Seeking to accelerate reforms to spur investments, finance minister P Chidambaram on Thursday said the government will announce host of decisions, including relaxation of FDI caps and resolution of gas and coal prices, in the next few days. He further said there was no need for panic over declining value of rupee and the domestic currency would regain the losses suffered in last few days and stabilise.

"I am looking forward to more reforms... I expect a number of decisions in the next few days and weeks... In June, you can expect number of decisions taken and implemented that will accelerate reforms and spur investments in critical sectors," Chidambaram said.

He said the decision will be taken on coal and gas pricing, coal allocation to power plants, FDI limit in various sectors, including defence, and skill development. Chidambaram said the Sebi board will take a decision on K M Chandrasekhar committee report on rationalisation of foreign investment norms on June 25.

The minister was addressing media in the backdrop of steep decline in rupee which on Tuesday touched life-time low of 58.96 intra-day against the US dollar.

Govt will announce host of decisions, including relaxation of FDI caps and resolution of gas and coal prices, announces Finance Minister P Chidambaram

Rupee, which touched 58.22 to a dollar in early trade, lost ground during the day, and is currently trading at 58.48 on Thursday.

"There is no reason for panic... Countries with large current account deficit have taken a hit on currencies. Rupee will find its level. We are concerned about volatility. Rupee will regain losses suffered in the last few days," he said.

Expressing satisfaction over declining gold imports, Chidambaram appealed to the people to "resist the temptation to buy gold" saying it will dramatically change the CAD position.

Chidambaram, however, ruled out any immediate hike in gold import duty saying he doesn’t want to be "too unpopular".

Chidambaram said Prime minister Manmohan Singh has called a meeting of the Finance minister and other key advisers to discuss steps to revive investment and stalled projects.

The government should keep in mind the long-term interest while taking important decision relating to pricing of natural resources, he said.

Royalty on iron ore may not be raised

Much to the chagrin of states banking on revenue from royalty on iron ore mining, the centre may not allow any increase in the current royalty fixed at 10% four years ago. A 17-member working group in the Mining ministry rather contemplates to recommend a small cut citing sharp decline in buying in North American, European and Chinese markets due to recession.

State governments had sought an increase of 5% and the working group appeared inclined in its draft report submitted to the ministry, but it revised its view in view of the grim scenario not only in international markets but also in the domestic market because of the Supreme Court banning iron ore mining in Karnataka and bordering districts of Andhra Pradesh and then in Goa.

The final report being readied by the group headed by the ministry’s special secretary Gauri Kumar cites a massive fall in iron ore production in the country.

It adds that mining firms that have already laid off a large number of employees will not be able to bear any hike in the current scenario.

While the Centre fixes the royalty rates, it is earned by the state governments on the basis of the quantity of minerals exploited and not on the basis of profits of mining firms as repeatedly demanded by state governments.

RBI PENALISES AXIS, ICICI, HDFC BANK FOR VIOLATIONS

Based on the expose by Cobrapost, the lenders were fined for breaching KC norms and anti-money laundering rules

The Reserve Bank on Monday imposed fines totalling Rs 10.5 crore on top three private lenders - Axis Bank, HDFC Bank and ICICI Bank - for violating KC and anti-money laundering norms and said it was conducting inquiries against 36 other banks following an expose made by an online portal, reports PTI.

A penalty of Rs 5 crore has been imposed on Axis Bank, Rs 4.5 crore on HDFC Bank and Rs 1 crore on ICICI Bank after inquiring into charges levied by a online portal Cobrapost.

"After considering the facts of each case... Reserve Bank came to conclusion that some of the violations were substantiated and warranted imposition of mone-
yary penalty..." the central bank said in a statement.

The three banks refused to comment on RBI’s action.

The penalty follows scrutiny carried out by RBI of books of accounts, internal control, compliance systems and processes of these three banks at their corporate offices and some branches during March/April 2013. The scrutiny was conducted to probe the allegations of con-
travention of Know our Customer (KC)/anti-money laundering guidelines against them following the exposure.

