Money-laundering charges: RBI initiating action against banks

Reserve Bank of India (RBI) Deputy Governor H R Khan said the central bank is initiating action against ICICI Bank, HDFC Bank and Axis Bank in connection with allegations of money laundering by Cobrapost.

"Actions are on the way. Scrutiny has been done, actions is being taken both in respect of systemic level and at the individual banks," he said when asked if RBI has completed investigations on Cobrapost exposures. "I will not be able to tell you the details but actions are being taken. Actions are being initiated both at the system level and the individual bank level," he said on the sidelines of an event organised by National Housing Bank here.

Asked when RBI would release the investigation report, he said, "I can't give you time frame but it will be out soon."

The country's three largest private banks -- ICICI bank, HDFC Bank and Axis Bank -- were last month named by online portal Cobrapost for indulging in money laundering. The sting operation conducted by the portal alleged that some bank officials had offered to launder unaccounted money by investing in insurance schemes.

Soon after the exposures, RBI Governor D Subbarao had said some corrective steps will be taken to strengthen the banking system.

Source: PTI

IPCL insider trading case: Charges against Ambani's close aide Manoj Modi quashed

Market regulator Sebi dismissed allegations of insider trading by Manoj Modi, a close aide of Reliance Industries Ltd (RIL) chief Mukesh Ambani, saying charges could not be established after its probe into the six-year-old matter about dealings of investors in erstwhile IPCL, reports PTI.

Sebi also dismissed insider trading charges against Modi's wife Smita Modi.

The regulator said charges of Manoj Modi being an 'insider' as per Sebi's Prevention of Insider Trading regulations could not be established.

The order follows a Sebi probe into trading of shares of Indian Petrochemicals Corporation Ltd, an erstwhile subsidiary of Reliance Industries Ltd (RIL) that was later merged with the parent company, during the period from February 22, 2007 to March 8, 2007.

Sebi had found that IPCL shares had witnessed an unusual plunge of over 9% on March 5, 2007 despite the announcement of an interim dividend, but witnessed a major surge of over 14% on March 8-9th that year subsequent to an announcement of amalgamation of IPCL with RIL. It was further alleged that Manoj and Smita Modi did not sell any shares of RIL and received the dividend amounting to Rs 257.82 lakh prior to announcement of declaration of interim dividend and amalgamation of IPCL with RIL. It was also alleged that during the period from February 28, 2007 to March 2, 2007, Manoj and Smita Modi together bought one lakh shares of IPCL for Rs 257.92 lakh prior to announcement of amalgamation of IPCL with RIL.

It was further alleged that Manoj and Smita Modi did not sell any shares of RIL and received the dividend amounting to Rs 257.82 lakh, while pursuant to to merger of IPCL with RIL in October 2007, the two received 20,000 shares of RIL as against 1,00,000 shares of IPCL acquired prior to the dissemination of the price sensitive information.

SOURCE: PTI

Sebi settles case against Citi Global

The Securities and Exchange Board of India (Sebi) disposed of the matter against Citigroup Global Markets Mauritius after it paid Rs 1 crore to settle charges of not complying with regulator's reporting standards for off-shore derivative instruments (ODIs).

The market regulator noted these non-compliances into insider trading and dealings of investors in shares of erstwhile Satyam Computer Services, during 2008-09.

Sebi's probe had revealed that the transactions executed by Citigroup, a foreign institutional investor, against ODIs through Participatory Notes issued by it were not off-setting in nature. Sebi had observed that 12 transactions made for PNs by Citigroup and six deals in derivative segment had resulted in profits amounting to $4.13 million.

Source: PTI

Bank licenses: RBI Guv does not favour auction

Concerned over the possibility of crony capitalism creeping into the banking sector with the grant of new licences to business houses, members of a Parliamentary panel asked Reserve Bank of India (RBI) Governor D Subbarao to give a structured response on the issues flagged by them.

Members of the Parliamentary Standing Committee on Finance headed by ashwant Sinha quizzed the RBI chief on central bank's guidelines for awarding new bank licences, sources said.

Subbarao made a presentation before the Committee on the proposal for the new bank licences for which applications have been invited from corporates and public sector entities by July 1.

RBI is also believed to have rejected suggestions for auctioning new bank licenses arguing that it may be detrimental to financial inclusion due to high cost of services.
Sebi busts phony investment syndicate, fears bigger fraud

The Securities and Exchange Board of India (Sebi) has unearthed a phony investment syndicate in the national capital, wherein a large number of people could have been defrauded in the name of investments made by their deceased family members. Preliminary investigation by Sebi, with the assistance of the Economic Offences Wing of Delhi Police, however showed that there was an organised attempt by a large number of people to defraud investors.

Several people could have been defrauded in the name of investments made by the deceased family members. It is suspected that the number of victims of such fraudulent attempts could be much higher, which would be revealed in due course after further investigations by Delhi Police and Sebi, the regulator said in a late night statement.

