BPCL strategic sale

The challenge is to ensure it's not a distress sale

RICHA MISHRA

inance Minister Nirmala Sitharaman has undertaken a tough task when she said that the government would like to see the strategic disinvestment of public sec-**Bharat** Petroleum Corporation Ltd (BPCL) to be concluded this fiscal.

Just about four months to finish the entire process, which has to happen in two parts: Strategic disinvestment of the government's shareholding of 53.29 per cent in BPCL – except BPCL's equity shareholding of 61.65 per cent in Numaligarh Refinery Ltd (NRL) and management control thereof; and BPCL's shareholding of 61.65 per cent in NRL along with transfer of management control to a central public sector enterprise operating in the oil and gas sector.

The change of guard at NRL may not be tough. Also doable, if the government puts its might behind, is the BPCL sale.

But the challenge will be to do it in a transparent manner so that tomorrow it does not come back to haunt those involved with the process.

Economy in stress The government will

also need to ensure that it does not seem like a desperate sale, given the stress that the economy is facing.

Depending on the competitive intensity during bidding, the proceeds the government is likely to garner for a full-stake sale could be in the range of ₹60,000-70,000 crore, according to industry sources.

Though the process is yet to start, the names of prospective bidders are already doing the rounds — Exxon, Saudi Aramco, Abu Dhabi National Oil Company or ADNOC, Shell, TOTAL, and, of course, the desi biggie Reliance Industries Ltd. A lot will depend on the criterion which the government puts out for the prospective

bidders. Or will it be 'tailored' to accommodate just one?

Whether it be a local or foreign entity who emerges the winner, what the country will get in return matters here. In return for the stake will the country get an assured supply of crude oil or an assured market for India's refined product exports? Or is the sale intended just to generate revenue for a cash-stressed economy?

FDI norms

On the policy front, the current FDI norms for the petroleum and natural gas sector allow 100 per cent automatic route for exploration and production and refining by private companies, but for public sector companies in refining, the norm is 49 per cent on automatic route without any divestment/dilution of domestic equity in the existing public sector units.

One could argue that the FDI policy may not pose a hindrance as it could be tweaked through an administrative note.

Joint venture

What about the case of a joint venture? For instance, Bharat Oman

Refineries Ltd, which was formed as a joint venture between Bharat Petroleum Corporation Ltd and Oman Oil Company, runs Bina Refinery. So, JV may not be an issue

if the partner does not have a problem. A larger question can emerge if

the bidders desire to buy one business of BPCL. Today, BPCL has overseas interests, refining and retail. Will the government go for a three-way split - overseas, refining and retailing – to get a better valuation?

The government needs money, but BPCL is not a distress sale, so a lot will be dependent on the criterion to decide the bidders, the bidding mechanism, and the buyer gets us in return. All this in next four months. A tight-rope walk indeed.

After freefall, Iran's economy is stabilising

US sanctions have taken a toll, but the World Bank says the economy has bottomed out and will grow over the next two years

PENNY MACRAE

orry Donald Trump, Iran's economy is not about to collapse despite far-reaching US sanctions targeting nearly every industrial sector, throttling oil exports and snapping the Islamic Republic's financial links with the rest of the world. In fact, the International Monetary Fund and the World Bank says the economy's bottoming out from the effects of the sanctions Washington imposed after President Trump abandoned the 2015 international nuclear accord struck with Iran.

Iranians are indeed suffering from skyrocketing inflation and an economy expected to shrink by nearly 10 per cent this financial year but the oil-rich country's situation now is stabilising after being in economic freefall, the IMF and the World Bank say.

The currency has already rallied by 40 per cent in the past year, recovering from record lows hit after Trump abandoned the 2015 international nuclear deal struck with Iran and reimposed sanctions. Also, improbable as it sounds, the Tehran Stock Exchange has become one of the world's best-performing share markets, thanks to economic green shoots and investors seeking a hedge against inflation. Walking through the streets of

Iran's major cities, you'd be forgiven for believing all was normal. The roads are choked with traffic, the bazaars are full of shoppers and the women are as smartly dressed as ever, though many cloak their cutting-edge attire in chadors. Grocery shops' shelves are piled high with fresh vegetables, cuts of meat and cheeses. Delicious Iranian sweets and nuts abound and appliance shops are full of washing machines, vacuum cleaners and other devices. Store windows display the latest Iranian fashions and it seems as though every young person is talking into their mobile phone

or reading their messages via lighting-fast Internet connectivity.