Although the investigation did not reveal any prima facie evidence of money laundering, RBI said that "any conclusive inference in this regard can be drawn only by an end-to-end investigation of the transactions by tax and enforcement agencies".

SC asks CCI, BAI to reply to Ultratech’s plea

The Supreme Court asked CCI and Builders Association of India to respond to the plea of Ultratech Cement Ltd against an order of Competition Appellate Tribunal (COMPAT) asking 10 cement firms to deposit 10 per cent of penalty of Rs 6,300 crore imposed on them for allegedly indulging in cartelisation, reports PTI.

The COMAT had asked 10 cement manufacturers, including Ultratech Cement, to deposit Rs 630 crore by June 16 otherwise their appeals filed against imposition of penalty of Rs 6,300 crore on them by the Competition Commission of India (CCI) for allegedly indulging in cartelisation, would be dismissed.

"We are not passing any interim order without hearing the other side. Issue notice to respondents (CCI and BAI), making them (notices) returnable by day after tomorrow considering the exigency of the matter," the bench headed by Justice Gyan Sudha Misra said.

Initiating arguments, senior advocate A M Singhvi, appearing for Ultratech Cement, said the COMPAT took a "prima facie view in our favour but asked the company to deposit 10 per cent of the penalty or the appeal against order of CCI would fail." He said the submission of 10% of the total penalty is not mandated under the statute.
QUESTIONS have been raised by the FinMin over M&S, Zara and Massimo Dutti selling sub-brands in their single brand stores.

In a move which could affect UK-based Marks & Spencer’s (M&S) practice of selling “sub-brands” at its single brand retail stores here, DIPP has written to the Finance Ministry that there is no such concept of “sub-brands’ under the FDI policy in the sector.

“M&S is not using its brand name on its ‘sub-brands’ and there is no legal entity such as ‘sub-brands’. We have sent our response to the Department of Economic Affairs. Now it is up to them to proceed further,” a source told PTI. Questions have been raised by the Finance Ministry over M&S, along with Zara and Massimo Dutti, selling sub-brands in their single brand retail (SBR) stores.

M&S was under the scanner for a possible violation of FDI policy in single-brand retail that restricts such players from re-selling multiple brands in the single brand retail store. The Finance Ministry had raised the matter with the DIPP seeking if M&S practice of selling sub-brands was in conformity with the foreign direct investment (FDI) policy.

M&S had entered into a 51:49 joint venture with Mukesh Ambani-led Reliance Retail in 2008 and forayed into the Indian market at an investment of 29 million pounds (around Rs 230 crore). The JV, Marks and Spencer Reliance India Pvt Ltd currently has 24 stores in India.

HOSPITALS, CHEMISTS TO WAIT FOR REGULATORY WORD ON RANBAXY

Drug regulator DCGI is conducting a “focussed scrutiny” of medicines sold by Ranbaxy and some other drugmakers, but says it remains confident of the quality standards of Indian medicines despite concerns raised by US authorities over Ranbaxy’s products.

While the firm asserts that its drugs meet all regulatory standards, a few hospitals and pharmacies have adopted a cautious stand on use of its products. Mumbai-based Jaslok Hospital recently asked its doctors to stop prescribing Ranbaxy products, while country-wide chemist chain Apollo Pharmacy has announced scrapping Ranbaxy products, despite concerns raised by US authorities over Ranbaxy’s products.

Asked about the concerns being raised over Ranbaxy products, DCGI G N Singh told PTI that no Indian company is selling sub-standard drugs and it is conducting a scrutiny to reconfirm this view. Mumbai-based Hinduja Hospital’s Director (Professional Services) Gusted Davar said that the hospital would not issue any advisory against Ranbaxy drugs, unless told to do so by the regulatory authority.

SOURCE: FREE PRESS JOURNAL

RBI to come out with paper on banking structure: Subbarao

RBI will come out with a paper on the banking structure in the country discussing issues like consolidation even as it prepares to issue new bank licences after a decade. RBI will also involve enforcement agencies and tax authorities before it issues new bank licences to corporate entities for which applications can be made till July 1.

