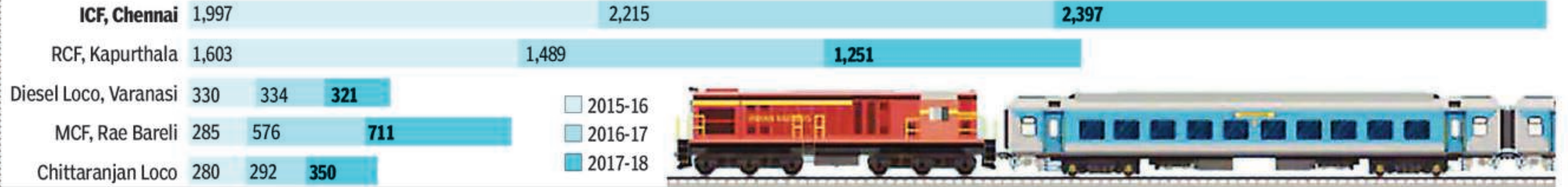


With the factory in Rae Bareilly steadily increasing its output, India's production capacity of engines, coaches and wagons is sufficient to meet the present requirement, the rail ministry has said



Source: Ministry of Railways, Replies in Lok Sabha

In Maiden Policy, RBI Gov Das Gives Cash Boost To Agri, Non-Banking Fin Biz

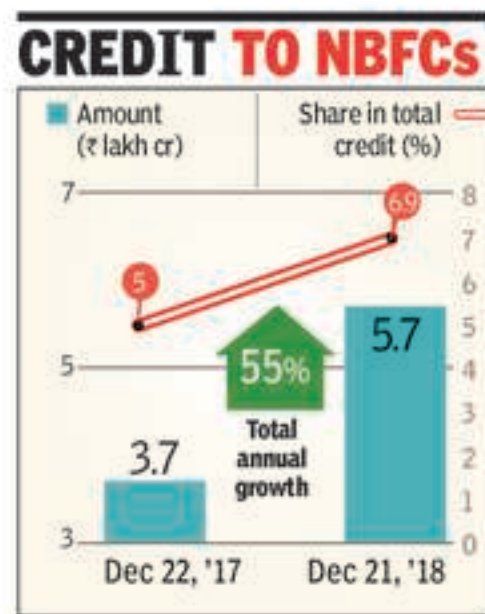
RBI eases bank loan norms for NBFCs with top rating

Links Exposure To Ratings Issued By Accredited Agencies

TIMES NEWS NETWORK

Mumbai: Better rated non-banking finance companies (NBFCs) have improved chances of getting loans with the RBI relaxing capital requirements for banks that lend to them. "With a view to facilitating flow of credit to well-rated NBFCs, it has now been decided that rated exposure of banks to all NBFCs, excluding core investment companies, would be risk-weighted as per the ratings assigned by the accredited agencies, in a manner similar to corporates," the RBI said in its statement. Loans to a core-investment company, which acts as a holding company for other businesses, would continue to attract a 100% risk weightage.

Current guidelines require that bank exposure to systemically important NBFCs (other than asset and infrastructure financiers) have to be



uniformly risk-weighted at 100%. What this means is that 100% of the loan is deemed to be exposed to risk and banks have to provide capital for the whole loan. As against this, the risk weightage is around 50% for most home loans.

"The amount of borrowing from banking system, which, as per the new announcement would get rating benefit is Rs 2.52 lakh crore. The

change of risk weights, as per rating distribution would lead to capital saving equivalent to 7.58% of the assets under consideration, thereby releasing an amount of Rs 19,000 Cr of capital," said Soumya Kanti Ghosh, chief economist, SBI.

According to RBI deputy governor N S Vishwanathan, "This was an aberration in the risk-weight system. So,

RBI to come up with paper on payment gateways, P 20

The relaxation by the central bank comes at a time when NBFCs are facing tight liquidity conditions. After IL&FS—an infrastructure financier promoted by top-rated companies—defaulted on its loans, lenders have turned wary. Even as there was some confidence building up in the markets, DHFL's stocks and bonds came under pressure following rumours and allegations by a news site.