Iranians say the appearance of normality is because sanctions are the rule for them rather than the exception, even though the latest "maximum pressure" tactics imposed by Trump in May 2018 to curb Iran's nuclear programme are the toughest ever to be clamped on the country of 80 million people.

"We went through sanctions after the revolution in 1979, we had the terrible times during the (1980-1988) Iran-Iraq war and then there were the UN nuclear sanctions (from 2006 to 2015). We survived all that so this isn't really much different," said 37-year-old Kazem Shirazi who's a fashion designer in Tehran.

Difficult conditions

Iranians, though, don't minimise the economy misery they're facing due to sanctions. Iranians say conditions are extremely difficult with 37 per cent annual inflation, according to the IMF. There's a massive gig economy with many Iranians holding down two, three and sometimes four jobs to make ends meet. Even relatively senior civil servants say they're earning extra by teaching English and offering courses like yoga. Weddings are being postponed because of the high costs. "Every month, I tell my fiancée: 'Let us wait for another month for setting a date," said a 34-year-old male nurse in Shiraz who didn't want to be identified.

Foreign Minister Mohammad Javad Zarif told a group of visiting journalists from New Delhi that the re-imposition of US sanctions was a "huge psychological shock" for Iranians who had high hopes of economic revival following the 2015 end to UN sanctions. The UN lifted the sanctions after Iran agreed to sharply limit its nuclear programme. But then the US walked away, accusing Iran of breaching the pact and overrid-

ing European objections. Still, while the latest sanctions have imposed "immense suffering on our population," the economy's now recovering, Zarif observed with satisfaction to the Indian Women's Press Corps..

The minister's comments were buttressed by the IMF's latest forecast that Iran's economy will contract in 2019-20 financial year by 9.5 per cent after shrinking four per cent last year. This would mark Iran's worst annual growth since 1984 when the country was locked in war with Iraq. But the IMF says Iran's economy will steady next year to post flat growth. The World Bank also says Iran's economy has bottomed out and will notch annual growth of 0.5 per cent over the next two years. Meanwhile, manufacturing is already showing signs of accelerating, the Iran Chamber of Commerce says. The chamber's Purchasing Manager's Index (PMI) has topped the 50 mark, indicating expansion, in five of the last seven months.

Iranian officials say the country is surviving the sanctions by boosting exports of non-oil goods like food, textiles and petrochemicals and through bartering and back-room deals. Aside from crippling oil exports, Iran's main source of hard currency, the sanctions also cut off Iranian banks' ties to the international financial world, affecting how it finances global trade. In response, Iran has taken steps to preserve foreign currency and set up a government-run foreign-exchange platform to facilitate imports.

The Iranian rial has ralled in the past year, recovering from record lows after Trump abandoned the nuke deal REUTERS

Become stronger

"Even with the toughest sanctions, we won't be destroyed," Zarif said, noting Iran's vast natural resources and well-educated population. "There's a famous saying in the US that if it doesn't kill me, it will make me stronger." Iran has lived with sanctions for most of the last four decades ever since the revolution, led by Islamic hardliner Ayatollah Khomeini, toppled the country's autocratic shah Mohammad Reza Pahlavi. (While the country's nominally a democracy, Iran's Shiite mullahs still call the shots).

Sanctions "have only made Iran stronger," Zarif said. In fact, sanctions have proved to be the mother of invention for Iran, he said, forcing the country to develop its own sophisticated missile defence programme, IT systems, machinery and medical

treatments. But on the medicine front, Iran is encountering problems, the foreign minister conceded. Iran says it produces 97 per cent of its medicines. But foreign currency shortages have made it hard to procure advanced treatments for diseases like cancer and multiple sclerosis.

Earlier this month, Iran stepped up its uranium enrichment in the latest breach of its 2015 deal with big powers after abiding by the agreement for a year despite the US sanctions. Iran's been steadily exceeding the deal's caps on uranium enrichment, shortening the time the country would require to make a nuclear bomb. But Iran says it stands ready to undo the breaches if sanctions are

Iran's always insisted its nuclear programme is for civilian use, though experts say Tehran has extensive know-how to build a nuclear bomb. "We never built nuclear weapons... we never wanted to build nuclear weapons," Zafir said. But "we've paid the price more than any other country that's built nuclear weapons," he

The writer, a senior journalist, was recently in Tehran



■ The Supreme Court is set to pass an order on the Shiv Sena-NCP-Congress combine's plea against the Maharashtra Governor's decision to swear in Devendra Fadnavis as the Chief Minister of the State. A Bench comprising Justices NV Ramana, Ashok Bhushan and Sanjiv Khanna is likely to also pass an order on holding of a floor test.

