

Gold prices steady over US political uncertainty

Gold prices held steady on Monday, holding on to the gains from the previous session, as political turmoil surrounding US President Donald Trump helped boost the yellow metal's safe-haven appeal.

Trump was hit on Friday by embarrassing leaks that a senior adviser was a "person of interest" in a probe of possible collusion with Russia during last year's election campaign and that Trump had boasted to Russian officials of firing the man heading the investigation.

Secretary of State Rex Tillerson and National Security Adviser H.R. McMaster defended Trump saying the president had raised the firing of the FBI director James Comey, in a meeting with Russia's foreign minister to explain why he had been unable to find areas of cooperation with Moscow.

"We would advocate abandoning our recent staid stance and would buy gold on any significant setback (ie a \$10-\$15/ounce decline from current levels) as markets increasingly coalesced around the notion of continued paralysis in Washington," INTL PCStone analyst Edward Meir said in a note.

Spot gold was nearly unchanged at \$1,254.75 per ounce, as of 0755 GMT, after edging down earlier in the session.

US gold futures were up 0.1 per cent at \$1,254.70 an ounce.

REUTERS

Govt invites suggestions on bitcoin law

Industry and legal experts propose self-regulation for digital currencies; a committee of bureaucrats to study the issue

RAJESH BHAYANI
Mumbai, 22 May

The Union finance ministry has invited suggestions on whether digital currencies such as bitcoin should be banned or allowed but regulated, and if so, if self-regulation is desirable. It wants feedback by the end of the month.

Earlier, a committee of bureaucrats had been asked to study the issue. In recent times, bitcoin has been recognised by Japan; it has also been used to ask for ransom money.

Bitcoin start-ups Zebpay, Ucooin, Cofinsecure and Searchtrade had in February jointly launched a Digital Asset and Blockchain Foundation of India (Dabfi) as a self-regulatory body. Nishith Desai Associates, a global legal entity, was appointed advisor for developing the regulations.

They argue that currencies such as bitcoin should be allowed self-regulation. Banning it, they say does not seem sensible, with its rising acceptability in parts of the world. If the government is to regulate it, there would be various issues. Digital or virtual currencies are not so defined under the laws and a mechanism to regulate it and tracking the transaction trails would have to be formulated.

"Crypto currency doesn't fit into any (standard) definition of currency, foreign exchange or money. Defining something which is an internet product, has a barrier value and getting that approved in Parliament will be a difficult task. The way the bitcoin industry is growing, it

DIGITAL CURRENCIES CAUGHT ATTENTION

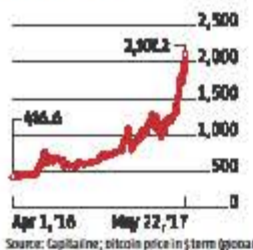
- Currently, bitcoin in India is trading at around ₹1,55,000
- Total market cap of four major currencies globally - bitcoin, ethereum, litcoin and ripple - is above \$70 billion
- Bitcoin's market share, last week, had fallen by half
- Recently, an Indian bitcoin exchange helped the police in Bank of Maharashtra robbery case to nab a culprit who had robbed the bank and purchased bitcoin with the money
- Last week, the people behind the WannaCry cyberattack had asked ransom in bitcoins
- Industry body is working on investor protection measures for members
- Govt has invited suggestions on what should be the effective self-regulatory mechanism

will be difficult for the government not to recognise its legality," said Nishith Desai, founder of Nishith Desai Associates.

Experts say over-regulation risks killing an industry. Had e-commerce firms been regulated from the start, the segment would not have grown the way it has.



Bitcoin price



Source: Capitaline; bitcoin price in \$ term (google)

Return on investment



(Returns in %); Compiled by ES Research Bureau

Sandeep Goenka, co-founder of ZebPay, the largest bitcoin exchange, with about 500,000 app downloads, says: "The best way to regulate is to first allow bitcoin and crypto currency exchanges to operate. These companies do Know Your Customer (KYC) checks and can follow the anti-money laundering (AML) provisions

and suspicious transaction reporting (STR) processes. They can help build an identity layer on top of this technology. This has been the global trend."

On cases of ransom, Sathvik Vishwanath, chief executive at Ucooin, says: "Trade in bitcoin always leaves a trail of every transaction. It can eventu-

ally be traced back to the identity of the person when these reach a self-regulated bitcoin company or exchange which collects KYC and follows the AML procedures. There could be a long transaction chain that needs to be traced backwards before the culprit is identified but it is possible. Bitcoin is a bad payment method to use for doing anything illegal, as the traces can never be erased."