Data released by the RBI shows that bank credit to NBFCs stood at Rs 5,70,900 crore—nearly 7% of overall bank credit of Rs 82.4 lakh crore as on December 21, 2018. This is an increase of 55% over Rs 3.6 lakh crore in the previous year.

Making it easier for better-rated NBFCs to borrow could encourage consolidation as less creditworthy companies might sell their loans to those with better finances.

Security-free loan limit for farmers raised 60%

TIMES NEWS NETWORK

Mumbai: After the mega income scheme for farmers, the RBI's monetary policy has another benefit for agriculturalists. RBI governor Shaktikanta Das said that farmers will get collateral-free loans of up to Rs 1.6 lakh as against Rs 1 lakh until now. Collateral-free loans help small and marginal farmers who do not have any assets that can be offered as security.

The enhancement, which depends on the land holdings of the farmer, will enable 75% of the eligible beneficiaries to raise money without any security.

₹1.6L CAP

"The earlier Rs 1-lakh limit was fixed in the year 2010. So over the last eight years, there has been inflation. And taking that into account, we have done some indexing to inflation and raised the limit by Rs 60,000," said Das. He added that details of the loan limit will be circulated soon.

Besides increasing the loan limit, the RBI has also decided to set up an internal working group (IWG) to review agricultural credit in the country.

However, some economists feel that this could pose risks to asset quality of banks. "The move helps farmers secure a larger quantum of unsecured loan. This may pose asset quality challenges in certain years wherein monsoons are weak," said Axis Capital senior vice-president (economist) Prithviraj Srinivas.

Addressing newsmen in his post-policy interaction, Das said that the farm income scheme will add to rural purchasing power.

Amazon brings back offers, fast deliveries

US Retailer Restructures Stakes In Sellers

TIMES NEWS NETWORK

Bengaluru: After a week of operational disruptions, discounts and fast deliveries are making a comeback for users across Amazon India as top-sellers like Cloudtail, Appario and Amazon Retail returned on the platform on Thursday.

Amazon has restructured its stake in holding companies of both Cloudtail and Appario Retail to be compliant with updated norms. Infosys co-founder N R Narayana Murthy's investment firm Catamaran has increased its stake in Prione Business Service, the holding company for Cloudtail, to 76% from 51%. Similarly, the Ashok Patni family office will also hike stake in Appario parent Frontizo Business Service to 76%.

The US-based retailer is quickly filling up products that were not available on the platform since the new FDI rules kicked in on February 1, with Cloudtail alone adding 3,00,000 products in 12 hours after re-

RIGHT CLICK

- Amazon India has 4 lakh sellers on its platform
- Of these, Appario & Cloudtail are together estimated to move at least 50% of daily volumes
- Large sellers are part of what is called the Fulfilled by Amazon (FBA) programme, which ensures adequate inventory and faster shipping



turning, according to Marketplace Pulse, which tracks seller data.

Amazon is not planning to change the board structure of either Prione or Frontizo, where several company executives, including India head Amit Agarwal, are directors, according to sources briefed on the matter.

Flipkart, too, has held talks with large offline distributors to work closely with them to ensure adequate listing on its marketplace and faster deliveries. Both

Amazon and the Flipkart group (including Mynta and Jabong) are clocking daily shipments of 6-7 lakhs each. Amazon is still awaiting clarity on whether retail chain Shoppers Stop—where it holds a 5% stake—can start selling again, according to sources briefed on the matter.

While sales were hit by the rules effective February 1, both Amazon and Flipkart are now expected to bring back normalcy to their daily operations in the coming days. Several other products like Amazon devices are now estimated to be delivered within a day or two from the estimate of 36-40 days hours after the policy was implemented.

