Centre advises RBI not to share its response on Sharia banking

NEW DELHI, FEB 27/--/The response given by the Finance Ministry on an RBI report about the introduction of Sharia banking in India cannot be disclosed, the central bank has said.

The Reserve Bank of India (RBI) was asked to give the copy of the letter sent to it by the ministry on the recommendation of its Inter Departmental Group (IDG) regarding Islamic banking.

The central bank had sought response from the Department of Financial Services (DFS) under the finance minister whether their letter can be disclosed under the Right to Information (RTI) Act. "In this regard we have been advised by the DFS, Government of India that the letter is exempt under Section 8 (1) (c)," the RBI said in response to an RTI application filed by PTI.

The Section bars disclosure of information "which would cause a breach of privilege of Parliament or the state legislature". Islamic or Sharia banking is a finance system based on the principles of not charging interest, which is prohibited under Islam.

The RBI had earlier proposed opening of "Islamic window" in conventional banks for gradual introduction of Sharia- compliant or interest-free banking in the country.

"In our considered opinion, given the complexities of Islamic finance and various regulatory and supervisory challenges involved in the matter and also due to the fact that Indian banks have no experience in this field, Islamic banking may be introduced in India in a gradual manner. Initially, a few simple products which are similar to conventional banking products may be considered for introduction through Islamic window of the conventional banks after necessary notification by the government," the RBI had told the Finance Ministry in a letter, copy of which was received in response to the RTI query.

The central bank's proposal is based on examination of legal, technical and regulatory issues regarding feasibility of introducing Islamic banking in India on the basis of recommendation of the IDG. The RBI had in February last year sent a copy of the IDG to the Finance Ministry. In late 2008, a committee on Financial Sector Reforms, headed by former RBI Governor Raghuram Rajan, had opined the need for a closer look at the issue of interest-free banking in the country. "Certain faiths prohibit the use of financial instruments that pay interest. The non-availability of interest-free banking products results in some Indians, including those in the economically disadvantaged strata of society, not being able to access banking products and services due to reasons of faith," the committee had said. This non-availability also denies the country access to substantial sources of savings from other countries in the region," it added. (PTI)

RBI Dy Governor Subhash S Mundra addressing a press conference in in Jaipur on Monday.

ONGC may acquire HPCL in USD 6.6 bn deal

NEW DELHI, FEB 27/--/State-owned Oil and Natural Gas Corporation (ONGC) may acquire India's third-biggest fuel retailer HPCL in an about INR 44,000 crore (USD 6.6 billion) deal as part of the government's plan to create an integrated oil giant.

Following up on Finance Minister Arun Jaitley's Budget announcement of creating an integrated oil company, India's biggest oil and gas producer ONGC may buy all of the government's 51.11 per cent stake in Hindustan Petroleum Corporation Ltd (HPCL).

This will have to be followed by an open offer to acquire additional 26 per cent from other shareholders of HPCL. "The government is looking at creating an integrated oil company and the idea is to merge an oil producer with a refiner," a top source said.

There are only six major companies in the sector - ONGC and Oil India Ltd being the oil producers, Indian Oil Corp (IOC), HPCL and Bharat Petroleum Corp Ltd (BPCL) in refinery business and GAIL in midstream gas transportation business.

The rest such as ONGC Videsh, Chennai Petroleum Corp (CPCL), Numaligarh Refinery Ltd and Mangalore Refinery (MRPL) are already subsidiaries of one of these six PSUs. "So, the options are very limited. One option is to merge refiners HPCL and BPCL with ONGC and merge IOC and OIL. Now this would create two large vertically integrated oil companies. But this would also mean limiting the choice for consumers to just two companies for buying fuel," he said.

The possible way out is to merge HPCL with ONGC while keeping BPCL separate. BPCL already has a flourishing upstream arm in Bharat PetroResources Ltd which can be strengthened further. "This way consumers will continue to have three fuel retailers in IOC, ONGC-HPCL combine and BPCL," he said.