"If the government allows self-regulation, it would be faster and the government could set up an agency which coordinates with the self-regulating body of the industry regarding an investigation," says Desai. Desai says Dabfi is ensuring the member-exchanges do a proper KYC, will prepare norms for regulating members and blockchain ledgers, and will provide any information the government requires for investigation. The government, he notes, lacks expertise on crypto currencies and cryptography. If it takes regulations on itself, it will be time consuming and training of enforcement agency officials will be another challenge. Hence, "allowing the industry to self-regulate, with government oversight, is the best approach."

Criteria on net worth would be gradually fixed. And, to get insurance agencies to insure bitcoin exchanges and wallets, to prevent customer loss. Beside asking exchanges to create settlement guarantee funds.

"We propose to follow the Australian self-regulation model for bitcoin," says Desai. Also promised is an appellate body or ombudsman to address customer complaints. And, the existing Income Tax Act could apply on profit or loss.

PRICE CARD

	As on May 22, '17	International Price %Chg	Domestic Price %Chg
METALS (\$/tonne)			
Aluminium	1,938.0	3.5	2,339.3 8.8
Copper	5,596.0	-6.4	6,630.5 2.3
Nickel	9,180.0	-14.3	10,689.4 -9.4
Lead	2,088.0	-8.8	2,447.7 9.3
Tin	20,550.0	4.5	22,850.5 3.4
Zinc	2,569.0	-10.2	3,377.2 -5.0
Gold (\$/ounce)	1,259.0*	1.7	1,380.0 1.3
Silver (\$/ounce)	17.1*	-5.3	19.1 -4.9
ENERGY			
Crude Oil (\$/bbl)	53.8*	-3.7	52.3 -4.9
Natural Gas (\$/mmBtu)	3.3*	28.2	3.3 29.9
AGRI COMMODITIES (\$/tonne)			
Wheat	193.7	6.6	250.8 -1.1
Maize	187.8*	2.8	223.1 5.8
Sugar	462.9*	-17.4	618.4 -0.2
Palm oil	710.0	-1.4	887.7 0.3
Rubber	2,831.7*	-3.1	1,975.2 -17.3
Coffee Robusta	1,951.0*	-8.4	1,890.0 -10.1
Cotton	1,740.8	6.5	1,900.9 4.4

*As on May 22, 1800 hrs IST, 8 Change Over 3 Months Convention rate 1 USD = 64.558 1 Rupee = 31.1072316 paise.

Source: Bloomberg Commodity

MCL sets target of 160 mt coal output for FY18

The miner could produce only 139.21 mt against a target of 167 mt in FY17, as key operating mines were hit by workers' protests

JANRIT DASH
Bhubaneswar, 22 May

Mahanadi Coalfields (MCL), a subsidiary of Coal India (CIL), hopes to overcome the production shortfall of the previous financial year and achieve an output of 160 million tonnes (mt) in 2017-18.

In 2016-17, MCL emerged as the largest coal producing subsidiary of CIL and, hence, was given the biggest target of 167 mt. However, MCL could produce only 139.21 mt, as key operating mines were hit by workers' protests. The lower-than-expected production proved to be a key drag on CIL's balance sheet. CIL was supposed to produce 598.61 mt in the previous financial year, but actual output shrank to 554.13 mt, an achievement of 93 per cent and a growth of just 2.9 per cent over FY17.

Sutirtha Bhattacharya, chairman of CIL said, MCL had the

capacity and potential to achieve big targets, by optimum capacity utilisation and taking advance actions for environment, forest and other statutory clearances. Bhattacharya inspected the mining activities of MCL at Ib valley coalfields in Odisha on Saturday and after that chaired a review meeting with the top management officials of MCL.

The company has a potential to achieve higher targets, for which optimum capacity utilisation is need of the hour, Bhattacharya said.

Production at some of the key operating mines in MCL's jurisdiction was hit by workers' protests. Law and order problems and pendency in settlement of some long-standing R&R (rehabilitation and resettlement) issues affected production.

"We hope to overcome the R&R related problems through dialogue with the affected people.

MCL has also urged the state government to help settle law and order issues," said a company official.

MCL has been given a target to produce 250 mt of coal by 2019-20. For realisation of the target, the miner is going to open some new mines in Garjanbahal and Sialmal in Basundhara area (in Sundargarh district). MCL has an ambitious target of investing ₹15,000-20,000 crore. Most of the money would be invested in infrastructure creation like building rail network, road network and coal loading systems.