"With Cloudtail and Appario back on Amazon, it would definitely help the company to cut the turnaround time by at least two weeks. However, a clearer picture would emerge in the next few days once things stabilise," said Satish Meena, senior research analyst at Forrester.

'Short-term outlook for food inflation looks benign'

Surojit.Gupta@timesgroup.com

New Delhi: RBI seems to have changed its view on the inflation trajectory going ahead, saying short-term outlook for food "appears particularly benign". It said several food groups are experiencing excess supply conditions domestically and internationally. The RBI also cited moderation in the fuel group.

"Inflation in items of rural consumption such as firewood and chips, which had remained sticky and at elevated levels, has collapsed in recent months. Electricity prices also showed an unexpected moderation, providing a softer outlook for the fuel group," it said, displaying a distinct shift in its stance on inflation.

It said the recent unusual pick-up in prices of health and education could be a one-off phenomenon, while the crude oil price outlook remains broadly the same as in the December policy.

RBI REDUCES TARGET

RBI's surveys show that inflation expectations of households as well as input and output price expectations of producers have moderated significantly, while the effect of house rent allowance increase for central government employees has dissipated completely along expected lines.

Taking all these factors into consideration and assuming a normal monsoon in 2019, the central bank revised downwards the retail inflation target to 2.8% in fourth quarter of 2018-19, 3.2-3.4% in first half of 2019-20 and 3.9% in third quarter of 2019-20, with risks broadly balanced around the central trajectory. The government welcomed RBI's move to cut rates, saying it was "a very balanced and pragmatic policy statement". "Welcome change of stance to neutral and rate cut by 25 basis points," said economic affairs secretary Subhash Chandra Garg.

ADDING TEETH TO BANKRUPTCY PROCESS

Measure	Impact
Bidders for bankrupt companies allowed to raise external commercial borrowings	Will improve effectiveness of the insolvency and bankruptcy process
Bulk deposit definition revised to include deposits over Rs 2cr as against Rs 1cr earlier	Help banks in their asset-liability management better
Umbrella organisation to be created for urban cooperative banks (UCBs)	UCBs will get access to capital, liquidity, fund management and IT support
Panel formed to look at trade in rupee derivatives overseas	Will encourage those betting on the rupee to do so in India. Aim to reduce volatility from overseas markets
Regulation of payment gateway service providers and payment aggregators	The decision will have direct regulation instead of indirect regulation through banks
Limit for collateral-free agricultural loan hiked to Rs 1.6L from Rs 1L	Helps to keep up borrowing limit in line with inflation in agricultural inputs
Working group to review agri credit	Panel will look at regional disparity, extent of coverage and deepening long-term credit formation
Rationalisation of regulations for interest rate derivatives, like interest rate swaps & futures	Improve ease of access and deepen the interest rate derivative market

It is up to agencies to probe Chanda: RBI gov

TIMES NEWS NETWORK

Mumbai: RBI governor Shaktikanta Das's maiden monetary policy resulted in a change in the central bank's stance and also delivered a rate cut. Additionally, he indicated that an interim dividend is on the cards. Excerpts:

Is there scope for more rate cuts in future?

The shift in stance of monetary policy from calibrated tightening to neutral also provides flexibility and the room to address the challenges to sustain growth of Indian economy over the coming months. The monetary policy committee (MPC) decision in this regard will be data-driven in keeping with its primary objective of price stability and growth. MPC decisions will be data-driven—there will be no scope for discretion.

Has the fiscal slippage been factored into monetary policy decisions?

The impact of various budget proposals and other developments have been factored into our projections. We discussed the possibility of fiscal slippage. We have analysed the transmission time that each of the announcements would take to have an impact on the ground level, the expenditure measures announced by the government, and we have also analysed on the revenue side. We have

analysed how GST is playing out, what is the future outlook with regard to the GST collections, which we expect will pick up because the initial bottlenecks have been removed and procedures streamlined.