HPCL will add 23.8 million tonnes of annual oil refining capacity to ONGC's portfolio, making it the third-largest refiner in the country after IOC and Reliance Industries.

ONGC already is majority owner of MRPL, which has a 15-mt refinery.

The source said ONGC buying HPCL will require two sets of Cabinet approval - one where the government approves sale of its all or part of its 51.11 per cent stake to ONGC, and the other for allowing ONGC to spend the money on stake buy.

Considering Monday's trading price of INR 561, ONGC will have to pay the government INR 29,128 crore for 51.11 per cent stake. It will then have to buy another 26 per cent from the open market for INR 14,817 crore, taking the total acquisition price to about INR will help the world's third-largest oil consumer better compete with global majors in acquiring foreign assets.

More than 12 years after a proposal to merge oil PSUs was first mooted by the then oil minister Mani Shankar Aiyar, Jaitley in his Budget for 2017-18 proposed to "create an integrated public sector 'oil major' which will be able to match the performance of international and domestic private sector oil and gas companies".

The behemoth so created will not just compete globally, but withstand oil price volatility by using profits the refining business make in low oil prices to make up for losses in upstream and vice versa. "We seek opportunities to strengthen our central public sector enterprises through consolidation, mergers and acquisitions," Jaitley had told the Lok Sabha on February 1 while presenting the Budget for the year beginning April 1. It will give them the capacity to bear high risk, avail economies of scale, take higher investment decision and create more value for stakeholders."

Aiyar had first mooted merger of HPCL and BPCL with ONGC and OIL with IOC to create two oil giants having interests across the energy chain in 2004.

However, in September 2015, a high-level panel on recast of public sector oil firms did not favour mergers to create behemoths and instead suggested greater autonomy by transferring government shareholding in oil PSUs to a professionally-managed trust.

The Advisory Committee on Synergy in Energy headed by V Krishnamurthy was of the view that mergers and consolidations worldwide occurred during times of low oil prices and were instruments of eliminating excess workforce and duplicate facilities. That was the time when oil price was on the rise, but it has in the past two years slumped to multi-year lows.

Aiyar was also keen on subsidiaries of oil PSUs to be merged with the parent firm - like merger of Kochi refinery with BPCL and Chennai refinery with IOC.

ONGC is India's biggest oil and gas producer and the highest profit making company. Indian Oil Corp (IOC) is the country's biggest refiner while GAIL is India's largest gas pipeline operator. (PTI)

States' fiscal deficit will rise to 3.3% in 2017-18: Ind-Ra

MUMBAI, FEB 27/--/The states' fiscal deficit will rise only marginally to 3.3 per cent in fiscal year 2017-18 from the expected 3.2 per cent in 2016-17, domestic ratings agency India Ratings and Research (Ind-Ra) said today. "The aggregate fiscal deficit of Indian states is expected to increase marginally to 3.3 per cent of gross domestic product (GDP) in FY18 from the forecast of 3.2 per cent for FY17," it said in a note.

The aggregate states' GDP to debt ratio will also go up marginally to 24.3 per cent in FY18 from 24 per cent in FY17, it said. Market borrowings of the states will increase to Rs 3.7 trillion from the 3.5 trillion in the ongoing fiscal 2016-17, it said.

However, as a percentage of GDP, states' net market borrowings is likely to moderate to 2.2 per cent in FY18 from the forecast 2.3 per cent for FY17.

On the crucial indirect tax reform Goods and Services Tax, the agency said it expects an implementation by July 2017 and added that the proposed compensation of INR500 billion by the central government to state governments to cover revenue losses post tax implementation will be sufficient.

It said demand for petroleum products is expected to grow 9.5 per cent in FY18 and states with a higher proportion of revenue from petroleum products in own tax revenue to benefit from the increase in crude oil prices. The aggregate capital expenditure to GDP ratio of states is expected to remain stable at 3.4 per cent in FY18, which is the same as in FY16 and FY17, it said.

