IN BRIEF



Kingfisher: SFIO carrying out additional probe

The Serious Fraud Investigation Office (SFIO) is carrying out additional inquiries into the case against defunct Kingfisher Airlines, which was owned by defaulter businessman Vijay Mallya. In a report, the white collar crime probe agency, which comes under the purview of the Corporate Affairs Ministry, has flagged various violations by individuals, including Mr. Mallya, and entities related to Kingfisher Airlines. PTI

Nod for SEBI's fourth whole-time member

The Finance Ministry has accepted markets regulator SEBI's request to have four whole-time members, a move which will help broaden the leadership to discharge duties more quickly. The demand came in the wake of the increased workload seen after the Forward Markets Commission merged with the SEBI in 2015. The current wholetime members are Madhab Puri Buch, G. Mahalingam and Sanjeev Kaushik. PTI

5 firms to get DoT notice for ₹2,578 cr. recovery

NEW DELHI The Department of Telecom will issue notices to five telecom operators to recover ₹2,578 crore, in the wake of the CAG red-flagging understatement of revenues by the firms. As per the CAG report tabled in Parliament, Tata Teleservices, Telenor, Videocon Telecom, Qaudrant and Reliance Jio have understated revenues by more than ₹14,800 crore, resulting in a shortfall of nearly ₹ 2,578 crore to the exchequer. PTI

FinMin asks PSBs to consider selling, swapping loan assets

'Exhortation aimed at strengthening balance sheets weakened by NPAs'

PRESS TRUST OF INDIA

The finance ministry has asked public sector banks (PSBs) to explore options for selling and swapping of loan assets with other lenders with a view to strengthen their balance sheets.

Depending on their competencies, banks can look at opportunities to buy or swap loan assets, sources said, adding this was one of the issues discussed during PSB Manthan last month.

Swapping and selling assets will help banks focus on their core competencies and trim their burden.

For example, if a bank has expertise in lending to small and medium-sized firms, it



Setting priorities: Swapping and selling assets will help banks focus on their core competencies. • GETTY IMAGES/ISTOCK

can swap its retail loan portfolio with another bank that is good in the sector, sources said. In order to increase credit availability to small busi-

nesses, the Finance Ministry has also asked PSBs to open micro, small and medium enterprises (MSMEs) intensive branches.

MSMEs, which are a huge employment generator in the country, contribute 40% of India's manufacturing. Besides, banks were also advised to strengthen clusterbased lending, people aware of the development said, adding that branches would help in channelising loans to the sector which is an engine of growth.

projects.

Hiring in auto sector to fall: report

PRESS TRUST OF INDIA NEW DELHI

The hiring growth rate in the Indian automobile industry is likely to slow down to 2-2.5% year-onyear against the historical 3-3.5% growth due to the advent of new technologies and increased automation, according to a study.

A study titled 'Future of jobs in India: A 2022 perspective' by Ficci-Nasscom and EY, the emergence of new generation technologies is demanding a new set of skills from the auto workforce. "Repetitive jobs roles such as painting and welding are being threatened... [while] job roles in robotics programming and maintenance will be more in demand," it said.

Cluster focus

As many as 50 clusters have been identified for enhanced access to financing, sources added. Small Industries Development Bank of India has revamped the udyamimitra.in portal, so that banks compete for financing MSME

was brought in last month. **NEWS ANALYSIS**

The Bill prohibits wilful defaulters, promoters or management of the company, if it has an outstanding non-performing debt for over a vear, and disqualified directors from submitting a resolution plan in case of defaults. It also bars the sale of property of a defaulting firm to such persons during

OOMMEN A NINAN

their respective firms.

The IBC was enacted in 2016

to find a time-bound resolu-

tion for ailing and sick firms,

while protecting the inter-

ests all stakeholders, includ-

ing creditors. A successful

completion of the resolution

process was expected to

help stem the rise of bad

loans in the banking system.

The new amendments are a

part of the ordinance that

liquidation. Under the Code, initially, existing promoters could also bid and participate in the resolution process. However, through the said ordinance, the government banned them from participating in the process. This particular clause aims to prevent a backdoor entry for errant promoters to retain control of the company and reduce their debt at the same time.



'Participation of wilful

defaulters may weaken IBC'

Balancing act: Some feel restrictions on promoters as part of the bidding process may hit valuations. • GETTY IMAGES/ISTOCK

to settle it. Why should we Recently, several interestgive them another oppored parties represented to the government seeking a remotunity?" he asked. val of this ban. There is a The role of the IBC in the view that by having a blanket present scenario is to rerestriction on promoters move delays in the resoluparticipating in the bidding tion process. However, even process, the valuation of the if proceedings for such cases company may be affected as are completed within the the promoter knows the business and the company's

Price discovery

"The amendment was a little

harsh," said Dhanraj Bhagat,

partner, Grant Thornton In-

dia, adding it did not distin-

guish between genuine pro-

moters with no intention to

default and wilful defaulters.

According to him, "there is a

strong case for promoters to

bid for these assets to ensure

maximum price discovery

that only benefits all

Not everyone agrees.

"Corporate defaulters got

ample opportunity to re-

solve their debt issues under

several schemes announced

by the RBI," said Thomas Ja-

cob, director, South Indian

Bank. "However, they failed

stakeholders.

stipulated 180 days, the recovered amount will only be potential the best. While resa fraction of the original vatrictions were imposed to lue of assets. So, the 'hairavoid misuse, they feel it cut' will be quite substantial. should not be a blanket ban The silver lining is, banks but should have safeguards. can recognise profits out of collections made through IBC in cases where a large

> provided for. Also, a vigil is still required, said Mr. Jacob, to prevent 'unscrupulous promoters misusing the provisions of the IBC to retain control of their company through benami transactions', even as substantial sacrifices will be made by banks.

portion has already been

"Bankruptcy laws are an essential part of protecting creditors' rights. They also help the markets flush away inefficient businesses and reallocate capital to efficient businesses," according to K.M. Jayarao, executive VC, Ambit ARC.

SAIL may bid for Bhushan, Essar assets

PRESS TRUST OF INDIA NEW DELHI

Steel Authority of India Ltd. (SAIL) is considering bidding for the stressed assets of Essar Steel and Bhushan Steel that are facinsolvency proceedings.

According to sources, "a team from SAIL visited the units of Essar Steel and Bhushan Steel almost 20 days [ago] to assess the units and to evaluate whether to bid [for] the units." Essar Steel was among the initial 12 firms identified by the Reserve Bank of India for insolvency proceedings.

Bhushan Steel CFO Nitin Johari said "I have nothing to say." Essar Steel owes about ₹45,000 crore to

Interest rates have bottomed out: PNB

'Will see pressure on treasury income'

PRESS TRUST OF INDIA

Asserting that interest rates have bottomed out. Puniab National Bank MD Sunil Mehta said treasury income of banks would see some pressure in the fourth quarter due to change in methods of calculating depreciation as well as additional ₹50,000 crore borrowing by the government.

He, however, said the market was putting too much emphasis on the addiborrowing announced by the government last week. However, the additional borrowing may not have much impact on fiscal deficit and the interest rate trajectory, Mr. Mehta said.

Asked if there was an up-



ward pressure on interest rates, he said, "Yes... I feel the interest rate has already bottomed out." Explaining why banks may not opt for immediate upward revision in rates, he said lenders can meet short-term requirements by lowering statutory liquidity ratio holdings.



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