IN BRIEF

Waiting period may ease for Maruti cars

NEW DELHI

Maruti Suzuki expects easing of waiting period pressure on its popular models as it is slated to get 2.5 lakh units in 2018-19 from Suzuki's Gujarat plant, an official said. In the current fiscal, the firm will get 1.5 lakh units from the plant, from where the popular hatchback Baleno is rolled out. "Currently it [the plant] is on full swing in A and B shifts and in 2018-19 it will give us full production across the year," the official said. PTI

P-Notes investment hits six-month high in Dec.

NEW DELHI

Investments in domestic capital markets through participatory notes surged to a six-month high of over ₹1.5 lakh crore at December-end despite stringent norms put in place by regulator SEBI. According to SEBI data, the total value of P-note investments — equity, debt, and derivatives — increased to ₹1,52,243 crore at the end of December from ₹1,28,639 crore at the end of November. PTI

Essar Power to surrender Tokisud mine

MUMBAI

Faced with delays in key approvals and sudden change in tariff terms, Essar Power has decided to surrender the Tokisud North coal block in Jharkhand in which it had invested ₹490 crore. The move will cripple the firm's 1,200-mw Mahan plant in M.P. The firm said it had made significant progress in developing the coal block, which has extractable reserves of 52 million tonne. PTI

Govt. may alter insolvency law

'Panel looking into claims that IBC was skewed in favour of financial creditors'

PRESS TRUST OF INDIA
NEW DELHI

The insolvency law might be amended depending on recommendations of the panel reviewing issues related to the legislation, including those pertaining to homebuyers, a senior government official said.

While everything is time-bound under the Insolvency and Bankruptcy Code (IBC), Corporate Affairs Secretary Injeti Srinivas said the issue is how the interests of stakeholders are to be balanced.

A 14-member panel, also chaired by Mr. Srinivas, is working to identify and suggest ways to address issues faced in the implementation of the IBC, which came into force in December 2016.

Injeti Srinivas

"There is a feeling that this law is skewed a little too much in favour of financial creditors. It is not adequately addressing the requirements or expectations of other stakeholders. It is a serious area we have to look at. The committee is looking at all the issues," he said.

Competition, regulatory clearances, tax liabilities and other aspects would also be looked at, he said. "It was felt that there was enough reason to have a comprehensive stock taking even though it is a one-year old law... Based on recommendations of the Insolvency Law Committee, in the future there may be changes in the IBC," Mr. Srinivas said.

A large number of cases have been filed under the IBC, which provides for a market-determined and time-bound insolvency resolution process. "There are also apprehensions on whether this system [insolvency law] can be abused. Can somebody trigger this system for some sort of wrongful intent?" the secretary said.

Valuation debate

Among others, issues such as whether the insolvency process should be governed by liquidation value or enterprise value would also be looked into. "What are the rights of homebuyers? What is the capacity of insolvency professionals? These are among the issues that has to be seen," he said.

In recent months, there have been concerns about incomplete realty projects and consequent hardships faced by home buyers. Some real estate firms are also facing insolvency proceedings.

There have also been suggestions from certain quarters about having provisions that would help provide relief to home buyers.

Responding to a query about home buyers' rights in the context of the insolvency law, Srinivas said, "whatever you do, it has to be calibrated in a way that public interest is not affected. You maximise benefits and minimise losses".

Textiles sector seeks a leg-up from government

'Stagnant exports, technology upgradation need attention'

M. SOUNDARIYA PREETHA
COIMBATORE

A couple of major issues have impacted the country's textile and clothing sector in the past year. Expectedly, the industry's aspirations for the Union Budget are related to the revival of exports and the GST.

According to data available with the industry and the export promotion councils, readymade garment exports grew less than 1% between April and November 2016 in dollar terms and dropped 3.03 % in rupee terms.

Fabric exports were to the tune of $230.37 million in April 2017 and slumped to $113 million in October. Yarn exports fared better in value terms at $267.33 million in April and $354.05 million in October last year.

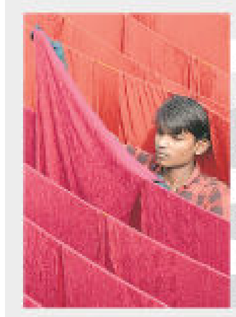
However, in terms of volume, yarn exports stayed almost flat. Apparel exports dropped 8% in December alone compared with a year earlier.

