Economic Review Western Times

From Editor's Desk.......

Judicial jingoism at play

The protest of around 8,000 judicial employees in 10 districts of Telangana reminds us to the deep fissures between the two parts of undivided Andhra Pradesh in the recent past. The strike continuing since Friday is crippling court work. It is an urgent call for the High Court of Andhra Pradesh that it needs to immediately settle the demands of the employees; else the litigants will have a tough time. As the high court has termed the agitation 'illegal' and s looking for other options to run the courts, it will be worth watching how it moves ahead. Surely, this latest agitation of the judiciary which called for 'High Court Bandh' and 'mass casual leave' has set a new trend in judicial jingoism in the barely two-year-old State of Telangana. Sensing the larger interest of the public and massive number of cases pending across the country, people in robes should have not disturbed the regular functioning of the district courts. The major issues raised by the agitators include a separate High Court, withdrawal of the list of provisional allocation of judicial officers between Andhra Pradesh and Telangana are undoubtedly genuine. But it is widely felt that for reaching out to their legitimate demands they cold have pursued an equally legitimate route without paralysing day to day court work. Worse, even the suspension orders issued by the High Court to 11 judicial officers including the Judicial Officer's Association President K Ravinder Reddy, citing they are violating the code of conduct of the court.

The State of Telangana was created under the Andhra Pradesh Reorganization Act, 2015. Interestingly, the statute had a clear indication for bifurcation of executive and legislative functions of both States, but Section 30 of the same Act states that for the time being, the High Court at Hyderabad will remain as the common High Court for Andhra Pradesh and Telangana. Besides, Section 31 of the Act prescribes for separate High Courts for both the States. But, unfortunately, for whatever reason, the Government of India has not proceeded to create anew high Court for the youngest State of the country. Having had a bitter political movement for bifurcating the State, the people of Telangana indeed are not comfortable with the fact that still they are under the control of the judiciary of their neighbouring Andhra Pradesh. Handing over a separate judiciary for Telangana would be an amicable solution to end the current agitation. Notably, Article 214 of our Constitution provides for a High Court for each State, but it is not compulsory that all States should have separate High Court. For example, Assam, Arunachal Pradesh, Nagaland and Mizoram have a common High Court at Guwahati while Bombay High Court serves Maharashtra, Goa, Dadar, Daman and Diu. And we have more common High Courts as well. However, realizing the deep political divide between Andhra pradesh and Telangana, and the serious concerns raised by the Telangana Judge's Association about the provisional allocation of judges between the two States (against the allotted 335 cadre judges for Telangana, today the state has only 190 locals, the rest are from Andhra Pradesh), a separate judiciary for the latter is seen as a pragmatic solution at the moment.

Volkswagen's U.S. emissions settlement to cost $15 bn

Washington,

Volkswagen AG's settlement with nearly 500,000 U.S. customers and government regulators over polluting diesel vehicles is valued at more than $15 billion cash, two sources briefed on the matter said. The settlement to be announced on Tuesday in Washington , includes $10,033 billion to offer buy backs to owners of about 475,000 polluting vehicles and nearly $5 billion funds to offset excess diesel emissions and boost investment in zero emission vehicles,the sources said. A separate settlement with nearly all U.S. state attorneys general over excess diesel emissions will be announced on Tuesday and is expected to be more than $500 million and will push the total to over $15 billion, a separate source briefed on the matter said.

Spokeswomen for US Environmental Protection Agency (EPA) and Volkswagen (VW) declined to comment.

Secret software

The settlement stems from the German automaker's admission in September that it intentionally misled regulators by installing secret software that allowed US vehicles to emit up to 40 times legally allowable pollution.

The deal, based on the largest ever automotive buy-back offer in US history and most expensive auto industry scandal will move VW close to the 16.2 billion euros ($18 billion) it has set aside to cover the costs of the scandal.

Though abut $5 billion higher than previously reported, the settlement gives firm details of costs in the United Stages where VW faces that bulk of expenses for its wrong-doing, more than nine months after the scandal broke.

"The deal looks reasonable and it will end uncertainty," said London-based Evercore ISI analyst Arndt Ellinghorst who has a "buy" rating on VW stock. "We expect the market to be OK, with the higher number."