Sialmal in Sundargarh district will have a production capacity of 50 mt a year, making it the second biggest coal mine in Asia. The Garjanbahal coal mine would produce 10 mt.

Till date, MCL has commissioned 34 projects with an investment of ₹2823.77 crore. Additionally, there are 17 projects



at its Talcher and Ib valley coalfields under various stages of completion where the coal miner is investing ₹11,670.8 crore.

For MCL, the key requirement for scaling up production are new railway lines, switching over to full mechanisation and full technology adoption, large scale contract mining, upgrading skills of employees, speedy acquisition of land and expeditious environment and forest clearances.

COAL PRODUCTION BY MCL



Source: MCL

ECONOMY

'Anti-dumping, safeguard duties will be part of the value for levy of IGST'



CHATROOM
T N C RAJAGOPALAN

Under the GST regime, what is the status of anti-dumping and safeguard duties on imported goods?

Those duties are levied under the Customs Tariff Act, 1975 and so, they will not be affected. Some of the notifications where "landed value" is a criterion for calculating the anti-dumping duty may have to be amended, considering the levy of IGST. Anyway, a very important change is that at present anti-dumping and safeguard duties do not form

part of the value for levy of CVD, whereas anti-dumping and safeguard duties, besides assessable value and basic customs duty, will be included in the value for the purpose of levy of IGST.

What will be the status of advance licence/authorisation issued by DGFT under GST? Whether manufacturer will not be required to pay customs duty and IGST under the licence and export goods under zero duty against the licence and complete the export obligation? Will we have to pay IGST and claim a refund after realisation of exports? In case IGST has to be paid, how will the input credit for refund be worked out? Will the Department accept the SION norms?

What will be the status of the licence where exports have been carried out and imports will come after July

1,2017?

The correct position on whether IGST will be exempted on imports made under advance authorisations will be known only when the revised version of the Foreign Trade Policy (FTP) is notified and the consequential notifications are issued by the Revenue Department. Any IGST you pay can be taken as input tax credit. For a refund of the unutilised input tax credit on account of zero-rated export of goods or services, Section 54 of the CGST Act, 2017 read with Rule (4) of the Revised Refund Rules prescribes the formula based on the turnover of zero-rated supplies to adjusted total turnover. SION does not come into play there.

I have sold goods from Ahmedabad (Gujarat) to Dahod (Gujarat), but we have to make the invoice without

tax because of SEZ. Which invoice do I have to make? Tax invoice or retail invoice?

Since you are not paying tax, you should make a retail invoice.

Is there any provision under the proposed GST rules to exempt from payment of GST, (i) supply of goods from DTA to SEZ, (ii) inter-unit transfer transactions among units within the same SEZ or between two SEZs, (iii) SEZ units getting job-work done from DTA against supply of inputs.

As per Section 16 of the IGST Act, supplies to SEZ units or SEZ developers are zero-rated. So, whether the supplies are made from DTA to SEZ or from one SEZ to another SEZ, no tax need be paid. For job-work by DTA units on inputs supplied by SEZ units, the provisions of Rules 41 to 43 of SEZ Rules, 2006 will continue to apply.

FROM PAGE 1

Oversight panel for bad loans to be beefed up

The RBI further said the enhanced empowerment would require coordination with and the cooperation of several stakeholders including banks, asset reconstruction companies, rating agencies, and private equity firms. It will soon hold meetings with these stakeholders.

Immediately after the promulgation of the Ordinance by the government, the RBI had

issued a directive bringing changes to the existing regulations on dealing with stressed assets. The statement said a corrective action plan could include flexible restructuring, strategic debt restructuring, and S4A. The consent required for approving a proposal in a Joint Lenders' Forum (JLF) has been liberalised. If an asset is to be subject to the corrective action plan, 50 per cent of the

creditors in the JLF have to agree on the plan and they must account for 60 per cent (against 75 per cent earlier) of the value of the asset in question. These changes were made to facilitate decision making in the JLF. Banks which were in a minority on the proposal backed by the JLF would have to either opt by complying with the substitution rules within the defined time or adhere to

the decision. Participating banks had also been mandated to implement the decision of the JLF without any additional conditionality.

The boards of banks were advised to empower their executives to implement JLF decisions without further reference to them. Those lenders who fail to adhere to rules would face enforcement actions, the RBI had said.

Sourcing norms could hit Tesla's...