"Between 2009 and 2015, the domestic market grew 10% every year for the Indian textile and clothing sector, and exports rose almost 8% year-on-year," said P. Nataraj, chairman of Southern India Mills' Association. "For the last three years, exports have almost stagnated. Countries such as Vietnam have overtaken India in yarn exports to China."

When the global economic slowdown hit the industry seven years ago, the Centre had come out with a time-bound stimulus package. The two major policy decisions of the government in the recent past, demonetisation and GST, have impacted the industry more than the economic slowdown, he said. "What the industry needs now is a stimulus package." The Confederation of Indian Textile Industry (CITI) pointed out that in a study of 600 SME units, the number of units under the SME 2 category rose from 54 to 191 between March and September and the number of units that were categorised as non-performing accounts by lenders went up from 18 to 32 in the period.

For a change of colour

Support received so far does not seem to be enough for the industry which has faced several challenges over the past seven years, starting with the global slowdown.
Exports have almost stagnated over the last three years. Even Vietnam has overtaken India in export of yarn to China. The industry is now seeking a stimulus package, with special focus on the powerloom sector, export promotion and technology improvement.



FY18

Revenue allocation: ₹6,190.98 crore

Utilisation till December 2017: 70%

Major areas of budgetary support:
A-TUFS: ₹2,013 crore

Rebate on State levies: ₹1,555 crore

Silk: ₹565 crore

Handloom: ₹569 crore

Powerloom: ₹136 crore

BUDGET WATCH

A stimulus package will give relief to the units,said Sanjay K. Jain, chairman, CITI. Rebate of State levies (ROSL) is critical for revival of exports. Towards this, the government should sanction adequate funds for ROSL and extend it to garments and made-ups instead of just garments and made-ups, said Mr. Jain.

According to data available with the ministry, the allocation for ROSL for 2017-2018 was ₹1,555 crore and it has been exhausted. However, according to the industry, garment exporters got ROSL only for April and May and made-up exporters received rebates till July this financial year. India exports garments and made-ups worth $23 billion annually. The average tax rate after GST for garments and made-ups is 1.8%; it was 3.7% before GST.

'Allocations must rise'

The industry estimates it needs about ₹2,100 crore to clear pending ROSL reimbursements and another ₹2,500 crore for the next fiscal. So, allocations need to go up substantially, sources said. The Centre should announce the drawback rates, restore the pre-GST level of incentives for exports and increase the import duty, said representatives of industry associations.

The Apparel Export Promotion Council has said that under schemes such as Advance Authorisation and EPCG, applicants should get early approvals. This will lead to higher investments.

Officials in the ministry said thrust areas now were to be powerlooms, technology and export promotion.

Ministry urges single GST rate on multimodal transportation

'Move will help lighten compliance burden for automakers'

PRESS TRUST OF INDIA
NEW DELHI

The Commerce Ministry has pitched for a single Goods and Services Tax (GST) rate for multimodal transportation of vehicles to improve logistic services and reduce the compliance burden on automobile manufacturers, an official said.

Multimodal transportation includes a combination of more than one mode of movement, such as rail, road or sea, for end-to-end delivery of goods.

Automobile industry body Society of Indian Automobile Manufactures (SIAM) had approached the logistics department of the Ministry raising issues faced by companies due to lack of a clearly defined multimodal GST structure.

• GETTYIMAGES/ISTOCK

Currently, manufacturers and their logistics service providers have to deal with the issue of variable GST rates, applicable on various sectors of the entire multimodal transportation process, according to SIAM.

They had stated that currently there was no clearly defined multimodal GST structure where vehicle makers could hand over finished goods through a single document to a third-party logistics service provider.

Complexity, inefficiency

The government official said that the current structure was leading to complexity in the entire taxation system, often leading to inefficiencies. SIAM had also pointed out that in the multimodal movement of goods, the present GST law was subjective and was left to the interpretation of consultants to provide a better understanding of applicable tax rates.

RIL's KG-D6 gas fields' Q3 output falls

PRESS TRUST OF INDIA
NEW DELHI

Reliance Industries' eastern offshore KG-D6 gas fields have seen production plummet to the lowest level of 4.9 mmscmd in the third quarter of the ongoing fiscal.

Natural gas production from Dhirubhai-1 and 3 (D1&D3) gas fields as well as the MA field totalled 4.9 million standard cubic meters per day (mmscmd), the company said in an investor presentation.