■ **Home Minister** Amit Shah is likely to visit the head-quarters



of the Indo-Tibetan Border Police (ITBP) in New Delhi. He will review the operational

preparedness along the Line of Actual Control with China and in other internal security areas.

■ India will celebrate Constitution Day. This is to commemorate the adoption of the Constitution of India which came into effect in 1950. In a first this year, Jammu and Kashmir will also celebrate the day. The celebration will be marked by the reading the Preamble of the Constitution in all institutions, government offices and other establishments of Jammu and

■ The Supreme Court will hear P Chidambaram's bail plea in the INX



Kashmir.

media case. The court is likely to hear the response to the plea that

Solicitor-General Tushar Mehta (appearing for the ED) had submitted. In the previous hearing, a single Bench of the Delhi High Court had rejected Chidambaram's plea.

■ **Oppo will** release ColorOS 7 in India. This is the nextgeneration custom skin by Oppo. It will be the successor to ColorOS 6. The OS update will also be available on some Realme phones. Oppo had released the new OS in China on November 20.

All you wanted to know about...



SLATE

rom December 1, 2019, FASTag $oldsymbol{L}'$ is mandatory for all toll payments at National Highway toll plazas.

What is it? Love road travel? Improvements in road infrastructure has made long-distance driving less tiring and more enjoyable. At the same time, keeping, finding or getting the exact change at toll booths which collect payments for the usage of these roads - is a big hassle. FASTags address this problem. A FASTag is a sticker containing an embedded chip and antenna. It is affixed on a vehicle's windscreen to enable automatic collection of toll charges when the vehicle passes through a toll plaza, without the need to stop at the toll booth. At the front-end,

the FASTag employs radio-frequency identification (RFID) technology to help recognise the passing of a vehicle along with details such as the vehicle class and the status of the tag. At the backend, it is connected to your bank account or wallet to enable automatic deduction of charges.

Why is it important?

From December 1, the government has made it compulsory for all cars, jeeps, vans, buses, trucks and off-road vehicles (commercial and private), passing through toll booths on national highways, to pay toll using FASTag. FASTagenabled payment is currently available at over 450 toll plazas across national and state highways. A complete list of FAStag-enabled toll plazas is available on the National Payments Corporation of India website - npci.org.in/ netc. More toll plazas will be added to this list in the future. A cash-back scheme of 2.5 per cent until March 31, 2020, is available on FASTag payments at national highways for eligible customers.

FASTag is important for the government in a few ways. It promotes digital payments and makes it easier to keep tabs on

vehicles and the toll booths. Cost of storage and transportation of cash as well as manpower at the toll booths comes down. It helps avoid traffic build-up at toll booths and save fuel expended by vehicles during the wait. Reports indicate that the government plans to use data from the devices used in electronic toll collection to monitor traffic and rework its toll policy as well.

Why should I care?

From December 1, all lanes at fee plazas barring one in each direction will be designated as FASTag lanes on national highways. Any vehicle entering into a FASTag lane without a tag will have to pay two times the applicable fee for that category of vehicle.

FASTags are issued by 23 certified banks including some small finance banks, payments banks and co-operative banks. The list of banks is available in the NPCI website. FAStags can also be obtained from select toll plazas, petrol pumps, RTOs, or online at Amazon. Another way to get it is to download the MyFASTag app (available for Android and iPhone) and then proceed to either buy from the banks or at Amazon through the app. Charges vary depending on the

seller as well as the type of vehicle. At ICICI Bank, for instance, you need to pay ₹499.12 if you own a car. This includes a tag deposit of ₹200, a minimum recharge amount of ₹200 and a joining fee of ₹99.12 including GST. The documents required include Registration Certificate of the vehicle, passport size photo of the owner and KYC documents (ID and address proof).

Depending on where you purchase the FASTag from, you can either link it directly to your bank account or use a pre-paid wallet and recharge it from time to time. A FASTag account will capture all the transactions related to the vehicle. SMS alerts for each transaction, low balance, and so on, are available. FASTag is vehicle specific and once affixed, cannot be transferred. When you sell your vehicle, you can close your FASTag account related to that vehicle.

Bottomline Fastrack your FASTag application

to add zing to your trips.