Original equipment manufacturers (OEMs) often bring along component vendors while setting up manufacturing units in a new region.

A workaround to India's local sourcing requirement for Tesla could be to manufacture the lithium-ion batteries here, a move which Musk had said would make more sense for Tesla in the long run. "Given high local demand, a Gigafactory in India would probably make sense in the long term," Musk had said in 2015.

However, it is unlikely that the company would rush to manufacture batteries in India anytime soon. Tesla began producing lithium-ion cells at its own Gigafactory facility in the Nevada desert this January, only a third of which has been completed so far.

Experts say Tesla's Gigafactory is just one of the many that will come up globally in next few years, and India could emerge as a prime contender for one soon.

PSU bank stocks bleed on NPA worries

SBI though is a different case as a strong showing by the parent was pulled down by its subsidiary banks. The merger of SBI with its associate banks is complete and the bank will start reporting consolidated results from 2017-18. Analysts say the asset quality pain for SBI is likely to continue for a few quarters.

These results do not factor in impending write-down of loans. Given the weak balance sheets of most PSBs, their ability to take haircuts is limited, believe analysts. The going will get tougher for PSBs before any sustained improvement in their asset quality or growth. "With provisioning cover of

about 33 per cent on stressed loans, even a 50 per cent haircut could lead to about a \$20 billion (Rs 129,000 crore) clean-up bill for the PSBs. The ordinance in itself is unlikely to support a rally in PSBs for long," said Ravi Singh, banking analyst at Ambit Capital.

While the ordinance was a step in the right direction, analysts said, it might not be sufficient. There are questions about whether there will be buyers for the stressed assets, who will foot the write-offs required to clean up the banks' books, and how PSBs resolve their balance sheets issues after these write-offs.

There is another issue worrying the street. While the noise around consolidation of PSBs has grown, the merger of SBI with its associate banks raises questions about the feasibility of such matchmaking. SBI's subsidiaries ate into the profits of the parent, increased asset quality stress and pulled down the bank's return ratios.

Arundhati Bhattacharya, SBI's chairperson and managing director (CMD), stated in recent media interactions that it would take at least two years for the bank's return on equity ratio, which indicates profitability, to come back to the double digits.

Stop charging premium from Asian buyers: India to Opec

PRESS TRUST OF INDIA
Vienna, 22 May

India on Monday once again asked Organization of the Petroleum Exporting Countries (Opec) to stop charging premium from its Asian buyers saying oil producers should not subsidise others at the expense of countries like India.

Retierating New Delhi's decade-old demand, Oil Minister Dharmendra Pradhan said Opec should work towards

"responsible price", which would allow major oil-consuming countries to provide energy to the common people. Higher prices will force them to go for alternate energies, slowing down the demand of crude oil, he said in his address at a meeting of Opec-India Energy Dialogue here.

"During my last visit to Vienna for the 6th Opec International Seminar in 2015, I had raised the issue of Asian Dividend not Asian Premium." "The issue of Asian Premium still continues to exist. Our companies pay

billions of dollars on this account. They still don't understand the rationale of this cross subsidisation of tariff between West and the East," he said. Pradhan's predecessors, particularly Mani Shankar Aiyar, had in the past raised the issue of so-called charging premium from Asian buyers, but the cartel has refused to act on the issue. Opec, Pradhan said, should treat Asian markets as primary markets. "It's strategy of incentivising western markets in the past did not result in retaining those markets."

Chandrasekaran," said Agrawal, a graduate of IIT Roorkee, with a post-graduate management degree from IIM Calcutta.

One of the stated complaints of Tata Group patriarch Ratan Tata against former Tata Sons chairman Cyrus Mistry was that the latter had not appointed a group CFO after Ishaat Hussain retired as Tata Sons' finance director in 2012.

Tata Sons hires Saurabh Agrawal as group CFO

Prior to the Birla job, Agrawal was heading corporate finance at Standard Chartered Bank in India and South Asia. He had also been the head of investment banking at DSP Merrill Lynch, where he worked with Chandrasekaran on Tata Consultancy Services' initial public offer of equity in 2004, beside later acquisitions.

"Agrawal brings deep capital markets knowledge and valuable cross-industry experience to this critical leadership role in the Tata Group. His expertise will help us in driving rigour and synergy in capital allocation decisions, investment management, as well as consolidation and optimisation of the group's business portfolio," Chandrasekaran stated.

"I am honoured to join the Tata Group. It is an exciting time for the group under the leadership

of

of