

# 18 ECONOMY

**TOTAL OUTSTANDING BALANCE INCREASES TO ₹52.6 LAKH CRORE IN MAR 2019**

## Individual lending growth doubles in four years since March 2015

**GEORGE MATHEW**  
MUMBAI, JULY 20

LENDING TO individuals has been the largest contributor to the growth in debt with the aggregate debt of individuals more than doubling in the past four years.

Total individual lending has registered a 22.0 per cent compounded annual growth rate (CAGR) in the past four years. "Total outstanding balance has increased from Rs 23.7 lakh crore in March 2015 to Rs 52.6 lakh crore in March 2019. While for the same time period from March 2015 to March 2019, commercial lending has expanded from Rs 38.8 lakh crore to Rs 64.1 lakh crore," said a report from Transunion Cibil, a credit information company.

While individual loans (including consumer loan, business loan to individuals and other loans) led the credit off-take, lending to commercial entities (including MSME and cor-

**COMMERCIAL LENDING EXPANDS TO ₹64.1L CR**

■ Total individual lending has registered a 22.0 per cent compounded annual growth rate in the past four years

■ Commercial lending has expanded from Rs 38.8 lakh crore to Rs 64.1 lakh crore in the same period

■ Bank credit to the industry had fallen three years ago in the wake of huge non-performing assets in the corporate sector

■ Personal loan outstanding as of March 2019 was Rs 22.2 lakh crore, as per RBI data

porate entities) rose by 13.4 per cent and government debt by 10.6 per cent.

Bank credit to the industry had fallen three years ago in the wake of huge non-performing assets in the corporate sector.

"Banks started pushing retail individual loans to boost the credit growth. Personal, auto and home loans had witnessed a surge in the last two years as banks started focusing on recovery and resolution of bad assets in the corporate segment," said an official of a nationalised bank.

According to Reserve Bank data, personal loan outstanding as of March 2019 amounted to Rs 22.2 lakh crore, a rise of 16.9 per cent on a year-on-year basis. Housing loan outstanding was Rs 11.6 lakh crore as of March 2019, registering a rise of 18.7 per cent. On the other hand, outstanding loans to industry were Rs 28.8 lakh crore, up 6.4 per cent from the same period of last year.

Cibil said state government lending has expanded much more rapidly than central government debt. Total central gov-

ernment debt has expanded at a rate of 9.2 per cent in the past four years. While for the same time period from March 2015 to March 2019, state government debt has expanded with a rapid growth of 13.8 per cent, debt increased from Rs 27.0 lakh crore to Rs 45.4 lakh crore.

"Total credit exposure stood at Rs 116.7 lakh crore as of March 2019 of which the corporate segment holds the largest share of 55 per cent and exposure of Rs 64.1 lakh crore," Cibil report said. The remaining exposure of Rs 52.6 lakh crore belongs to individual lending, including consumer lending, business lending and other retail, agriculture and priority sector lending, it said.

It said Gujarat has emerged as the top ranking state, in terms of performance and credit growth potential for MSME (micro, small and medium enterprises) corporate lending in India, followed by Andhra Pradesh, Haryana, Karnataka and Delhi. MSME

corporate entities are defined basis the aggregate credit exposure up to Rs 50 crore.

The market size of this category is Rs 17.6 lakh crore as of March 2019. Other states with high potential in MSME corporate lending are Maharashtra, Rajasthan, Tamil Nadu, Uttar Pradesh and Jammu & Kashmir, Cibil said.

"Andhra Pradesh ranks highest in market growth in FY19, ranking improved significantly in market growth and Delinquency parameters between FY17 to FY19," it said.

Haryana and Karnataka have got equal scores in MSME Ranking, but Haryana fared better in delinquency and score quality of consumers while Karnataka is positioned well in market size and market growth. The ranking of Haryana has improved significantly in the market growth parameter. Delhi ranks highest in low riskiness of MSMEs measured by better Cibil MSME rank of entities, Cibil said.

**AT THE UPCOMING ANNUAL GENERAL MEETING**

## IndiGo to seek shareholder nod for board expansion, appointment of a women independent director

**ENS ECONOMIC BUREAU**  
NEW DELHI, JULY 20

INTERGLOBE AVIATION'S Board of Directors decided Saturday to seek shareholder approval at its upcoming annual general meeting for expansion of the board including induction of an independent woman director. InterGlobe Aviation is the parent company of India's largest airline IndiGo.

"The Board has decided to seek the approval of the shareholders at the upcoming Annual General Meeting for expanding the Board to enable the induction of an independent woman director," IndiGo said in a statement.

