2019 witnesses worst-ever decline in auto sales: SIAM

Press Trust Of India

NEW DELHI: The automobile industry recorded its worst-ever sales decline in two decades in 2019, with an unprecedented slowdown hampering vehicle offtake across segments, according to industry body SIAM.

As per data released by the Society of Indian Automobile Manufacturers (SIAM) on Friday, all vehicle segments reported de-growth last year as low consumer sentiments, weak rural demand and economic slowdown took toll on demand.

Overall wholesale of vehicles during the year across categories, including passenger vehicles, two-wheelers and commercial vehicles, saw a decline of 13.77 per cent in 2019 at 2,30,73,438 units as against 2,67,58,787 units in 2018. This is the worst fall in sales since the industry body started recording monthly and yearly sales data in 1997. The previous lowest was recorded in 2007 when overall sales had declined by 1.44 per cent. Similarly, total passenger vehicle sales during 2019 declined by 12.75 per cent to 29,62,052 units as compared with 33,94,790 units a year ago. This is the worst performance in the segment since 2013 when sales witnessed a dip of 7.49 per cent.

Two-wheeler sales also saw a dip of 14.19 per cent last year to 1,85,68,280 units as compared with 2,16,40,033 units in 2018. Likewise, total commercial vehicles saw a dip of 14.99 per cent to 8,54,759 units as against 10,05,502 units in 2018.

"Challenges remain for the auto industry despite the government bringing in several growth enablers. GDP growth rate remains an area of worry as commercial vehicle segment is clearly linked to it. Besides, low demand from rural areas continues to be a matter of concern," SIAM President Rajan Wadhera told reporters here.

In passenger vehicles, utility vehicles are driving sales as other segments are not performing that well, he added.

When asked about the 2020 outlook, Wadhera said the situation is going to remain tough due to impending changeover to the BS-VI emission regime.

"We expect prices of commercial vehicles to go up by 8-10 per cent due to BS-VI norms and it is going to impact demand. But, if economic growth is there, this factor would not be such a sore point," Wadhera said. Similarly, passenger vehicles would see cost increase in range of 3-7 per cent, which would also act as an dampener for sales growth, he said.

"So, growth in the segment is expected to remain flat. In two-wheelers, low demand from rural areas continues and challenges are expected to remain going ahead as well," Wadhera said.

He further said if the economy grows at around 6-7 per cent, the auto sector could see a return to growth rates witnessed four quarters ago.

Govt To Seek RBI Dividend Boost As Revenue Drops

Agencies

NEW DELHI: India's government plans to push the central bank for a fiscal lifeline in the form of another interim dividend, as it struggles to meet its expenditure commitments amid a steep revenue shortfall, three sources directly aware of the matter said.

The fresh call comes just months after the Reserve Bank of India (RBI) approved a 1.76 trillion rupees (USD 24.8 billion) dividend payment to the federal government, including 1.48 trillion rupees for the current fiscal year.

The RBI largely earns profits through its trading of currencies and government bonds. Part of these earnings are set aside by the RBI for its operational and contingency needs while the rest is transferred to the government in the form of dividend.

It earned a surplus of 1.23 trillion rupees in its last financial year, which was substantially higher than previous years.

One of the officials said the government wants the RBI to consider its demand for an interim dividend given this financial year has been an "exceptional year," with economic growth projected to fall to an 11-year low of 5 per cent. The current fiscal year runs to March 31.

"We do not want to make an RBI interim dividend a regular thing, but this year can be treated as extraordinary," said the source, adding the government is likely to push for a payout of between 350 billion and 450 billion rupees (USD 4.9 to USD 6.3 billion) If agreed, it would mark the third straight year in which the RBI has agreed to give the government an interim dividend.

Spokesmen for the finance ministry and RBI both declined to comment on the matter. Finance Minister Nirmala Sitharaman is expected to present the annual budget for the next fiscal year on Feb. 1, and is widely expected to announce a fiscal stimulus including more spending on infrastructure and tax incentives to boost consumer demand and investments. Shaktikanta Das, who was appointed RBI governor by Prime Minister Narendra Modi in late 2018 after the resignation of Urjit Patel, has cut the policy repo rate five times by a total of 135 basis points and eased liquidity restrictions to support falling economic growth.

Some RBI officials are still reluctant to pay more funds as it could impact provisions to cover sovereign risks, sources said, but the government is hopeful that the RBI board, which include its nominees, will approve the dividend. A panel headed by former RBI governor Bimal Jalan was set up by the RBI in 2018 to recommend a formula for the sharing of its profits with government.

The panel, whose suggestions were accepted, approved a record dividend and has said an interim dividend could be paid only "under exceptional circumstances."

"EXCEPTIONAL YEAR"

New Delhi wants the central bank to extend a helping hand as it faces a shortfall of more than one-third in its revenue target of 19.6 trillion rupees (USD 276.2 billion) following a severe economic slowdown and cut in corporate tax rates last year.

