit by sagging consumption, at a time tax collections have fallen short of target.

The uncertainty around the panel's recommendation will make finance minister Nirmala Sitharaman's task to fund the fiscal deficit harder in the budget. She will need to account for the RBI's dividend expectations for the year without knowing the final figure.

The sources said Garg has not given his backing to the conclusions of the other members as he thinks the figure they are talking of transferring to the government is too small.

"One person has been dissenting. Garg wants higher money to be transferred and has the right to have that view ... we all agree that the RBI has excess funds but we can't take the entire fund and transfer it," one source said.

The panel has tried to balance economic growth needs and the unforeseen risks that the RBI might face. The sources also said that the panel has created a space for a dissent note in the report, though Garg has not agreed.

Trusts in SEZs

OUR SPECIAL CORRESPONDENT

New Delhi: The government on Monday introduced a bill to allow trusts to set up units in special economic zones (SEZs). The bill, introduced in the Lok Sabha by commerce minister Piyush Goyal on Monday, will replace an ordinance which was promulgated in March.

The cabinet had recently approved the introduction of the Special Economic Zones (Amendment) Bill, 2019. The ordinance had paved the way for trusts to set up units in SEZs.

After the amendment of sub-section (v) of section 2 of the Special Economic Zones Act, 2005, a trust or any entity notified by the government will be eligible to set up a unit in SEZs.

The amendment also seeks to provide flexibility to the central government to include "trusts" in the definition of a "person", to facilitate investments in these zones. To set up a unit in these zones, which are treated as foreign entities in terms of customs rules, an applicant would have to approach the Board of Approval, which is headed by the commerce secretary.

The present provisions of the Act do not permit "trusts" to set up units in SEZs. "Person" defined in the Act, who is allowed to seek permission for setting up units, does not include "trusts".

The definition of "person" includes an individual, a Hindu undivided family, cooperative society, a company, a firm, proprietary concern, or an association of individuals, local authority and any agency, office or branch owned by an individual.

Fresh bid to sell Pawan Hans

R. SURYAMURTHY

New Delhi: The government plans to make a fresh attempt to sell a 100 per cent stake in Pawan Hans by providing indemnity to the buyers against contingent liability of about Rs 680 crore in the helicopter service company.

The government is keen to make the bid more attractive after investors shared their concerns. The sale bid failed to attract any suitor in March.

"The fresh preliminary information memorandum would be issued after discussions with investors before the end of next month," official sources said.

Pawan Hans is a joint venture in which the government holds a 51 per cent stake, while state-owned ONGC owns 49 per cent. Pawan Hans has a fleet of 46 choppers.

NEW STRATEGY

- Sell 100 per cent stake in Pawan Hans — the government's 51 per cent and ONGC's 49 per cent
- Offer indemnity to the buyers against contingent liability of about Rs 680 crore in Pawan Hans to make the bid attractive

The government had first floated an offer to sell its 51 per cent stake in October 2017. The bid was withdrawn in April last year because of a lukewarm response from buyers.

"Potential investors have suggested that ONGC's stake too should be sold along with the government's stake as they feared that the ONGC holding could mean government interference in some way," the official said.

Trent cash course

OUR SPECIAL CORRESPONDENT

Mumbai: Tata group firm Trent plans to issue a little over 2.46 crore preference shares to Tata Sons.

On June 18, the board of Trent had decided to raise up to Rs 1,550 crore in the current year to fund its expansion plans.

In a postal ballot notice sent to shareholders, the company said it would issue up to 2,46,50,000 shares to the holding company of the Tata group. After the preferential allotment, Tata Sons' holding in Trent will increase to 32.73 per cent from 27.74 per cent, while the overall promoters' holding will rise to 37.27 per cent from 32.61 per cent.

The money will be used to expand the supply chain and warehouse capacity and upgrade the digital infrastructure.

Emami eyes stake sales in units to cut debt

SAMBIT SAHA

Calcutta: Emami Group has put all its myriad ventures on the block to stave off any further stake sale in its flagship listed company as it vows to pare promoter-level debt to zero.

The group, founded by childhood friends Radhe Shyam Agarwal and Radhe Shyam Goenka, is ready to offload stakes in cement, hospital, real estate, retail and paper — sparing only the edible oil and FMCG businesses.