However, the company and its board maintained silence on the feud between its two promoters and co-founders Rakesh Gangwal and Rahul Bhatia that has brought the firm under regulatory scanner.

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Friday, while speaking at a post-earnings analyst call, IndiGo's CEO Ronojoy Dutta said that the board discussed a range of issues during the first leg of its meeting that continued on Saturday. Dutta did not detail the proceedings of the said discussions.

To induct an independent woman director, the company will need to amend its Articles of Association (AoA), for which it will seek approval of its shareholders.

Regulations stipulated by the Securities and Exchange Board of India (Sebi) require at least one woman independent director in the top 500 listed entities by market capitalisa-

tion by April 1, 2019 and in the top 1,000 listed entities by April 1, 2020.

Gangwal had alleged serious corporate governance lapses at IndiGo including related party transactions with entities in which Rahul Bhatia's InterGlobe Enterprises has interests. However, Bhatia's side played down the allegations terming them "much ado about nothing".

The company informed the BSE Saturday that as of June 30, Bhatia's family and his firm InterGlobe Enterprises held 38.23 per cent stake in InterGlobe Aviation, while Gangwal and his family owned 36.65 per cent in the company.

**BRIEFLY**

### Inspection of Strides plant completed

**New Delhi:** Drug firm Strides Pharma Science said Saturday the inspection of its formulation facility in Bengaluru by the US health regulator has completed successfully with a voluntary action indicated (VAI) classification. The company's facility in Bengaluru underwent a United States Food and Drug Administration (USFDA) inspection that ended on May 24, 2019, Strides Pharma Science said in a statement.

### UDAN scheme: Operations on 8 routes begin

**New Delhi:** Eight routes under regional connectivity scheme UDAN have become functional since Friday, taking the total number of operational routes to 194, the Civil Aviation Ministry said in a statement on Saturday. "With this, the total UDAN routes (that are) operational as on date (have) increased to 194," it added.

### RIL CMD keeps salary capped at ₹15 crore

**New Delhi:** Reliance Industries Limited Chairman and Managing Director Mukesh Ambani has kept his annual salary capped at Rs 15 crore for the eleventh year on the trot. Ambani has kept salary, perquisites, allowances and commission together at Rs 15 crore since 2008-09, forgoing over Rs 24 crore per annum. PTI

## 'Rural telephone subscribers fall in May'

The number of telephone subscribers in rural areas fell 0.86 per cent while those in the urban areas rose 0.57 per cent in May 2019, according to official data released by the Telecom Regulatory Authority of India (Trai)

**1,183.15 mn:** Total number of telephone subscribers in the country declined marginally to 1,183.15 million as on May 2019 from 1,183.7 million in the previous month

**512.91 mn:** The rural subscription declined from 512.91 million at the end of April 19 to 508.49 million at the end of May 2019.

**674.66 mn:** However, the urban subscription increased from 670.86 million to 674.66 million during the same period, as per the subscription data for May 2019. The rural subscriber



base fell 0.86 per cent, while the urban subscriber numbers rose 0.57 per cent during May

**TELEDENSITY:** The overall teledensity in the country

slipped to 89.92 per cent at the end of May 2019 from 90.05 per cent at the end of April 2019

**SUBSCRIBERS SHARE:** The share of rural and urban

**98.69%:** Top-five service providers constituted 98.69 per cent market share of total broadband subscribers at May end

subscribers in total number of telephone subscribers at the end of May 2019 was 42.98 per cent and 57.02 per cent respectively

**BROADBAND:** In broadband segment, defined as more than or equal to 512 kbps download speed, number of overall subscribers increased 1.67 per cent to 581.51 million at end of May 2019

## Jet RP invites expressions of interest by August 3

**PRESSTRUST OF INDIA**  
MUMBAI, JULY 20

THE RESOLUTION professional (RP) of Jet Airways Saturday called for expressions of interest (Eols) to sell the grounded airline's meager assets by August 3.

In an advertisement posted on the airline's website and in newspapers, the RP, Ashish Chhawchharia, appointed by Jet Airways' lenders, has set a deadline of August 3 for receipt of Eols, August 6 as the date of issue of provisional list of prospective resolution applicants, and August 11 as the last date of submission of objections.

The advertisement stated that on August 14, final list of prospective resolution applicants will be issued. The final date for submission of resolution plans of these applicants will be September 5, it added. The estimated date for the submission of resolution plan by

**RP has set a deadline of August 6 as the date of issue of provisional list of prospective resolution applicants**

the RP to the National Company Law Tribunal for approval is September 20. The airline's assets include 14 aircraft including 10 Boeing planes — down from 124 before the grounding — and 49 per cent stake in Jet Privilege and a few buildings.