The output came from seven wells on D1&D3 fields and three wells on the MA oil and gas field, the company said, attributing the fall to a natural decline and ingress of water and sand in the wells.

Coincheck to refund $400 mn to clients

PRESS TRUST OF INDIA
TOKYO

Japan-based virtual currency exchange Coincheck said it would refund about $400 million to customers after hackers stole hundreds of millions of dollars' worth of digital assets.

The firm said it would use its own funds to reimburse about 46.3 billion yen to all 2,60,000 customers who lost their holdings of NEM, the 10th biggest cryptocurrency by market capitalisation.

On Friday, the firm detected an "unauthorised access" of the exchange, and later suspended trading for all cryptocurrencies apart from bitcoin. The resulting 58 billion yen ($530 million) loss exceeded the value of bitcoins which disappeared from MtGox in 2014.

PCA: Ministry to appraise bank heads

'12 lenders must prove mettle on NPAs'

PRESS TRUST OF INDIA
NEW DELHI

The Finance Ministry would soon initiate a performance review of heads of public sector banks that are under the RBI's Prompt Corrective Action (PCA) as part of the reform process, official sources said.

So far, the Reserve Bank has put 12 public sector banks under watch in view of poor performance on parameters such as high levels of non-performing assets (NPAs), low capital level and low return on assets.

These parameters indicate the financial health of banks and a need to initiate remedial measures to put them on the right course.

The government has committed adequate funds, they said, adding that now these banks have to prove their mettle on the NPA front.

• AP

If these lenders "perform extraordinarily", they will be rewarded, sources added. The list includes IDBI Bank, Central Bank of India, Indian Overseas Bank, Dena Bank, Allahabad Bank and Bank of India. In the Reforms Agenda for Responsive & Responsible PSBs, the government had committed ₹52,311 crore for the 12 banks under PCA.

JSW may raise bid for Bhushan

PRESS TRUST OF INDIA
NEW DELHI

In a bid to give tough competition to rivals, JSW Steel is expected to double its bid value for debt-laden Bhushan Steel, a source privy to the development said.

The last date to submit the bids now is February 3, 2018. On January 24, the insolvency resolution professional of Bhushan Steel had extended the deadline from January 25.

"The liquidation value has set been set at ₹15,000 crore; below that the bid will not be accepted. Looking at the competition, JSW Steel is expected to double its bid amount. It can be between ₹25,000 crore and ₹30,000 crore," the source said.

ArcelorMittal and Tata Steel are also in the race.

'Trans-pacific pact could hurt India'

If India joins FTA, norms may hit agriculture and manufacturing, says book

SPECIAL CORRESPONDENT
NEW DELHI

If India were to join the mega-regional Free Trade Agreement (FTA) called the Trans-Pacific Partnership (TPP) and adopt its norms, they would severely hurt the country's agriculture, manufacturing, services and the generic pharma industry, according to a new book.

Titled "Trans-Pacific Partnership Agreement: A framework for future trade rules?" the book – co-edited by Abhijit Das, Professor and Head, Centre for WTO Studies (CWS), Indian Institute of Foreign Trade (IIFT) and Shailja Singh, Legal Consultant, CWS – has done an analysis of almost the 5,544 pages of the TPP text. Released on January 27, the book comes in the backdrop of U.S. President Donald Trump's statement at the

Dim prospects: Indian farmers may be affected by subsidised exports from member nations. • GETTY IMAGES/ISTOCK

World Economic Forum that he was open to the pact provided it offered substantially better benefits for his country.

It was under his orders that the U.S. had withdrawn from the TPP early last year. The other 11 countries (Japan, Australia, Canada, New Zealand, Singapore, Malaysia, Brunei, Mexico, Peru, Chile and Vietnam) that were part of the agreement are now expected to ink an amended version in March.

Stiff competition

According to the book, if India were to conform to the TPP template of rules on market access in goods, it would pose severe challenges to India's manufacturing sector. The domestic industry may not be able to face import competition in a duty-free regime, it added.

On the agriculture front, the farmers will be continuously exposed to the risk of being knocked out of the market by cheap and subsidised exports, particularly from the U.S., Australia and New Zealand. The TPP template may pose severe challenges to the government in regulating services in the future, the book claimed.

Ms. Singh said the TPP also "would severely restrict the entry into the market, or the reimbursement for use, of generic medicine. If India were to adopt [TPP] rules, it would require significant changes in the domestic regulatory regime..." She added India's export prospects in government procurement markets may continue to below, if it entered the pact.