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Govt will re-evaluate airfare cap depending on ATF price movement: Scindia

The government will certainly re-evaluate the fare cap in place for domestic airlines once there is a healthier environment in terms of jet fuel prices, according to Civil Aviation Minister Jyotiraditya Scindia.

After the coronavirus pandemic rattled the country's civil aviation space, the sector is now in recovery mode, especially in terms of the number of air travellers and Akasa Air has also started services, becoming the first domestic carrier to launch operations in the last eight years.

Against the backdrop of lingering pandemic blues, the ministry has put in the fare cap system for the local airlines. Currently, the fare capping is applicable on a rolling basis for a 15-day cycle.

In an interview to PTI, Scindia said that as it stands today, the fares of airlines are not close enough to the low portion of the fare cap and are very far away from the high portion of the fare cap.

"I have seen stabilisation happen and at an appropriate time, we will certainly look at that. I am looking at ATF prices also coming off and as that becomes a more healthier environment, we will certainly re-evaluate that," the minister said.

In May, Scindia had said that the fare cap acts as a protector for air travellers as well as airlines.

The Aviation Turbine Fuel (ATF) or jet fuel prices have been on an upward trajectory in recent months, especially in the wake of the ongoing Russia-Ukraine conflict. Recently, the prices in the country were cut but remain much higher than the level seen during the pre-pandemic time.

While acknowledging that airlines are facing many structural issues, Scindia said the ATF price has gone up because of the Russia-Ukraine war from Rs 53,000 per kilo litre in 2019-20 to almost Rs 1,41,000 per kilo litre till last week.

The price has been reduced by almost 16 per cent or around Rs 21,000 per kilo litre but it is still double than it used to be, he noted.

"If you are an airline, 39 per cent of your cost structure used to be ATF at Rs 53,000 per kilo litre. Now, the ATF price has gone to Rs 1,20,000 per kilo litre. Therefore, from a structural point of view, that is the challenge they are facing," the minister said.

Meanwhile, Scindia has been urging various states and Union Territories (UTs) to reduce the Value Added Tax (VAT) levied by them on jet fuel.

The VAT on jet fuel in certain states and UTs were in the range of 20-30 per cent and many of them have reduced the rates in the past many months.

In 75th year of Independence, India may shut down British India Corp

Once the iconic red-brick building of British India Corporation (BICL), which manufactured the popular "Lal-Imli" brand of woollen products, made Cawnpore (now Kanpur) the Manchester of the East.

In the 75th year of independence, the government may finally pull the curtains on the century-old, now defunct public sector enterprise.

"The Department of Public Enterprises (DPE) has floated a draft cabinet note for closure of British India Corporation (BICL) along with National Textiles Corporation (NTC). The Cabinet may soon take up the matter after the inter-ministerial consultation is over," a government official said.

NTC is another Central public sector enterprise under the Ministry of Textiles and incorporated in April 1968 for managing sick textile undertakings in the private sector taken over by the government.Established by British entrepreneur Sir Alexander MacRobert in 1920, the public limited company produced woollen products under the brand "Dhariwal, apart from "Lal-Imli"— once household names.

In 1981, the government nationalised the company. BICL has been incurring losses since then. Owing to this, it was referred to the Board for Industrial and Financial Reconstruction in 1991 and was declared sick in 1992.The government approved revival schemes in 2001, 2005 and 2011 of Rs 211 crore, Rs 47.35 crore, and Rs 338.04 crore, respectively. Those were not successful because permission for converting leasehold land into freehold and their disposal to generate funds was not given by the state government.

In reply to a question by Member of Parliament Satyadev Pachauri, who represents Kanpur in the Lok Sabha in December 2019, Smriti Irani, who was textiles minister, said: "The NITI Aayog recommended the closure of BICL in 2017. The pending salaries and other dues of the employees will be paid on the closure of the company and disposal of its assets as per terms of closure to be approved by the competent authority."

BICL incurred losses of Rs 106 crore in FY21, with 1,209 employees waiting for a final settlement of their dues through a voluntary retirement scheme.Under the new public sector policy of the government, the Department of Public Enterprises (DPE) has the responsibility of identifying Central public sector undertakings (CPSEs) for closure in non-strategic sectors in consultation with administrative departments and to take in-principle approval from the Cabinet Committee of Economic Affairs (CCEA) in respect of such identified CPSEs.

100-year road map: Pharma industry eyes $400-billion turnover by 2047

In the 1970s, a defining decade for the Indian pharma industry, the size of the domestic market was about Rs 650 crore, with multinational drug firms dominating the space. In 2022, it has soared to Rs 1.67 trillion domestic markets for drugs, and over 90 per cent of this space is now captured by locally produced medicines.

Having charted this journey of rapid expansion in the 75 years since Indian Independence, the indigenous drug industry is working on a road map for 2047 — or 100 years of India's Independence.

Satish Reddy, chairman of Hyderabad-based Dr Reddy's Laboratories (DRL), says the medium-term target is to touch $120-130 billion by 2030 from a current $45 billion (including exports and domestic turnover), and the longer term plan to touch $400-450 billion turnover by 2047, the year that marks 100 years of Indian Independence.

"First, there is a need to change the innovation push. That follows a series of things like regulatory reforms, not only for innovation, but also to build capacities, that would help Indian companies compete better," Reddy says. Research-linked incentive schemes, too, are a key tool to achieve this kind of growth, Reddy feels.