Its liabilities are over Rs 36,000 crore, including more than Rs 10,000 crore of vendor dues, Rs 8,500 crore along with interest owed to the lenders, over Rs 3,000 crore in salary dues and more than Rs 13,500 crore in accumulated losses of the past three years.

The next hearing on the insolvency case and RP's progress report is on July 23.

## Aditya Birla Idea fourth payments bank to shut operations

**PRESSTRUST OF INDIA**  
NEW DELHI, JULY 20

NEARLY 17 months after it began operations, Aditya Birla Idea Payments Bank Limited Saturday announced winding up of its business on account of "unanticipated developments" that made its economic model "unviable".

The company is the fourth payments bank to shut shop after Tech Mahindra, Cholamandalam Investment and Finance Company and a consortium of Dilip Shanghvi, IDFC Bank Ltd and Telenor Financial Services that pulled the plug of operations.

Vodafone Idea Limited in a regulatory filing said, "the Board of Directors of our associate company Aditya Birla Idea Payments Bank Limited (ABIPBL), has subject to receipt of requisite regula-

tory consents and approvals, approved the voluntary winding up of ABIPBL".

The decision has been taken due to unanticipated developments in the business landscape that have made the economic model unviable, the filing added.

In February 2018, Aditya Birla Idea Payments Bank became fourth such entity to begin operations since the issuance of licences to 11 firms by RBI in August 2015.

ABIPBL had received the banking licence from the RBI on April 3, 2017, for carrying on the business of a payments bank and had also received an authorisation to carry on the business of Prepaid Payments Instrument business. It commenced business from February 22, 2018. Total deposits with Aditya Birla Idea Payments Bank stand at about Rs 20 crore, according to sources.

**ENS ECONOMIC BUREAU**  
MUMBAI, JULY 20

RIDING ON a steady growth in net interest income and other income, HDFC Bank, India's leading bank in terms of market capitalisation, has reported a 21 per cent increase in net profit to Rs 5,568.2 crore for the quarter ended June 2019 as against Rs 4,601.4 crore in the same period of last year.

The bank's total income for the quarter at Rs 32,361.8 crore grew by 22.7 per cent from Rs 26,367.0 crore a year ago.

Net interest income (interest earned less interest expended) for the quarter ended June 2019 rose by 22.9 per cent to Rs 13,294.3 crore from Rs 10,813.6 crore last year, driven by asset growth and a core net interest margin for the quarter of 4.3 per cent, the private-sector lender said. Gross non-performing assets (NPAs) were at Rs 11,768 crore — 1.40 per cent of gross advances — as of June 2019 (1.17 per cent excluding NPAs in the agricultural segment) as against 1.33 per cent a year ago.

The bank held floating provi-

## Axis Bank to raise ₹18K cr

**New Delhi:** Axis Bank said on Saturday its board has approved raising up to Rs 18,000 crore through an issue of equity shares, depository receipts or convertible securities.

The Board of Directors of the bank approved the proposal in this regard in the meeting held Saturday, the bank said in a regulatory filing. "The Board... has approved raising of funds aggregating up to Rs 18,000 crore," it said in a regulatory filing. The bank, however, did not disclose when it will raise the funds. Earlier, it had said it will mobilise resources at an "appropriate time". PTI

## EXPLAINED Lender has not shown reduction in bad loans

UNLIKE PSU banking sector which is reeling under heavy losses, HDFC Bank has managed to maintain its 20 per cent plus growth in bottom line as its net interest income and other income showed a good growth.

However, the bank has not showed any reduction in bad loans as gross NPAs to advances ratio has gone up marginally.

sions of Rs 1,451 crore as on June 30, 2019.

Total provisions (comprising specific provisions, general provisions and floating provisions) were 115 per cent of the gross NPAs as of June 2019, the banks said.

"Other income (non-interest revenue) at Rs 4,970.3 crore was 27.2 per cent of the net revenues for the quarter and grew by 30.2 per cent over Rs 3,818.1 crore in the corresponding quarter last year," it said.

The four components of other

income for the quarter ended June 30, 2019 were fees & commissions of Rs 3,551.6 crore (Rs 3,171.0 crore in the previous year), foreign exchange and derivatives revenue of Rs 576.7 crore (Rs 499.6 crore), gain on revaluation/sale of investments of Rs 212.0 crore (loss of Rs 283.2 crore) and miscellaneous income, including recoveries and dividend, of Rs 630.0 crore (Rs 430.7 crore).

It said provisions and contingencies for the quarter ended June 2019 were Rs 2,613.7 crore as against Rs 1,629.4 crore a year ago.