Pending legal action

But criminal and civil legal action is still pending in other countries, while European governments are demanding VW offer similar compensation to the owners of 8.5 million rigged cars in the region, adding to risks that the costs could climb. Speaking on condition of anonymity, due to court-imposed gag rules, the first sources said owners of 2.0 liter diesel VW 2009-2015 cars world receive at least $5,100 compensation along with the estimated value of the vehicles as of September 2015, before the scandal erupted. Some owners will get as much as $10,000 incompensation, the first sources said, depending on the value of the car.

The $10,033 billion is the maximum VW could pay if it had to buy back all vehicles, but the actual amount VW will pay could be much less if a large number of owners don't take buy backs. Prior owners will get half of current owners, while people who leased cars will also get compensation, said the first sources.

Compensation

Owners would also receive the some compensation if they choose to have the vehicles repaired, assuming US regulators approve a fix at a later date. The settlement includes $2.7 billion in funds to offset excess diesel emissions and $2 billion in VW investments in green energy and zero emission vehicles, the first sources said. The diesel offset fund could rise if VW has not fixed or bought back 85 per cent of the vehicles by mid-2019, the first sources said.

The $2 billion in green energy and zero emission efforts will be spent over 10 years, the first sources said, and will include zero emission vehicle infrastructure.

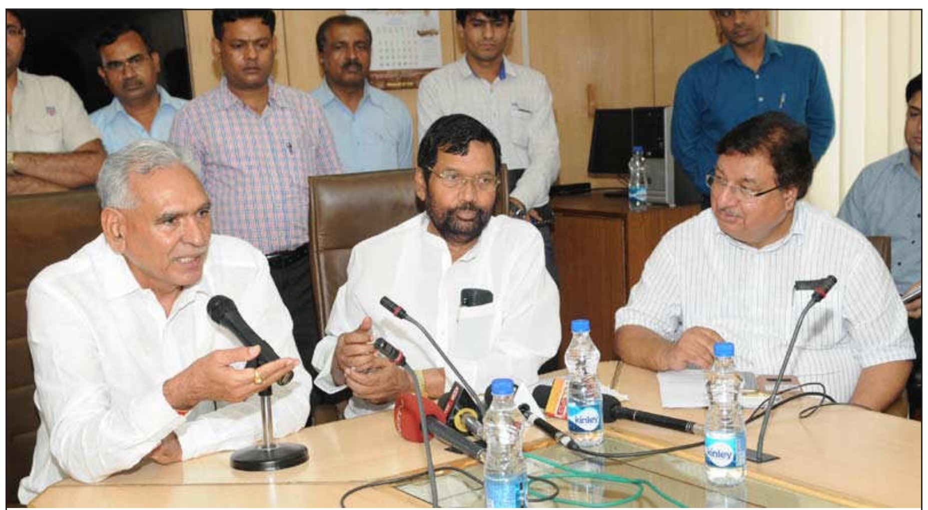
VW still must reach agreement with regulators on whether it will offer to buy back 85,000 larger 3.0 liter Porche, Audi and VW cars and SUVs that emitted up to nine times legally allowable pollution and how much it may face in civil fines for admitting to violating the Clean Air Act.

Erik Gordon, a University of Michigan business professor, said: "VW had little negotiating powers, given the evidence. The costs of the remedies should make automakers cautious about misleading people in ways that give prosecutors the ability to bring criminal charges. Potential criminal charges mean you open your wallet in the civil actions, hoping to receive leniency instead of jail time."

Brand sales fall

VW, the world's second largest automaker, has seen US VW brand sales suffer in the wake of the crisis. VW brand sales are down 13 per cent in the United Sates in 2016, while sales of its luxury Audi and Porsche units have risen.

US District Judge Charles Breyer in San Francisco will hold a hearing on July 26, to decide on whether to grant preliminary approval to the settlements.



The Union Minister for Consumer Affairs, Food and Public Distribution, Shri Ram Vilas Paswan and the new Minister of State for Consumer Affairs, Food and Public Distribution, Shri C.R. Chaudhary interacting with the media, in New Delhi. The Secretary, Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution, Shri Hem Kumar Pande is also seen.

Dalmia Cement eyes WB expansion

Kolkata,

Dalmia Cement (Bharat) Ltd., is keen on setting up its second unit in West Bengal after its first one began operations in June 2014.

The unit was set up in an erstwhile naxal-prone area, through OCL India Ltd. an associate company. "Our experience in the state has been a pleasant surprise. Reality in this case seems to be better than perceptions," Amandeep, Director & CEO, OCL India Ltd, said.