"A lot of discussion is on with the government in this area, and both the government and industry are committed to take this forward," says Sudarshan Jain, secretary general of the Indian Pharmaceutical Alliance (IPA), a pharma industry body. IPA members account for 60 per cent of the domestic market and about 80 per cent of India's exports of pharmaceutical products.

Jain, a former top executive of Abbott, said the discussions around the vision 2047 are about raising quality standards, broader reach for Indian pharma. Just like Indian drug makers are very strong in the US generic market today, India can also be the driver for supply of drugs worldwide, he quips.

100-yr road map since Independence: Pharma industry eyes $400-bn turnover

Reddy and Jain are agreed to achieve the vision for 2047; access to funding will play a key role. "An entire ecosystem from a financing point of view, faster approvals for clinical trials, etc, having an ecosystem of research and innovation — all these would be critical for achieving $450-bn size by 2047," Reddy says.

While some research oriented start-ups have come up at Hyderabad and Bangalore, India needs more such hubs, he feels.

The early years of Indian pharma were shaped by entrepreneurs, most of whom were scientists and risk-takers — who made the most of the opportunities that the 1970 patent act presented before them.

"When it came to working with my father, I was always influenced by the boldness of his vision in terms of where he wanted his company to be. By 1992, he set out a vision to discover drugs, and actually showed that Indians were capable of discovering drugs," Reddy says.

Both Reddy and Jain allude to Cipla's path breaking innovation in launching an affordable HIV drug. "Anji Reddy (founder of DRL), Yusuf Hamied (Cipla) were not talking of 10 per cent, 20 per cent share in whichever molecule they were choosing. They were always talking about making it the biggest in the world," Jain says.

Over the years, India has evolved into the third largest drug maker in the world in terms of volumes. But it still ranks 14th in terms of value. It now supplies to 200 countries in the world pharma products worth $24.47 billion (FY22), and generates an annual net trade surplus of $17 billion.

The industry is now talking about breaking into the top-10 countries in terms of value by 2030, and entering the top-5 club by 2047.

Snapchat planning to lay off employees after disappointing Q2CY22 numbers

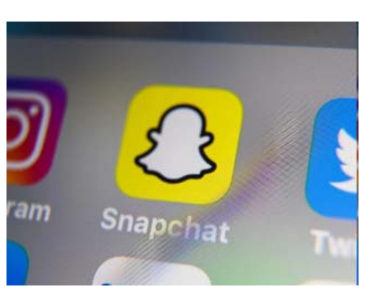
Instant multimedia messaging app Snapchat is planning to lay off a number of its employees, after the company declared a fall in its profits in the second quarter of the current calendar year (Q2CY22), The Verge reported the development quoting people familiar with the plans.

The net loss of the company widened to $422 million in Q2CY22 from $152 million in the same quarter in 2021. "Our financial results for Q2 do not reflect our ambition," Evan Spiegel, CEO of Snapchat said.

The share price of Snapchat has fallen over 25 per cent in the last 30 days. On Monday, it closed at $10.41 per equity share. It is yet unclear how many employees the company will lay off. It currently has 6,000 employees.

Since it went public in 2017, Snapchat has been profitable for only one quarter. It had last announced layoffs in 2018.

Currently, the company is



reeling under the broader economic slowdown that has pushed the prices of its shares down. However, it is not the only tech company that is hit. Twitter, TikTok and other tech firms have announced layoffs in recent months. Even Meta has announced that it would slow down the hiring process.

The Verge report stated that the company's revenue is also hurt by Apple's new 'Ask App Not to Track' prompt. It has made it hard for the company to target their ads effectively.

The user base of the company has grown to 347 million users daily, but it has failed to narrow down the losses. Along with it, the company's plans of selling hardware. like a $230 selfie drone, have not taken off effectively.

Spiegel had warned the employees in May that the company would cut the hiring and look at ways to save 'additional cost'.

In the last six months, the NYSE Composite index has fallen over 10 per cent and Nasdaq has fallen over 12 per cent.

HDFC gets National Housing Bank nod for merger with subsidiary bank

Mortgage major HDFC has received approval from the National Housing Bank (NHB) for its merger with subsidiary HDFC Bank, a regulatory filing said on Tuesday.

The NHB has also approved the merger of two wholly-owned subsidiaries -- HDFC Investments and HDFC Holdings Limited -- of the housing finance company with HDFC, the filing said.

"We wish to inform you that the NHB vide its letter dated August 8, 2022, has granted its no-objection to the scheme, as required pursuant to the refinance facilities availed by HDFC Ltd from NHB," HDFC said in the filing.

The country's largest mortgage lender by asset size has already received approval from the Reserve Bank, Sebi and the stock exchanges (NSE and BSE) for the proposed merger between HDFC and HDFC Bank.The merger scheme remains subject to various statutory and regulatory approvals including approvals from the Competition Commission of lndia, the NCLT and the respective shareholders and creditors of the two companies.

The merged entity will have a combined asset base of around Rs 18 lakh crore. The merger is expected to be completed by the second or third quarter of FY24.Once the deal is effective, HDFC Bank will be 100 per cent owned by public shareholders, and existing shareholders of HDFC will own 41 per cent of the bank.