## Equifax to pay \$700 mn in breach settlement

**ASSOCIATED PRESS**  
SAN FRANCISCO, JULY 20

EQUIFAX WILL pay around \$700 million to settle with the Federal Trade Commission over a 2017 data breach that exposed Social Security numbers and other private information of nearly 150 million people, according to a *Wall Street Journal* report.

The Journal, citing unnamed sources familiar with the matter, said the settlement could be announced as soon as Monday. Equifax declined to comment. The report says the deal would re-

solve investigations by the FTC, the Consumer Financial Protection Bureau and most state attorneys general.

It would also resolve a nationwide consumer class-action lawsuit. Spokesmen for the FTC and CFPB didn't immediately return messages seeking comment Friday night. The breach was one of the largest affecting people's private information. Equifax did not notice the attack for more than six weeks. The compromised data included Social Security numbers, birth dates, addresses, driver license numbers and credit card numbers.

## China opens up finance sector to more foreign investments

**AGENCE FRANCE-PRESSE**  
BEIJING, JULY 20

CHINA LIFTED some restrictions on foreign investment in the financial sector Saturday, as world's second largest economy fights slowing growth at home and a damaging trade war with the US.

China will remove shareholding limits on foreign ownership of securities, insurance and fund management firms in 2020, a year earlier than originally planned, the Financial Stability and Development Committee said in a statement posted by the central bank Saturday.

Foreign investors will also be encouraged to set up wealth management firms, currency broker-

It will remove shareholding limits on foreign ownership of securities, insurance and fund management firms in 2020

ages and pension management companies, the statement said.

Beijing has long promised to further open up its economy to foreign business participation and investment but has generally dragged its feet in implementing the moves—a major point of contention with Washington and Brussels. The announcement followed a Friday meeting chaired by economic czar Liu He where pol-

icymakers focused on tackling financial risk and financial contagion and pledged new steps to support growth, according to a state council statement.

Additional measures include scrapping entry barriers for foreign insurance companies like a requirement of 30 years of business operations and cancelling a 25 per cent equity cap on foreign ownership of insurance asset management firms. Foreign owned credit rating agencies will also be allowed to evaluate a greater number of bond and debt types, the statement said. US President Donald Trump has launched a damaging tariff war in an attempt to force Beijing to further open up its economy and limit what he calls its unfair trade practices.

## White House to host meeting on Huawei ban with tech executives

**REUTERS**  
WASHINGTON, JULY 20

WHITE HOUSE economic adviser Larry Kudlow will host a meeting with semiconductor and software executives on Monday to discuss the US ban on sales to China's Huawei Technologies Co Ltd, two sources briefed on the meeting said on Friday.

Treasury Secretary Steven Mnuchin will also attend the White House event, to which chipmakers Intel Corp and Qualcomm Inc have been invited, the people said. A White House official confirmed the meeting would take place, noting that

Google and Micron would attend, but said it had been called to discuss economic matters. The subject of Huawei was expected "to come up but that it is not the reason why they are convening the meeting," said the official, who spoke on condition of anonymity.

The future of US companies' ties to Huawei remains uncertain after the Trump administration put the company on a blacklist.

The move banned US companies from selling most US parts and components to it without special licenses, but US President Donald Trump said last month American firms could resume sales, with an eye on reviving trade talks with Beijing.

**REUTERS**  
NEW YORK, JULY 20

BOSTON FEDERAL Reserve President Eric Rosengren on Friday pushed back against expectations for an interest-rate cut when Fed policymakers meet later this month, saying the US economy does not need a boost the way some other countries might.

"It makes sense that if I was in Japan or if I was at the ECB (European Central Bank) that I would seriously be thinking about easing," Rosengren said in an interview with CNBC. "The US economy is not at that point, the economy is actually quite reason-

**"It makes sense that if I was in Japan or if I was at the ECB (European Central Bank) that I would seriously be thinking about easing,"**

**ERIC ROSENGREN**  
PRESIDENT, BOSTON FEDERAL RESERVE

able at this stage. So, if that were to change, I'd be happy to ease that point. But I don't want to ease if the economy is doing perfectly well without that easing."

had improved since the Fed met in June, when it held rates steady.

On Thursday, comments by New York Fed President John Williams stoked expectations that the US central bank would cut rates by a half-percentage-point when it meets on July 30-31. But those expectations were deflated just hours later when a New York Fed representative said the comments were not meant to signal policy actions at the upcoming meeting.

The Fed is widely expected to cut rates for the first time in a decade at its July meeting. Friday was the last day that investors will hear from Fed officials until they release their policy statement at the close of the July meeting.