The Hindu Business Line

25 May, 2017

Bond market has 'huge potential for growth'

At $287 b, corporate bonds are now worth around 14% of GDP, says research report

OUR BUREAU

Hyderabad, May 24

Bond market needs to be developed further to cater to the requirements of infrastructure and other key sectors of the economy, according to Manoj Kumar Jain, Managing Director, Shriram Life Insurance.

While delivering the theme address at a national conference on bond market here on Wednesday, Jain said a sound bond market can serve the financial needs of corporates as well as minimise the cost of intermediation.

"But the debt market is still subdued and has huge potential for growth," he said, adding that about 90 per cent of the investments in the bond market were from the insurance industry in view of safety and predictability of the returns. DS Rawat, Secretary General, Assocham, said the industry body will soon constitute a separate council for bond market besides organising awareness programmes.

Research report

A joint research report of Assocham, Crisil and Ashvin Parekh Advisory Services on the importance of debt in the financial market was released by G Mahalingam, Whole-time Member, SEBI, on the occasion.

According to the report, corporate bonds today are worth $287 billion, which is around 14 per cent of the gross domestic product. This is largely on an absolute basis, but when compared with bank assets (which are at 89 per cent of GDP) and equity markets (at 80 per cent of GDP), it is still small," it said.

The unpopularity of debt financing among the corporates, popularity of private placements, insufficient supply and lack of variety were among the reasons behind the lacklustre growth of the bond market in the country, it added.

The Financial Express 25 May, 2017

Govt looking at bond market to raise funds for long-term finance: Sebi

PRESS TRUST OF INDIA
Hyderabad, May 24

The government is looking at promoting bond market for raising funds as banks are not the vehicles for long term finance, a SEBI official said on Wednesday.

Addressing a national conference on Bond Market — 'Meeting Investor Needs Through Fixed Income Markets'— organised by ASSOCHAM here, SEBI whole-time member G Mahalingam said, "The government I would say is definitely looking at pro-bond market because for the reason that today banks are not the vehicles for long term finance at all".

He said the time has come to look at bonds as the long term finance vehicles" and if bonds have to serve the purpose of long term finance vehicles perhaps a lot more incentivisation...perhaps could be thought of".

Mahalingam further said, "We need to create an eco system...if we could do that I am sure our bond market, apart from the overall outstanding issuances which are growing at a rapid pace, we could also talk about a good vibrant secondary market I am sure in just about three to five years. It is something where all of us need to work together."

"Today, the bond market is getting favoured and the Indian bond market is tremendously in favour as far as investor appetite is concerned," Mahalingam said. He said awareness about bonds is pretty minimal.

"People are not aware about the bonds. We need to put in more efforts; bring out greater clarity, greater ease and greater convenience as far as the bond market is concerned," he said.

Shiram Life Insurance MD Manoj Kumar Jain said while banks are the primary source of funding, due to the long duration of infra projects, banks often find themselves in an asset-liability mismatch and added a strong corporate bond market can act as an alternative source of finance for the infra sector for their long term needs. "There is a need for a vibrant bond market in India, looking to the large spending on infrastructure," Jain said.

The Pioneer

25 May, 2017

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Financial sector readies for IPO rush worth over ₹20,000 cr

NEW DELHI: The IPO market is heading for a heavy rush with a number of high-profile names including UTI Mutual Fund and SBI Life expected to launch their initial public offers amounting to ₹20,000 crore in coming months.

State-owned general insurer New India Assurance and reinsurance firm General Insurance Corporation of India (GIC Re), as also HDFC Life are among the other names that may launch their share-sale offers.

Some of these companies have begun the process for approaching capital markets regulator Sebi with their draft proposals.

While UTI Asset Management Company has been planning an IPO for a long time, a few of them such as SBI Life have already indicated that the share sale would take place this fiscal itself.

The public sector general insurers are also expected to hit the market in the current financial year to help the Government meet an ambitious disinvestment target of ₹72,500 crore. **PTI)**

Financial Chronicle 25 May, 2017

GST: Industry seeks early relaxation of penalties

FC Bureau
New Delhi

AS the countdown begins for rollout of goods and services tax (GST) from July 1, industry remains concerned over the challenges that the new tax regime would throw for them in the transition phase. They have sought relaxation in penalty provisions for errors in filing returns and computation of tax liabilities.

Industry association Assocham has urged the government to be lenient in invoking penalty provisions for genuine mistakes trade and businesses could make in the first few quarters.

"Implementing GST from July 1 will definitely be a challenge for the industry. There could be people making genuine mistakes. I would say the department should be softer in the first quarter or two because it is going to be a learning process," Assocham president Sandeep Jajodia told news agency PTI.

Not there yet

- Assocham has urged the government to be lenient in invoking penalty provisions for genuine mistakes trade and businesses could make in the first few quarters
- Various industry bodies, especially those representing SMEs, have raised concern over the awareness level for GST
- They have urged the govt to take measures for raising industry's familiarity with the new tax regime

Turn to P10

Financial Chronicle 25 May, 2017

SMEs raise concern over awareness level for GST

From P1

As many as 10 million taxpayers will be covered under the new indirect tax structure, which seeks to turn India into a common market eliminating state boundaries for movement of goods and services.

Various industry bodies, especially those representing SMEs, have raised concern over awareness level for the new tax structure. They have urged the government to take measures for raising industry's familiarity with the GST to ensure smooth transition. The industry fears that tax authorities could slap penalties for inadvertent errors and therefore has

demanded a soft approach at least in the first two quarters if not more.

The GST law provides for as many as 21 kinds of penalties for various offences. For instance, short payment will attract a penalty of 10 per cent of the tax due subject to a minimum of Rs 10,000. For various other errors, the penalty would be 10 per cent of the tax due.

The Delhi-based Confederation of All India Traders (CAIT) has suggested that a committee to address the issues of disparities and ambiguities in the classification of items under different GST tax slabs, be set up. "Though trade and industry stands in support of GST, but regrettably so far no concrete steps have been taken to take stakeholders in to confidence," CAIT said.

The government last week cleared GST rates for almost 80-90 per cent of goods and services clearing the deck for implementing the new law beginning July 1.

The Hindu Business Line

25 May, 2017

Assocham sees GST challenge

New Delhi, May 24

Implementing GST from July 1 will be a challenge for the industry and the government should consider relaxing penal provisions for a couple of quarters to help it comply with the new tax regime, Assocham said on Wednesday.

"Implementing GST from July 1 will definitely be a challenge for the industry...there could be people making genuine mistakes. I would say the department should be softer in the first quarter or two because it is going to be a learning process," said Assocham President Sandeep Jajodia. He sought relaxation on imposition of penal provisions for at least a quarter or two, if not the whole year. PTI