It also added that the states will be making suitable changes to their finances after the Centre tables the N. K.

Singh panel on Fiscal Responsibility and Budget Management, which allows for the fiscal deficit of the central government to be increased by up to 0.5 per cent of GDP. (PTI)

Bharat Heavy Electricals Limited (BHEL) has been selected as one of the Top 25 Best companies to work for in India. Atul Sobti, CMD, BHEL received the prestigious recognition from Suresh Prabhu, Union Minister of Railways, at a function in Mumbai. Significantly, the company is the only Public Sector Enterprise to figure in the distinguished list, compiled by way of an open, web-based survey for all salaried employees in India, conducted by Business Today magazine in partnership with PeopleStrong--EOI Piks

Huge potential for Indian mfg cos in CLMV region: Nirmala

JAIPUR, FEB 27/--/Indian companies in sectors like textiles, agri equipment, pharma and automobile have a huge opportunities to set up manufacturing units in Southeast Asian countries like Cambodia, Laos and Myanmar, Union Minister Nirmala Sitharaman said today.

The CLMV nations (Cambodia, Laos, Myanmar and Vietnam) enjoy duty benefits under the Generalised Scheme of Preferences (GSPs) of developed countries like the US and EU and this can be an attractive incentive for domestic units to set up manufacturing facilities there.

The Commerce and Industry Minister said: "There is an immense potential for us to tap these nations." She was here for the 4th India-CLMV Business Conclave, organised by CII. She also said that these four countries are covered under the India-Asean free trade agreement and "Indian manufacturers could better utilise this agreement".

Addressing businessmen from both the sides, she said companies from both the regions can increase collaborations in sectors like skill development, agri equipment, plantation crops (coffee and pepper), two and three wheelers and pharma.

Speaking at the conclave, Rajasthan Chief Minister Vasundhara Raje said the state holds huge potential for both domestic and foreign investors. "Rajasthan welcomes any investment queries from CLMV region," she said, adding areas where both the sides can enhance cooperation include manufacturing, textiles, pharma, fishery and healthcare.

Fillip to ferro alloy sector should not be countervailing: Steel Min director

KOLKATA, FEB 27/--/With the ferro alloy sector facing challenges from competition from cheap imports from Malaysia and Indonesia, the steel ministry is of the view that any export incentives which might be given should not be countervailing. "Export incentives to the ferro alloy sector like from the Merchandise Exports from India scheme or any other scheme.

But those schemes should not be countervailed by any other country and cannot be challenged in any of the WTO forum", steel ministry Director Anupam Prakash said. He said that FTA with Malaysia and Indonesia would be challenges in the coming years, adding that the ferro alloy industry would have to increase export competitiveness, improve production process and lower raw material inputs.

The ferro alloy industry, which consumes power as a major component of raw material cost, had been lobbying for neutralisation of electricity duty under GST.

The official said that among the states where ferro alloy industry was located, it had been seen that only in Andhra Pradesh power tariff reduction was possible. "This is a good signal as this will bring down the tariff in other states due to competition", he said at a ferro alloy seminar here today. He said that the issue of neutralisation of electricity duty under GST was being taken up by the steel ministry with the finance ministry. Regarding steel, he said that the ministry was taking steps to boost demand for steel from the consumption side. "A developed steel industry would also mean a good ferro alloy industry", he said. (PTI)

SC bench to verify how Mallya's case came up before it

NEW DELHI, FEB 27/--/ The hearing on allegations by banks that beleaguered businessman Vijay Mallya had allegedly transferred USD 40 million to his children violating court orders, could not take place in the Supreme Court today as it came up before a different bench. The bench said it would verify how the case filed against Mallya by a consortium of banks, led by the State Bank of India, was listed before it when another apex court bench was already hearing the matter.