Modi met officials and economists on Thursday, and sought suggestions for the budget and to make India a $5 trillion economy.

The government is worried about an economic slowdown as the manufacturing sector is projected to grow just 2 per cent compared to 6.9 per cent a year ago, hitting tax collections.

RBI officials have been told the revenue shortfall was currently estimated at between 34-37 per cent of the budgeted target, but using all efforts may be brought down to nearly 25 per cent, the first official told Reuters.

Edible oil prices surges 15 per cent in a month

Agencies

NEW DELHI: The prices of crude palm oil (CPO) have gone up to 15 per cent in last one month after India imposed restrictions on imports on refined palm oil from Malaysia.

On the Multi Commodity Exchange (MCX), all CPO futures traded up on Friday, while the CPO price in January expiry futures contract rose to Rs 839.80 per 10 kg. A month ago on December 10, the CPO price on MCX was Rs 731.40 per 10 kg which means the CPO prices have gone up by 15 per cent in the last one month. With palm oil imports steadily rising, there has been an increase in the prices of all edible oils.

According to the retail price available on the website of the Union Ministry of Consumer Affairs, the price of mustard oil in Delhi has increased by Rs 12 per kg in the last one month. The price of mustard oil was Rs 124 per kg on December 10, 2019, in Delhi, which rose to Rs 136 per kg on January 10, 2020. At the same time, the price of palm oil has increased from Rs 91 a month to Rs 105 a kg in Delhi. In Delhi, the price of soya oil has increased from Rs 106 to Rs 122 per kg in a month.

At the same time, in terms of the wholesale price, the price of crude condensed mustard oil in Jaipur was Rs 954 per 10 kg on Friday, which was Rs 905 per 10 kg on December 10, 2019. Soya oil price in Madhya Pradesh-based Benchmark Mandi, Indore, was Rs 945 per 10 kg on January 10, 2020 as against Rs 860 per 10 kg a month earlier.

The price of refined palm oil (RBD) (refined bleached and deodorized) was Rs 890 per 10 kg at Kandla Port in Gujarat on Friday, which was Rs 810 per 10 kg in December. The price of Suryamukhi refined at Kandla Port was Rs 960 per 10 kg on January 10, 2020 from Rs 860 per 10 kg a month ago.

The price of RBD palmolein in Malaysia was $800 per tonne (FOB) on Friday, which was $710 per tonne in December.

India imports most of the soya oil from Argentina where on December 9, 2019, the price of soya oil was $741.25 per ton (FOB) which increased to $823 per ton on January 9, 2020.

Notably, the Indian government on Wednesday put refined palm oil imports from Malaysia into the restricted category, although crude palm oil (CPO) imports will continue from Malaysia.

India imported 149.13 lakh tonnes of edible oil during the last season 2018-19 (November-October), compared to 145.16 lakh tonnes of edible oil during 2017-18 a year earlier.

The total vegetable oil (edible and non-edible oil) imports stood at 155.49 lakh tonnes in 2018-19 while the total vegetable oil imports during the year 2017-18 was 150.02 lakh tonnes. At the same time, RBD imports were 27.31 lakh tonnes in 2018-19, while RBD imports were 21.36 lakh tonnes a year ago.

Gold demand records 30 per cent dip in last six months: GJC

Press Trust Of India

CHENNAI : The total business volume of gems and jewellery industry has posted a 30 per cent decline in terms of demand over the last six months, a top industry official said on Friday.

All India Gems and Jewellery Domestic Council Chairman Anantha Padmanabhan said business has come down by 30 per cent volume-wise in last six months and workshops were not engaged while some were shutting down operations.

"We have already approached the Prime Minister's Office, Home Minister (Amit Shah) and Finance Minister (Nirmala Sitharaman) to reduce imports duty and goods and service tax business has come down by 30 per cent volume-wise in last six months," he told reporters.

Padmanabhan claimed that due to the increase in customs duty, goods and services tax there was an increase in gold smuggling besides customers were also opting to purchase gold from countries like Dubai, Nepal, Sri Lanka, Singapore.

He suggested that the government during the budget for 2020 may consider reducing the import duty from the current 12.5 per cent to six per cent. Padmanabhan appealed to the government to constitute a 'steering committee' before coming out a notification making hallmarking of gold mandatory across the country from January 15, 2021.

The hallmarking of jewellery is to ensure purity of precious metal. Through the steering committee the government may seek industry's views before issuing the notification on hallmarking, he said.

To a query, he said various issues led to the fall of gold imports in 2019 to 710 tonnes as compared to 766 tonnes in 2018. To a question if rising tensions between the United States and Iran and its impact on the jewellery industry, he said it may lead to volatility in gold prices in 2020. "Prices are going to be fluctuating till US elections," he said. He was hopeful that the industry would post a 10 per cent increase in business volume in 2020 despite a 30 per cent drop in 2019.