What are the risk factors before the Indian economy?

The biggest is the monsoon. The second one is the crude oil prices and the overall external situation. There are issues around Brexit—how it is playing out and how the US economy is recovering. There are trade conflicts, which are expected to get resolved but we do not know how much time it will take.

How are you addressing the issue of dilution of promoter holding in private banks?

There are two cases. In one of the cases, some action has already been taken. The other case is under litigation. It's in the court. So, therefore, I would not like to make any observation in public.

RBI's view on the Justice BN

Srikrishna report indicting Chanda Kochhar...

There are two aspects to this: The RBI looks at the regulatory aspects—whenever there is a regulatory violation by the bank or an individual from the bank, the RBI will act. But if there are certain things that require investigation, it is within the domain of investigating agencies. There, it is for the investigating agencies to take further action.

The government has asked for interim dividend and is also asking for surplus from previous years. What do you think of the government practice of using RBI funds to bridge fiscal deficit?

The interim dividend will be announced as and when the central board takes a decision. The payment of surplus or dividend from the RBI is part of the RBI Act. We are not doing anything beyond the legal provision. Now, how the government uses the proceeds is the government's decision. Any decision of the RBI is always driven by certain principles and certain accounting norms.

Will the RBI relax the February 12 circular on recognising bad loans?

At the moment, there is no proposal to modify the circular.

ALL EYES ON INTEREST RATE MOVEMENT

The policy rightfully signals that rates may further soften. Opening up ECB route for applicants under IBC could facilitate a faster turnaround. Raising the limit for collateral-free agri loans to Rs 1.6 lakh will enhance coverage of small and marginal farmers



Streamlining risk weights on NBFCs based on their rating would encourage banks to lend more to them. Relaxation of ECB for resolution applicants could help in raising funds leading to earlier resolution

Sunil Mehta | MD & CEO, PNB

The RBI has been supplying liquidity through sustained open market operations of G-secs and with this rate cut, we should see a moderation in borrowing rates

Zarin Daruwala | CEO, STANC INDIA

Banks have to raise a lot of deposits, for which they may have to pay a slightly higher rate—this could reduce scope for cutting lending rates. We will have to wait and watch

Keki Mistry | VC & CEO, HDFC

The slew of reforms announced will further help boost credit flow & drive growth in MSMEs

Rashesh Shah | CHAIRMAN & CEO, EDLWEISS

Assessment of growth & inflation is quite realistic and underlines low inflation and a high-growth path for India

S C Garg | ECO AFFAIRS SECY

Let's Join Hands for Worm Free Delhi

National Deworming Day
8th February, 2019 (Friday)

Hon'ble Minister of Health & Family Welfare
Shri Satyendar Jain
will launch the campaign
at 11:00 AM

Venue: Govt. (Co-ed) School, A-6 Block, Paschim Vihar, Delhi-110063

Deworming tablet will be administered on 8th February, 2019 to all children aged 1 to 19 years across all Schools and Anganwadis free-of-cost. It is important to ensure that all eligible children participate in the campaign.

Practices in addition to Deworming that help reduce worm infections

- Keep nails clean & short
- Drink clean water
- Wash hands with soap, especially before eating and after using the toilet
- Wash fruits and vegetables with clean water
- Keep food covered
- Do not defecate in the open
- Do not move around bare footed, wear shoes/slippers
- Keep your surroundings clean

Albendazole is a safe and effective drug. However, few children may experience mild pain in stomach, nausea, vomiting, fatigue and lose motion after its administration. These events are transient and are observed more commonly in children with more number of worms in the intestine. Elaborate arrangements have been made to deal with these in a prompt and effective manner.

Ensure that children who are missed out on National Deworming Day due to absenteeism or sickness are administered the tablet on Mop-up day, 14th February 2019 (Thursday).

Directorate of Family Welfare, GNCT of Delhi