“We are going to bring it out in the next one month where we will address these issues or at least define the issues for discussion,” RBI Governor D Subbarao told PTI. He was replying to a question about Finance Minister P Chidambaram talking about consolidation of banks at a time when new bank licences are on the anvil.

Subbarao said the Narasimham Committee on banking sector, which went into this issue, had said that India must have some large banks at the global level, competitive and comparable with global banks.

SOURCE: FREE PRESS JOURNAL

Sebi board to meet on June 25 to mull Chandrasekhar panel report

Market regulator Sebi has called for a board meeting on June 25 to discuss the recommendations made by the Chandrasekhar Committee with regards to revamp of the foreign investment routes.

Finance Minister P Chidambaram said today that Sebi board will meet on June 25 to take decision on the recommendations made by the committee.

The committee, among other things, has recommended doing away with prior direct registration of FIIs and sub-accounts with Sebi. It has also recommended merging of FIIs, sub-accounts and qualified foreign investors (QFIs) into a new investor class to be called the ‘Foreign Portfolio Investor.’

Chidambaram said that the market regulator has asked for its view on the committee’s recommendations. The recommendations by the Chandrasekhar Committee are positive, he said.

SOURCE: ECONOMIC TIMES

Sebi flooded with refund claims in Sahara case

Most of these claims are being made without necessary details and documents, sources claim.

While PAN details are not mandatory for the refund, except for cases where applicants are claiming exemption from deduction of tax at source for such payments, bank accounts are a must for all investors seeking refunds.

Sebi has said it would directly transfer the refund money to the bank accounts of genuine investors and those without a bank account cannot get the money. For tax exemptions, the applicants are required to provide additional details in a prescribed format, giving details of their other income and investments.

SOURCE: FREE PRESS JOURNAL

www.freepressjournal.in
IIP slips to disappointing 2% in April

Decline in wholesale as well as retail inflation has raised the hope of rate cut by the Central bank which is scheduled to announce mid-quarter monetary policy review on June 17.

MMTC stake sale commences, stock down 10%

MMTC is locked in lower circuit of 10% at Rs 190 in the morning trade on BSE as the government’s 9.33% stake sale of country’s largest trading company through offer-for-sale (OFS) commenced on the bourses.

On the National Stock Exchange, MMTC fell 10% to Rs 189.65 a piece. The plunge triggered the lower circuit limit for the scrip on both the exchanges.

Government of India is divesting 93.31 million shares or 9.33% stake in MMTC. It has set a floor price of Rs 60, a 72% discount to Wednesday’s closing price of Rs 211 for the OFS.

At the floor price of Rs 60 apiece, a 9.33% stake sale in MMTC could garner over Rs 560 crore to the exchequer. The Empowered Group of Ministers (EGoM) on disinvestment, headed by Finance Minister P Chidambaram, yesterday cleared the 9.33 crore shares, or 9.33%, stake sale of the trading giant through the Offer For Sale (OFS) route.

MMTC disinvestment would be the first stake sale of the government in the current fiscal. The government aims to raise Rs 40,000 crore from PSU stake sale in 2013-14. There is a huge difference between the floor price and the market price of MMTC as the scrip is illiquid, an official in Disinvestment Department said.

The government currently holds 99.33% stake in state-run trading giant and the stake sale would help the company to meet Sebi’s minimum public shareholding norm.

ONGC, RIL to get higher revenues on falling rupee

State-owned Oil and Natural Gas Corp (ONGC) and Reliance Industries will reap windfall profits from the rupee dipping to an all-time low as they will earn more on selling natural gas in US dollars, reports PTI. ONGC and RIL bill their consumers like fertilizer plants and power stations in US dollar. So every time the rupee dips against the Green Buck, their earnings go up. With the rupee touching an all-time low of Rs 57.9 to a dollar, companies will see a rise in their revenues, sources said.