IIP growth turns positive, expands by 1.8 pc in Nov

Press Trust Of India

NEW DELHI: Having contracted for three months in a row, the Index of Industrial Production (IIP) recorded a growth of 1.8 per cent in November mainly on account of improvement in the manufacturing sector, said government data on Friday.

The IIP growth in November 2018 was 0.2 per cent.

According to the National Statistical Office (NSO) data, the growth in the manufacturing sector was 2.7 per cent as against a contraction of 0.7 per cent in the same month last year.

Electricity generation turned negative (-) 5 per cent as against a growth of 5.1 per cent in November 2018.Mining sector output decelerated to 1.7 per cent from 2.7 per cent in the year ago month.

The IIP growth during April-November period of the current fiscal came in at 0.6 per cent, down from 5 per cent in the same period of 2018-19.

The data for the November month further revealed that production of capital goods, a barometer of investment, contracted by 8.6 per cent. This compares with a contraction of 4.1 per cent in November 2018.

Forex reserves touch record $461.16 billion

Press Trust Of India

NEW DELHI : The country's foreign exchange reserves touched a record high of $461.157 billion, after it surged by $3.689 billion in the week to January 3, according to the Reserve Bank of India (RBI) data.

In the previous week, the reserves had risen by $2.52 billion to $454.948 billion.

In the reporting week, the rise in reserves was mainly on account of an increase in foreign currency assets, a major component of the overall reserves, which rose by $3.013 billion to $427.949 billion, the data released by the RBI on Friday showed.

Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-United States (US) units like the euro, pound and yen held in the forex reserves.

In the reporting week, gold reserves rose by $666 million to $28.058 billion.

The special drawing rights with the International Monetary Fund (IMF) were up by $7 million to $1.447 billion.

India's reserve position with the IMF increased by $3 million to $3.703 billion, the data showed.

SHORT STORIES

Huawei exec can be extradited to US, Canada attorney general says

OTTAWA: Canada's Department of Justice said a Huawei executive arrested in Vancouver could be extradited to the United States, because her offense is a crime in both countries, according to documents released Friday.

Huawei chief financial officer Meng Wanzhou, who was originally detained on a US warrant in late 2018, faces an extradition hearing in Vancouver that begins on January 20. The United States accuses Meng of lying to banks about violating Iran sanctions. However Meng's lawyers maintain that she cannot be turned over to the United States, because in order for that to happen, her offense would have to meet a Violating US sanctions against Iran, they say, is not a crime in Canada. However in the documents filed in Vancouver Friday,

which were widely cited by media, Canada's attorney general said the "essence" of her banking interactions amounted to fraud, which is a crime in the country.

The first week of Meng's extradition hearing will be devoted to the question of double criminality. Meng, who lives under house arrest at her mansion in Vancouver, denies the US allegations and says Canadian authorities violated her rights during the arrest.

Her detention at the Vancouver airport in December 2018 caused an unprecedented diplomatic rift between Canada and China, which demands her release.

Just nine days later China detained former Canadian diplomat Michael Kovrig and businessman Michael Spavor, whom it accuses of espionage.

No need to panic about oil prices: Pradhan

Press Trust Of India

KOLKATA: Union Petroleum and Natural Gas minister Dharmendra Pradhan said on Saturday that the there is no need to panic about oil prices owing to present tensions between Iran and the US.

"The government has taken a position to wait and watch and there is no need to panic," he said on the sidelines of a CII event here.

There are tensions in the Persian Gulf due to geo-political reasons, the union minister said. "There is no dearth of crude oil in the global market.

Yes there has been some spike in oil prices, but for the last two days it is subdued", Pradhan added.

Boeing supplier to lay off 2800 employees in new risk for 737 Max future

LONDON: Boeing Co.'s largest supplier for the grounded 737 Max is laying off 2,800 employees, potentially complicating the future of the planemaker's best-selling jetliner.

Spirit AeroSystems Holdings Inc. said the job cuts are needed to reduce costs as Boeing prepares to halt output of the Max indefinitely. Once Boeing production starts up again, production of the Max will probably be lower than in 2019, Spirit said by email Friday.

Spirit's move signals that the company, which makes 70% of the narrow-body jet's structure, expects a lengthy suspension in production. The supplier had continued to make parts for the aircraft after a global flying ban began in March after two fatal crashes. Spirit currently has 100 Max shipsets in storage.

The layoffs indicate the worsening impact of the grounding on the US economy as well complications that will face Boeing as it looks to restart production amid the tightest US job market in decades. The planemaker had held Spirit to the pre-crash production rate until December, when it decided to shut down the final assembly line with more than 400 undelivered jets in storage and no clear timeline for gaining clearance to resume flights.

"The difficult decision announced today is a necessary step, given the uncertainty related to both the timing for resuming 737 Max production and the overall production levels that can be expected following the production suspension," Spirit Chief Executive Officer Tom Gentile said in the statement.