



India News Snippets –April 2019

Economy

- The Model Code of Conduct for the Lok Sabha (the Lower House) polls is unlikely to have any bearing on issuance of a revised framework for resolution of stressed assets by the RBI and the guidelines are expected to be announced before May 23, sources said. Against the backdrop of the Supreme Court quashing an RBI circular, issued on February 12, 2018, a revised set of rules is under works and would be released soon, they said. (Business Standard)
- The US may count India among its allies, but India is smarting over unexpected US decisions it sees as ignoring the interests of an increasingly close partner. The US has said it would start to sanction countries that don't comply with its orders to stop buying oil from Iran, demanding that eight governments – including India and China – end all imports when six-month waivers run out next week. (The Economic Times)
- The Union Finance Ministry may gradually raise the CAD200K cap under the 59-minute loan scheme to CAD600K – CAD 1mn. The scheme was launched late last year for the benefit of micro, small and medium enterprises (MSMEs). It formed part of Prime Minister Narendra Modi's 12-point action plan for the MSMEs announced in Nov'18. The scheme has already drawn healthy response. (The Economic Times)
- **The Reserve Bank of India (RBI)** plans to buy CAD4.8bn worth of bonds in two instalments from the secondary market in May. The first open market operations (OMO) for FY20, amounting to CAD2.5bn, will happen on May 2. The date for the second auction has not been given. The two transactions would be on top of the USD swaps that the central bank is undertaking. (Business Standard)
- Job creation dropped by 1.73% in Feb'19 to 1.5mn compared to 1.53mn in the same month last year, according to the latest payroll data of the **Employees State Insurance Corporation (ESIC)**. The data showed that during Sep'17-Feb'19, nearly 30mn new subscribers joined the ESIC scheme. The ESIC has been releasing payroll data from Apr'18, covering the period starting Sep'17. (The Economic Times)

Sectoral

- More people in India are complaining about **banking services** than before. The 21 offices of RBI's Ombudsman received 163,590 complaints in FY18, up 24.9% over FY17. Complaint disposal rate was 96.5% in FY18, compared to 92% in the previous year, according to the Ombudsman's annual report. This is also the first Ombudsman report that takes into account complaints against mobile banking and electronic banking services. (Business Standard)
- Corporate revenues during the quarter ended Mar'19 continued to grow in double-digits though at a slower rate, while net profit growth fell to single digits. Of the 42 companies that have declared results so far, net sales grew by 18.4% YoY after 36-42% growth in the previous three quarters. Growth in net profit was 9.4% in the said quarter vis-à-vis >10% in the previous five quarters. (The Economic Times)

Corporate

- Kolkata-based **Garden Reach Shipbuilders & Engineers (GRSE)** signed a US\$950mn contract with the Defence Ministry on 30 Apr to build eight anti-submarine warfare shallow water craft (ASWSWCs)

for the Indian Navy. In parallel, Kerala state shipyard, **Cochin Shipyard** will build another eight ASWSWCs at the same price. The ASWSWCs are equipped with sophisticated sonar, with an algorithm that differentiates the signals reflected off the enemy submarine from those bouncing off the sea bed. (Business Standard)

- **Tata Global Beverages (TGBL)** is buying **Dhunseri Tea & Industries'** branded packet tea business along with its two major brands for a total consideration of CAD20mn, subject to due diligence. TGBL said the move is in line with its ambition to grow its branded tea business in India. The deal will reportedly be all-cash and will not include Dhunseri Tea's smaller brands. (The Economic Times)
- **Tata Consultancy Services (TCS)** has partnered **India Posts** in a multi-year deal to become a multi-service digital hub, modernise the delivery of mail and packages, enhance customer experience, and launch innovative services that will drive new revenues. TCS will inter alia implement core system Integration deploying an integrated Enterprise resource planning (ERP) solution that caters to mail operations, finance and accounting, and inter-connects its network of over 150,000 post offices. (Business Standard)
- **Tata Group** has increased its stake in **AirAsia India** to 51% and, along with its partner **AirAsia Investments**, infused CAD95mn into the budget airline to fund its international growth plans, said two people aware of the development. With this the group has consolidated its position in the aviation sector, holding controlling stake in two airlines — the second being Vistara that is 49% owned by **Singapore International Airlines**. (The Economic Times)
- A mix of strategic and financial investors have submitted expressions of interest to buy out loss-making **Kwality Dairy**, which is facing insolvency proceedings, two officials aware of the developments said. The bidders include **TPG Capital**, Aion affiliate **Arcion Revitalisation**, **IndiaRF** — a joint venture between **Piramal Enterprises** and **Bain Capital Credit** — **Haldiram Snacks** and **JK Group's LVP Foods**. (The Economic Times)

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