Sebi said it managed to prevent an attempt to mislead an investment product to an investor in Delhi by a person claiming as agent of mutual funds. The regulator cautioned investors that they should verify the credentials of people approaching them as agents or employees of financial services companies before making any investments.

Merck files appeal against interim order

U S pharmaceutical major Merck Sharp and Dohme (MSD) has filed an appeal before the Delhi High Court challenging its single bench order refusing to grant interim relief to it on a petition filed by Indian firm against interim order of the single bench which had dismissed the plea for restraining Glennmark Pharmaceuticals drugs Zita and Zita-Met. The division bench would hear the matter today.

The US firm filed the appeal before the bench of justices Sanjay Kishan Kaul and Indermeet Kaur against the April 5 order of the single bench which had dismissed its plea for restraining Glennmark from manufacturing and marketing anti-diabetes drugs. The firm said the order was against the provisions of the NDMA Act and the company's right to compete with the accused.

Annual turnover threshold for GST set to be Rs 25 lakh

Dealers with up to Rs 60-lakh turnover could opt out with 1% levy on their turnover.

The Centre and states have crossed another hurdle in the way of Goods & Services Tax (GST) by agreeing on an annual turnover threshold of Rs 25 lakh. This means businesses with annual turnover less than Rs 25 lakh would be kept out of the GST purview.

To address the issue of dual control of traders - both the Union government and state governments - in GST, it has been decided that taxpayers with annual turnover of over Rs 1.5 crore would be taxed by the Centre, which will later disburse to states their share. Similarly, those below Rs 1.5-crore turnover would deposit their taxes to states, which would subsequently pass on to the Centre its share.

Also, there would be a composition scheme (presumptive tax) for dealers with annual turnover of up to Rs 60 lakh. A dealer could opt for a compound-ed levy of one per cent on taxable turnover, instead of paying GST at the standard rate; but he would lose the right to claim tax credit for these. These decisions were taken last week in Patna by a technical committee on GST, comprising officials from both the Centre and states. The group, which will have its third meeting next week, will give its report for consideration of the empowered committee of state finance ministers at its meeting in Mussoorie on May 10 and 11. Currently, the threshold for central excise duty and service tax annual turnover of Rs 1.5 crore and Rs 10 lakh, respectively. For value-added tax (VAT), it is Rs 10 lakh in most states.

Vijay Mallya set to lose more assets

B Group chairman Vijay Mallya is set to lose more of his assets after lenders to Kingfisher Airlines Ltd invoked pledges worth millions of shares in United Spirits Ltd, Mangleore Chemicals and Fer-tillizers Ltd (MCF), as well as his grounded airline.

Mallya has investments in the UB Group parties through his holding firm, United Breweries (Holdings) Ltd (UBHL). A group of lenders, led by the State Bank of India, is selling shares to recover some Rs 7,000 crore loaned to Kingfisher Airlines, as the airline—which has been grounded since October—has been unable to re-pay debt. The shares were pledged by the UB Group as security for loans taken by Kingfisher.

UBHL's investment in Mangleore Chemicals slumped to just 3.44% from 24.51% earlier, the company said in a filing to the National Stock Exchange on Tuesday. Magalore Chemicals said that pledges equal to 10 million shares were invoked by banks. On 4 April, Mint reported that Kolkata-based industrialist Saroj Kumar Poddar, chairman of the Advanz Group of which Zuai Agro Chemicals Ltd is part, was keen to take over Mangleore Chemicals from Vijay Mallya's UB Group because he believes the company is a "great strategic fit" for Advanz Group's own farm inputs business.
Manulife, HDFC Life top bidders for HSBC India insurance arm

Regulator sets up panel to work out compensatory rates in a month

Delhi HC lifts stay order on Bharti Airtel’s 3G pact ban

TCS to buy French IT services firm Alti for over Rs 530 cr

AB Nuvo to sell carbon black biz to arm for Rs1,451 cr

RCom- Batelco talks in final lap

R
eliance Communications is in advance stages of talks with Bahrain Telecommunications (Batelco) for selling 80% stake in its stepdown subsidiary Reliance Globalcom for around 6,000 crore. Reliance Communications is in advance stage of discussion with Bahrain Telecommunications. RCom is expecting Rs 5,000-6,000 crore from 80% stake sale. It is expected to close by end of May, sources close to the development told PTI. When contacted, an RCom spokesperson did not offer any comment on the matter.

Batelco officials could not be contacted. Anil Ambani-led RCom is working on to retain 20% stake in Reliance Globalcom, which is one of the international link that facilitates internet and other telecom services for Indian market. RCom would use the proceeds to lower debt burden which stood at around Rs 37,360 crore as on December 31, 2012, sources said. After jumping nearly 7% during the day, shares of RCom closed up 5.2% at Rs 65.85 on the BSE.

Cananda’s Manulife Financial Corp and the Indian affiliate of Standard Life plc are among the suitors to place first-round bids for HSBC plc’s Indian life insurance business, a stake valued around $200 million, people familiar with the matter said. HSBC plc, Europe’s biggest bank, is selling its 26 percent stake in a life insurance joint venture with two Indian state-run banks, as it sheds noncore businesses globally.