At current production of less than 15 million standard cubic meters per day, RIL would get about Rs 43 lakh per day more from rupee decline to Rs 57.9 from Rs 50 to a US dollar. For ONGC, it would mean over Rs 1.42 crore a day gain on about 50 mmscmd of gas output.

Sources said the windfall to ONGC is courtesy the Oil Ministry, which changed the pricing of domestically produced natural gas from the rupee to the US dollar in 2010.

From 50 mmscmd, ONGC will gain about Rs 2.22 crore on an annualised basis at the higher exchange rate. Sources said the windfall that ONGC and RIL is getting is actually being borne by consumers who have to shell out more in electricity rates and fertiliser costs.

Sebi imposes market ban on Zylog Systems’ promoters

Securities and Exchange Board of India (Sebi) today barred Sudarshan Venkatraman, chairman and CEO of Zylog Systems, along with five other entities, from the securities market for violation of PFUTP (Prohibition of Fraudulent and Unfair Trade Practices) norms. Sebi investigation found that Zylog Systems, its promoters and directors allegedly made “false, misleading and distorted disclosures repeatedly” and failed to make requisite disclosures under the Takeover Regulations. Shares of Zylog had plunged nearly 75% from Rs 300 in October 2012 to about Rs 77 in November 2012. Prima facie Sebi investigation found that the company had allegedly provided false and incorrect disclosure to the stock exchange about the quantum of shares pledged by its promoters and the disclosures were made by them in distorted manner.
Weak rupee may limit scope for rate cut: Fitch

Declining value of the rupee may limit the scope of further rate cut by the Reserve Bank despite easing of inflation in recent months, credit rating agency Fitch said today.

"The recent weakness of the exchange rate may, however, complicate policy management and limit the scope for further cuts in RBI policy rates," the agency said in a statement.

Since January 1, the rupee value has fallen by 5.5% against the US dollar and touched life-time low of 58.98. The RBI is scheduled to announce its mid-quarter monetary policy review on June 17. Amid decline in industrial production and easing of inflation, industry has been clamouring for further cut in policy rates.

Fitch said inflation pressures have begun to show more pronounced signs of easing in response to weaker economic conditions and the tightening of monetary conditions by the RBI during the course of 2011-2012.

However, since January 2012 RBI has been reducing the key policy rates and has cut them by 1.25% since then. Falling for the third straight month, retail inflation stood at 9.31% in May. It was as high as 10.39% in March.

Tamil Nadu plan for 2013-14 finalised

The Annual Plan for 2013-14 for the State of Tamil Nadu was finalised today at a meeting between Shri Montek Singh Ahluwalia, Deputy Chairman, Planning Commission and Ms. J. Jayalalithaa, Chief Minister of Tamil Nadu. The Plan size has been agreed at Rs. 3,165 crore. In addition, an amount of Rs. 9,000 crore is likely to flow from the Centre to Tamil Nadu through various Central Sponsored Schemes. Thus, taking all resources, Plan assistance from the Central Government to the State of Tamil Nadu is expected to be over Rs. 12,000 crore during 2013-14.

Modification in delegation of powers for approval and appraisal of national highways projects

The Cabinet Committee on Economic Affairs (CCEA) approved the proposal for a change in the delegation of powers for appraisal and approval of National Highways projects. This will simplify the appraisal and approval of the National Highway projects. At present, projects of Rs. 500 crore or above require investment approval of the CCEA but projects below Rs. 500 crore have varying appraisal and approval levels, depending on the source of funding and mode of implementation of projects. National Highways projects above Rs. 500 crore would now be appraised by a Committee chaired by Secretary, Expenditure or the PPRAC, as applicable and approval will be given by the CCEA in accordance with existing guidelines and instructions. Appraisal of projects below Rs. 500 crore, other than those to be appraised by Ministry of Road Transport & Highways (MoRTH) would be carried out by Standing Finance Committee (SFC) chaired by Secretary, Road Transport & Highways (RTH) with the approval by Minister, RTH subject to fulfilment of certain conditions.

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