The promoters have set a timeline of 6-8 months to bring down their debt, estimated at Rs 2,200 crore, which was raised by pledging their shares in listed Emami Ltd, the mainstay of the group and the flagship.

Owners have set the enterprise value of loss-making hospitals at around Rs 1,400 crore, land parcels at Rs 4,500 crore and the cement business at Rs 6,000 crore.

"We are ready to sell any business if there is a good offer. It could be a strategic part sale or outright exit. The idea is to get rid of promoter debt," Mohan Goenka, director of Emami Group, said.

His comments to this newspaper came hours after the promoters sold 10 per cent stake of their combined holdings in Emami Ltd on the bourses, raising Rs 1,230 crore.

SBI Mutual Fund was the largest buyer of the shares, at Rs 270 apiece.

Promoters now hold a 52.73 per cent stake in Emami Ltd, a level they intend to maintain. In February, it had offloaded the same quantity of shares for Rs 1,600 crore.

NO MORE SALE IN FLAGSHIP

- Emami promoters ready to sell stakes in cement, hospital, realty, retail and paper businesses
- No dilution in edible oil
- Plan to cut promoter-level debt to zero from Rs 2,200cr in 6-8 months
- Further stake sale in flagship Emami Ltd ruled out
- Promoters raised Rs 1,230cr by selling 10% in Emami on Monday

R.S. Agarwal and R.S. Goenka

Goenka rued that the owners had to sell Emami shares at such rockbottom price and vowed not to sell anymore.

Myriad ventures

Emami Group runs a hospital chain in eastern India under the AMRI brand, with a combined bed strength of 1,200. It runs pharmacy chain under Frank Ross and a stationery and books business under the Starmark brand.

Moreover, it is a big player in real estate, mainly housed under listed entity Emami Realty Ltd and unlisted associate firm Orbit. The owners have several land parcels across the country too, besides stakes in joint ventures such as Urbana and South City in Calcutta.

It has also forayed into cement, having built a capacity of 5.6 million tonnes, mostly in the east, and going up to 9.3 million tonnes. It recently received approval to make an initial public offering.

Emami is also a large player in paper, producing newsprint, paperboard and cardboard. This is also a listed entity, where promoters hold a 74.97 per cent stake. The group has a significant presence in edible oil but Goenka clarified that the promoters would not sell any stake in this "branded business".

Goenka said the owners were evaluating proposals on all fronts, except edible oil. "We had taken debt from NBFCs and mutual funds and invested in other businesses. But these are illiquid and can't be monetised when needed fast. Hence, we had to sell Emami shares," Goenka explained.

The Emami scrip has sunk to a five-year low, hit by the slowdown in consumption. The market has punished stocks with high leverage of the promoters. On Monday, the stock ended at Rs 270.05 on the NSE, down 6.65 per cent. The owners are under pressure to pay back their dues to NBFCs and MFs as the value of the collateral against loan has eroded with the fall in stock prices.

Filing with the exchanges showed 54.75 per cent of the promoter holding is still encumbered. The figure will come down after this round of stake sale. Promoter debt was earlier as high as Rs 4,000 crore.

Gold duty cut on wish list

A STAFF REPORTER

Calcutta: The All India Gem and Jewellery Domestic Council has sought a reduction in customs duty in the Union budget.

The council has also called for a tweak in the gold monetisation scheme to effectively use the country's domestic reserves to meet its annual requirement and the lower dependence on imports.

"We have recommended a reduction in customs duty. As of now, it is 10 per cent. We have proposed to the government to lower it down to 4 per cent. It was 2 per cent in 2013-14. But after that, within a span of six months, the government had increased it to 10 per cent," said Shaankar Sen, vice-chairman of the council.

"Now the balance of payment situation is stable. Once it is done, the menace of smuggling would be reduced," Sen said on the sidelines of announcing the council's flagship event — Manthan Gems and Jewellery Conclave — scheduled next month in Mumbai.

According to World Gold Council estimates, around 150 tonnes of gold was smuggled annually into the country. The government, however, will evaluate the revenue loss from the lowering of customs duty before implementing such a move.