The state's per capita consumption of cement is set to rise on account of the large planned investments in infrastructure and the housing sector," he said.

Housing segment

"While 60 per cent of the demand comes from the housing segment, 20 per cent was on account of infrastructure projects and the rest from plants and factories," Mr Amandeep said.

Led by Bihar, the eastern region was showing very good growth which was higher than the national growth rates, he said. "Rural roads, mass housing projects for the poor were driving growth in the Eastern States of Bihar, Odisha, Jharkhand Chhattisgarh and West Bengal."

"Nearly 44 per cent of the group's Rs 8,000 crore turnover in last fiscal came from this region," Indrajit Chatterji, Executive Director OCL India and Director Dalmia Cement East Ltd., said.

Consequently, the group has been able to utilize 80 per cent of its 8.8 million ton capacity in the eastern region against the national average of 70 per cent capacity utilization.

"We are enhancing our presence with the launch of a premium brand Dalmia DSP," Mr Chatterjee said.

Renault-Nissan Alliance delivers annual synergy target

Ahmedabad,

Renault-Nissan Alliance generated •4.3 billion in synergies in 2015, one year ahead of schedule and an increase of 13 percent from 2014. Purchasing, engineering and manufacturing were the main contributors.

Renault and Nissan generate "synergies" by working together to reduce costs, avoid spending and increase revenue. Only new synergies — not cumulative — are taken into account each year. Synergies help Renault and Nissan meet their financial goals and deliver higher-value vehicles to customers.

Renault and Nissan, which together sell one in 10 cars globally, converged four key functions in 2014: Engineering, Manufacturing Engineering & Supply Chain Management, Purchasing and Human Resources. While Renault and Nissan remain separate companies, each function is led by a common Alliance Executive Vice President.

"Convergence in four of our key business functions has resulted in creating value by reducing costs, avoiding expenses and increasing revenues. Thanks to the convergence, the Alliance expects to generate at least •5.5 billion in synergies in 2018," said Carlos Ghosn, Chairman and CEO of the Renault-Nissan Alliance.

Common Module Family (CMF) is the Alliance's unique system of modular vehicle architecture and an increasing source of synergies.

The Alliance is already reaping the benefits from CMF, reflected in the launch by Nissan of the Rogue in North America, the award winning Qashqai in Europe and the X-Trail in Japan and China. Renault also successfully launched the new Espace, the Kadjar, the new Megane and Talisman, all based on CFM-C/D.

In 2015, Renault began selling the Kwid in India, followed by the launch of the Redi-Go by Datsun in mid-2016. Both are built in the Alliance's plant in Chennai, India, on the CMF-A architecture, which covers the smallest and most affordable category of cars.

"With the launch of Common Module Family-A, the Renault-Nissan Alliance demonstrates its ability to enter a very competitive market such as India, where only few OEMs succeeded to answer the local customers' requirement for modern and affordable cars," said Arnaud Deboeuf, Alliance Senior Vice President of Renault-Nissan BV and the Alliance CEO's Office.

By 2020, the Alliance expects 70 percent of its vehicles to be built on CMF architectures.

The cross-production of vehicles will continue to be a major driver of manufacturing synergies. Cross-production leverages the Alliance Production Way, a manufacturing and shop-floor management system common to Renault and Nissan. The Alliance Production Way takes manufacturing benchmarks from both Renault and Nissan.

In early 2016, Renault announced that it will produce the next-generation of Nissan's NV300 van at its plant in Sandouville, France. The Nissan NV300 will be manufactured on the same line as the new Renault Trafic.

By the end of 2016, the Renault plant located in Flins, near Paris, will start the production of the new Nissan Micra.

The AVTOVAZ plant in Togliatti, Russia, is the Alliance's biggest production base in the world, with capacity of nearly 1 million vehicles a year.

The plant produces vehicles under four brands: Lada, Renault, Nissan and Datsun. The Alliance owns a majority stake in the joint venture that controls AVTOVAZ, Russia's largest automaker.

Aircel bets big on data plans for growth

Chennai,

Telecom operator Aircel is wooing customers to its 3G network with various incentives and mass campaigns for increase data usage. These include promotional offers and special discounts during festive seasons, Friday sales, 3G experience zones in semi-urban areas, pocket internet and free basic internet. Besides, it has also organized mass campaigns such as "Be online with Aircel," "See you only Ba" and "Limit Se Zyada" to take data to the next level of growth and acceptance in India. Briefing reporters her eon Tuesday, Sunil Kuttam, Aircel Data Head, said: "Data is the cash cow we are focussing upon.