"There is a system of listing. It cannot be listed like this," a bench compsiring Justices Adarsh Kumar Goel and U U Lalit said after it was apprised that the case was being heard by another bench headed by Justice Kurian Joseph. We will verify how this matter has been listed before us," it said and posted the matter for hearing on March 3. At the outset, the bench was informed that this matter was being heard by another bench comprising Justices Joseph and R F Nariman.

When the court said it would hear the case only after verifying how this matter was listed before it, Attorney General Mukul Rohatgi, representing the banks, said "my submission is that this matter should not go to another bench". The bench said "but there must be some reason. We will check it".

Maruti Suzuki opens online booking for Baleno RS

NEW DELHI, FEB 27/--/Country's largest car maker Maruti Suzuki today said it has opened online booking for its upcoming performance-oriented hatchback Baleno RS. The vehicle, which is to be sold under its premium Nexa chain, is set to be launched on March 3, the company said in a statement.

The Baleno RS can be booked online through the www.nexaexperience.com with an initial payment of Rs 11,000, it added. The vehicle will be launched in only one variant and comes with a 1 litre boosterjet direct injection turbo petrol engine. MSI said its latest entrant will have safety features, including pedestrian safety, side impact, frontal offset impact and dual airbags, among others.

While the company will announce the price on the launch day, it is expected to be priced at a premium over the existing Baleno currently tagged between Rs 5.11 lakh and Rs 8.16 lakh across petrol and diesel variants. Shares of Maruti were trading at Rs 5,998.85, down 0.59 per cent from its previous close on BSE. (PTI)

Airtel removes roaming charges on calls, data

NEW DELHI, FEB 27/--/ Bharti Airtel on Monday announced removal of all roaming charges for outgoing and incoming calls as well as SMSes and data usage within India as it takes on competition from new comer Reliance Jio.

India's largest mobile phone service provider also said international call rates will be cut by up to 90 per cent to as low as INR 3 per minute and data charges by up to 99 per cent to INR 3 per MB across popular roaming destinations.

China pledges to speed up approval of stock listings

BEIJING, FEB 27/--/China's top securities regulator has pledged to speed up approvals of initial public offerings (IPOs), as the government seeks to attract capital and boost domestic growth.

Buoyed by the capital market's recovery from a 2015 rout, the China Securities Regulatory Commission (CSRC) yesterday indicated it would loosen its grip on the nation's stock markets. The CSRC decides which companies offer shares and when, as well as setting guidelines for the number of shares and their price -- all of which are determined by the market in other countries.

Regulators responded to the equities rout in the summer of 2015 by freezing new IPOs in an effort to stabilise stock prices, but CSRC chairman Liu Shiyu vowed to end this practice and introduce "new progress and breakthroughs".

More than 600 companies seeking to list in the market have struggled with long wait times, followed by seemingly arbitrary approvals. Liu said faster approvals, particularly for companies in poverty-stricken counties, will attract new capital and boost investor confidence.

"Liu seems to be the first CSRC chief to publicly denounce the practice of shutting down the IPO market whenever there is a crisis," Dong Dengxin, a finance professor at Wuhan University of Science and Technology, told the official Xinhua news agency.

While the regulator signalled a willingness to allow the market to play a larger role in share sales, it has also cracked down on illegal activities by "barbarians".

Mainland Chinese stock exchanges have an unusually high proportion of non-professional investors and have been compared to "casinos", with insider trading and dramatic swings in share prices seemingly unconnected to underlying business prospects. "There is only a half-step distance between being a financial mogul and a financial crocodile," Liu said.

Li Chao, the CSRC's deputy head, said closer supervision -- in the form of compliance risk management and standardised banking businesses -- will help prevent a repeat of the stock market turbulence of 2015.

Following a slump that saw the Shanghai stock index tumble nearly 40 per cent in a little more than two months -- after peaking in mid-June that year -- several investment executives were investigated on suspicion of insider trading. (AFP)