The winner of the auction will get immediate access to about 5,500 branches of the two state-run banks. Bancassurance, an arrangement in which a bank and an insurance firm tie up so that the insurer can sell its products to the bank’s customers - is emerging as a key tool to sell insurance products across Asia as the life insurance industry matures in the region. HDFC Life, a joint venture between India’s top mortgage lender HDFC Ltd and British insurer Standard Life; Birla Sun Life, a venture between Indian conglomerate Aditya Birla Group and Cananda’s Sun Life; and ICICI Prudential Life, a joint venture between India’s No. 2 lender ICICI Bank and Britain’s No. 1 insurer Prudential, are among the bidders to submit first-round bids last week, the people said.

The acquisition of Alti underlines the company’s commitment to France, which is the third-largest IT services market in Europe. The acquisition of Alti SA will help us serve our clients in France and across Europe more comprehensively with an expanded set of services and solutions,” TCS Managing Director and CEO N Chandrasekaran said. Assessed at over 30 billion euro, the France IT Services market is the largest in Europe, after the UK and Germany. The transaction is subject to customary closing conditions, the release said.

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TCS to buy French IT services firm Alti for over Rs 530 cr

Shares of IT major Tata Consultancy Services rose by 1% to Rs 1,497.30 after the company said it will acquire France-based enterprise solutions provider Alti SA for 75 million Euro (about Rs 533 crore) in an all-cash deal, reports PTI. The acquisition will help transform TCS into a major player in France, the third-largest IT services market in Europe, and provide the firm access to blue-chip French and European clients in banking, luxury, manufacturing and utilities sectors. TCS said the acquisition will strengthen its ability and footprint to service its customers in France and other regions in Europe.

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The Union Minister for Commerce, Industry and Textiles Shri Anand Sharma, in a frank exchange on roadmap to Bai Ministerial with key Ambassadors to WTO in Geneva today, made a strong pitch for a balanced package for the Ministerial which has the interest of Least Developed Countries and developing nations at its core. Sharma said that while India is not opposed to Trade Facilitation, there is a need for an internal balance in the Trade Facilitation proposal with adequate special and differential treatment for developing countries and LDCs and Small and Vulnerable Economies. He also argued for providing technical and financial support to such economies so that they benefit from trade facilitation. The Minister also supported a LDC Package including Duty Free Quota Free market access, which countries like India and China have already implemented, must be part of the Bali package. Underlining the fact that emerging economies have to carry a disproportionate burden of poverty and huge income disparities Sharma said that they therefore merit a special and preferential treatment. The Minister mentioned that India strongly endorses G-33 proposal for food security and flexibility in their public stock holding operations for public distribution system. The interest of subsistence farmers in developing and poor countries have to be recognized and protected, said Sharma.

**Auction for sale of government stocks**

The Government of India have announced the sale (reissue) of (i) “7.83 per cent Government Stock 2018” for a notified amount of Rs. 3,000 crore (nominal), (ii) “8.20 per cent Government Stock 2025” for a notified amount of Rs.6,000 crore (nominal), (iii) “8.97 per cent Government Stock 2030” for a notified amount of Rs.3,000 crore (nominal), and (iv) “8.83 per cent Government Stock 2041” for a notified amount of Rs.3,000 crore (nominal) through price based auction. The auctions will be conducted using multiple price method. The auctions will be conducted by the Reserve Bank of India, Mumbai Office, Fort, Mumbai on April 12, 2013 (Friday).

Up to 5% of the notified amount of the sale of the stocks will be allotted to eligible individuals and Institutions as per the Scheme for Non-Competitive Bidding Facility in the Auction of Government Securities. Both competitive and non-competitive bids for the auction should be submitted in electronic format on the Reserve Bank of India Core Banking Solution (E-Kuber) system on April 12, 2013. The Stocks will be eligible for “When Issued” trading in accordance with the guidelines on ‘When Issued transactions in Central Government Securities’ issued by the Reserve Bank of India vide circular No. RBI/2006-07/178 dated November 16, 2006 as amended from time to time.

**Chidu to sell India story in Canada, US**

Finance Minister P Chidambaram will hold road shows in Canada and the US next week to sell India’s growth story to attract investments and later attend the annual spring meetings of the IMF and World Bank in Washington. With India faced with high Current Account Deficit, Chidambaram has been visiting major global financial hubs like Japan, Germany, Hong Kong and Singapore, to project the country as a investment destination.

The Finance Minister, during his India road shows beginning April 15, from Toronto and covering Ottawa and Boston and New York, is likely to talk about the recent steps taken by the government to speed up large projects and measures to bring down fiscal deficit during his meetings with leading investors and corporate entities. The Minister is likely to spell out steps taken by the government to streamline FII investment in the debt market. Sources said Chidambaram, accompanied by senior Finance Ministry officials and RBI Deputy Governor Urijit Patel, would also seek investments into various sectors, mainly infrastructure for which the government has pegged expenditure at nearly $1 trillion during the 12th Plan.

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