GST Could Have Avoided Gems & Jewellery Industry's Loss of Rs 1 Lakh Crore: Arvind Kumar

NEW DELHI,

A stitch in time saves nine, and GST in time could have saved the loss of Rs 1 Lakh Crore, says Arvind Kumar the Co-author of new book 'GST: Plan Your Future Tax Journey Now!'. The Gems & Jewellery industry lost 42 working days due to the strike against imposition of 1% excise duty on gold and diamond jewellery.

The strike's main reason as per the industry spokesperson was the fear that the compliance will fuel excise inspector Raj or in other words will empower excise field officers to visit shops, with powers to seize goods and arrest. This fear is a common belief shared between the Gems & Jewellery, Branded Readymade Garments and Pharmaceutical industries where increased excise tax has been imposed.

Kirit Goyal, Co-author added, "The problem is not in the various tax increases but the fear of the unknown from the industry due to compliance issues and fear of the increase in costs by the consumer." The authors added that putting GST in place would make the whole system more transparent and efficient, and will take most of these fears away. In fact, GST or Goods and Service Tax is the most business-friendly tax regime ever introduced by governments across the world.

From the start, it will help businesses substitute excise duty or central excise duty as it is called along with VAT or Value Added Tax, service tax, the octroi and luxury tax and so on with one Goods and Service Tax or GST. What all entrepreneurs can look forward to is a hassle-free, easy-to-understand, single form of tax with transparency and non-discrimination built into the system which shall bring about efficiency of time and resources. The only people who should fear the GST are the ones who have not been paying any form of taxes or have been evading them by various means.

The team of Mr. Arvind Kumar and Kirit Goyal can be labeled the dream team for businesses to understand anything and everything about GST and its impact. Arvind Kumar has handled the GST subject for the past six years and is well conversant with the government's intent of this policy, while Kirit Goyal has actually worked in GST environments at multiple countries, including India and advises businesses on logistic designs for optimizing resources.

With a mission on educating businesses and eliminating their fears, both authors wrote the book for mass consumption. This book intends to help the readers understand GST better and prepare them effectively for proposed GST regime. It removes the uncertainties around the tax policies and empowers the reader to implement the benefits due to this policy change.

To take this mission one notch further, both authors are reaching out to various businesses and educating them on the impact of GST on various industries by their 'Impact of GST in India' series of free webinars.

The first of the webinars will be 'Impact of GST on Retail Companies and Establishments' followed by 'Impact of GST on e-Commerce Companies'. Post the webinars, there will be a question and answer session wherein the businesses can get all their queries answered live.

Morgan Stanley picks up stake in Five Star

Chennai,

A fund managed by Morgan Stanley Private Equity Asia has invested Rs 114 crore in city-based Five Star Business Finance Ltd, ("Five Star"), a non-banking financing company specializing in small ticket business, to pick up an undisclosed minority stake. With this fund infusion, the paid-up capital of Five Star has risen to Rs 206 crore. The company closed the year ended March 31, 2016,. with a loan book of around Rs 200 crore, a 50 per cent growth over the previous year. The profit after tax for the year stood at Rs 13.70 crore. Matrix Partners was the first institutional investor in the country. Matrix Partners, which invested into the company in two earlier rounds (2014 and 2015), continues to remain a shareholders in the company.

In December 2015, FMO, the bilateral private-sector development bank of the Netherlands, picked up Rs 30 crore worth of NCDs (non-convertible debentures) issued by the company. The company is also planning to make a foray into housing finance. It has already obtained a licence from the National Housing Bank. The housing finance foray will be through a subsidiary, a top official of the company said.

Five Star has 67 branches. It is present across the three southern States -- Tamil Nadu, Andhra Pradesh and Karnataka.

The eight-member board of the company is headed by D. Lakshmipathy, who is the Chairman and Managing Director.

"It is the great pleasure to invite a global fund like Morgan Stanley Private Equity Asia to join us on our journey as we progress towards becoming a leading financial savvies player serving the under-banked," Mr Lakshmipathy said.