A weekly column that puts the fun into learning

BusinessLine TWENTY YEARS AGO TODAY

NOVEMBER 26, 1999

Infosys board to consider stock split

After holding against the demand for splitting the face value of the stock for about a year, the Bangalore-based Infosys Technologies Ltd said it would consider stock split. Though the market has appreciated the move, the price touched a new high of $\sqrt{9,750}$ to end the day at $\sqrt{9,545}$. Since the company has been maintaining that there was no need for splitting up the stock since in demat form investors could buy even one share, the decision has surprised many.

Patent issues: 8 domestic pharma majors form alliance Eight research-oriented domestic pharmaceutical

companies have joined together to form a new organisation called Indian Pharmaceutical Alliance. The members of this new body are Dr. Reddy's Lab. Ranbaxy. Lupin, Nicholas Piramal, Cipla, Wockhardt, Alembic and Sun Pharmaceuticals. This new pharma lobby plans to seek modification to the proposed Patent Act. The main aim of the IPA is: Partnering the Government in the evolution of a patent regime that will, on the one hand, meet the TRIPs obligations and, on the other, serve national interest.

Number of I-T assessees crosses 20 million

The number of income-tax assessees in the country crossed the 20-million mark by the end of October with the addition of nearly 1.8 million new assessees during the first seven months of the current fiscal. According to an official release, by March 31, 2000, the number of new assessees is expected to touch the 25-million mark, which would mean an increase of 37 per cent over the tax base as on April 1, 1999. During the current fiscal, widening of the tax base was accorded top priority and the 1/6 criteria was extended to 19 centres.

EASY

ACROSS

- 01. Ingenious expedient (8) 04. Veracious (4)
- 08. Pull forcibly (3)
- 09. Way, course traversed (5) 10. Short sleep (3)
- 11. Painstaking (7)
- 12. Dental cleaning-silk (5) 13. Articulating one's words (11) 17. Characteristic expression (5)
- 18. Exult, prevail over (7)
- 20. Stain (3) 21. Artificial fibre (5)
- 22. Drawing medium (3) 23. Observation, remark (4) 24. Needle-like piece of wood (8)

DOWN

- 01. Assail (6) 02. Striped big cat (5)
- 03. Savage, merciless (5) 05. Statement of all main items
- 06. Lay bare (6)
- 07. Ideal state (10) 09. Culture in taste, etc (10)
- 14. Clothing (7) 15. Concealed (6)
- 16. Cocktail-mixer (6) 18. Bulbous, showy flower (5)

19. Humid, rainy (5)

ACROSS 01. Pantaloon 05. Sic 07. Trip 08. Flowered 10. Fuselage 11. Wild 13. Latent 15. Speech 18. Tide 19. Corridor 22. Proposal 23. Knee 24. Yes 25. Tenacious

SOLUTION: BL Two-way Crossword 1493

DOWN 01. Pitiful 02. Nails 03. Oblige 04. News 05. Survive 06. Coded 09. Plank 12. Sport 14. Tedious 16. Harness 17. Domain 18. Tipsy 20. Dingo 21. Post

21 22

BL TWO-WAY CROSSWORD 1494

NOT SO EASY

ACROSS

01. Bit of trickery in painting if diamonds

are shown (8) 04. Last patriot to regret being loyal (4) 08. What you bring finishes a towing-

boat (3) 09. The way one goes to tour around the

10. One's best tip for a time off (3)

11. Cautious use of fur with lace designed 12. Clean between teeth when food starts

diminution (5) 13. Saying the words when giving the sentence (11)

17. Popular expression is one I'd got back with honour (5) 18. Outstanding success, or hit rump

made of it (7) 20. Change colour in returning money deposited (3)

21. Fibre only has to be used with nutritional starter (5)

22. With which to write to one's relatives, the first last (3)

23. Memo has been returned by college (4) 19. Nothing in atomiser 24. Sliver of wood with a group that breaks away (8)

DOWN

01. Thanks to giving up food, make it fit (6)

02. Cat making a row about going first (5) 03. Hard-hearted way to

effect cure at fifty (5) 05. A summary hyphenated in weakened health (7) 06. Let the film see the light

stance (6) 07. Highest degree reflected in price of net (10)

of former model's

09. A subtlety ten firemen are capable of (10) 14. Clothing is right to be left out in sickness (7)

15. He did wrong to go north in concealment (6) 16. One of the Children of

convert (6) 18. Flower I put out around end of April (5)

God might ask her to

spray gets damp (5)