Regional connectivity: DGCA to ease norms for smaller aircraft

New Delhi,

The Directorate General of Civil Aviation (DGCA) is expected to come out with less rigorous rules and compliance standards for smaller aircraft, in a bid to attract airlines to its regional connectivity schemes. According to the regional connectivity scheme announced by the Centre in its civil aviation policy, passengers will be charged Rs 2,500 for an hour's flight from an airport that is currently unconnected. The government will provide 80 per cent of the subsidy to airlines for the losses they incur due to the cap on the fare, while the remaining 20 per cent will come from the States.

"We intend to come out with less strict civil aviation requirements for scheduled commuter operators who will fly 80-seater aircraft. We will come out with separate regulations for 19-seater aircraft too, which will be even less rigorous," said a senior DGCA official. The official said the existing regulations might be stringent for players willing to operate smaller aircraft for regional connectivity purposes.

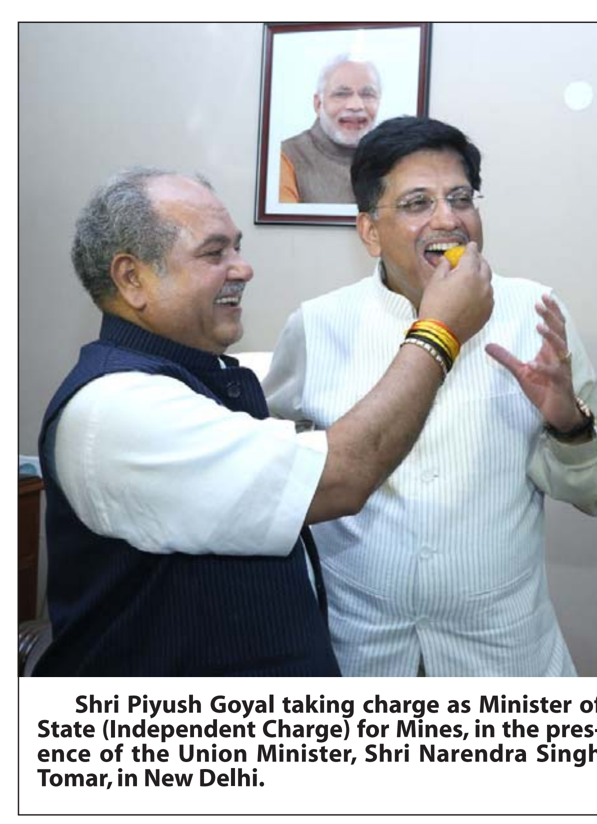
More needed

While releasing the policy earlier this monthly, Civil Aviation Secretary RN Choube had said that the Centre had already received numerous requests from players to fly on regional routes. The government, it is learnt, is of the view that the success of the regional connectivity scheme will depend on making it easier to acquire and operate smaller aircraft. "We don't expect the big airlines to keep multiple configuration aircraft in its fleet," said a senior Civil Aviation Ministry official. "For the scheme to become a success, operators with aircraft below 80-seats will have to come," Sarandindu Biswas, Executive Director (Architecture) at Airports Authority of India (AAI) had said at a recent event. He had said as per DGCA records, there are only fifty-one 80-seater aircraft and four 42-seater planes run by various operators in India. "New players with smaller aircraft need to enter the market and take advantage of the new policy," Mr Biswas said.

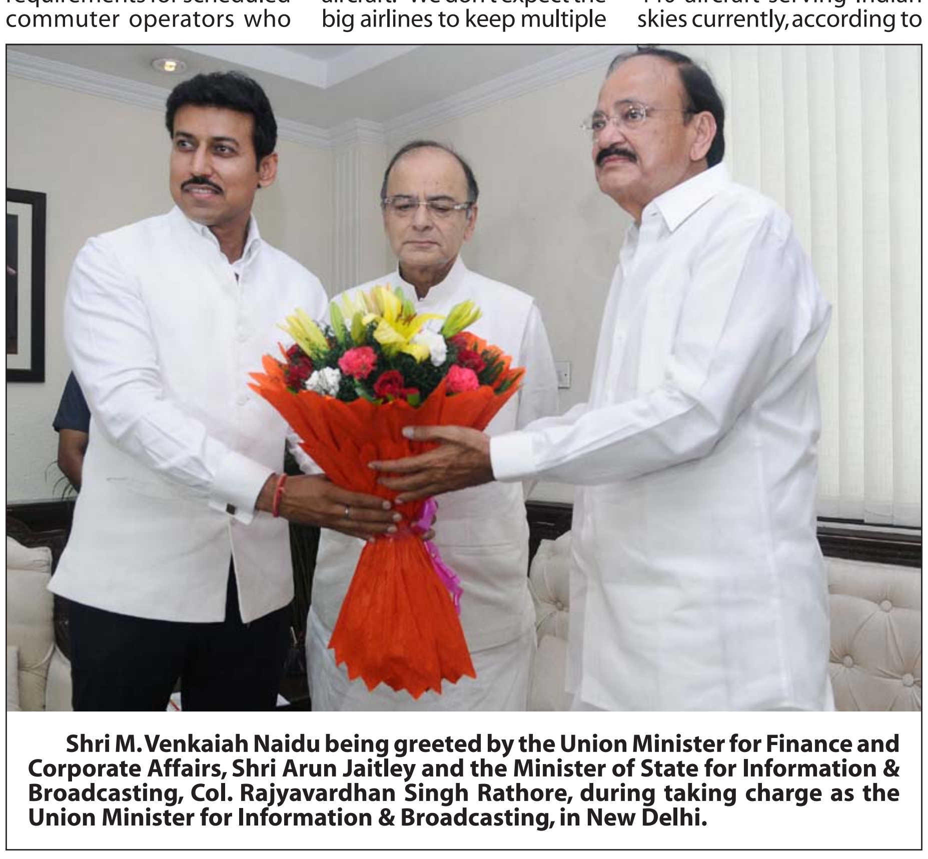
The government plans to revive 50 airports in three years. This would require an addition of 50-100 small aircraft to the total fleet size of 440 aircraft serving Indian skies currently, according to estimates. I tis 20-year forecast for the period 2014-2033, Bombardier projected that the 60-50 99-seat aircraft market worldwide would see substantial growth, as these planes become important tool for network connectivity between major, secondary and tertiary airports. It forecast global delivery demand in this period at 5,600 aircraft.

Welcome move

Industry observers welcomed the plan to relax norms for small aircraft. "Small aircraft are critical to the next phase of Indian aviation's growth story which will come from India's tier-II and III cities," said Amber Dubey, partner and India head of aerospace and defence at KPMG. He said that the government should also push global manufacturers .



Shri Piyush Goyal taking charge as Minister of State (Independent Charge) for Mines, in the presence of the Union Minister, Shri Narendra Singh Tomar, in New Delhi.



Shri M. Venkaiah Naidu being greeted by the Union Minister for Finance and Corporate Affairs, Shri Arun Jaitley and the Minister of State for Information & Broadcasting, Col. Rajyavardhan Singh Rathore, during taking charge as the Union Minister for Information & Broadcasting, in New Delhi.

LYF True 4G smartphone+ devices now within the grasp of every Indian

Ahmedabad,

LYF Smartphone+, the True 4G smartphone brand from Reliance Retail, has pushed the envelope of affordability in the Indian smartphone space by announcinga very aggressive price of Rs. 2999 on four of its Flame models – Flame 3, Flame 4, Flame 5 and Flame 6. This makes LYF India's most affordable VoLTE smartphone and opens the doors to a digital life for millions of consumers, a move which resonates with the Prime Minister's vision of a digitally-connected India.

Likeall LYF devices, the Flame series too offers smartphones equipped with VoLTE, or voice over LTE -- a technology that enables the device to provide advanced features such as faster call setup, high-definition (HD) voice and video calling, seamless switching between voice and video calls and multi-party conferencing on a 4G LTE network.

The dual-SIM slots, a characteristic feature of every Flame phone, allow users to simultaneously use a 4G SIM in either of the slots. Given that all LYF devices come with a free Jio preview offer, under which every user buying a LYF phone gets access to the entire range of Jio services, Flame series provides an ideal and highly affordable platform for users to migrate from older networks such as 2G or 3G to the more advanced 4G ecosystem. In addition to this, Flame series also offer smart aesthetic features and superior hardware technology.

All four models run on a Quad core 1.5GHz processor which delivers a smooth and lag-free multi-tasking experience. The screens feature an Asahi DragontrailTM Glass for heightened protection against dust and scratches which result from regular operation. The compact and ergonomic design of the phones also allows for easy and convenient handling. The interfaces have been customized to operate on 10 different Indian languages, so that language never comes in the way of enjoying an enhanced digital experience.