MARKET WATCH

	14-08-2019	% CHANGE
Sensex	37,312	0.96
US Dollar	71.27	0.18
Gold	37,945	-1.10
Brent oil	58.84	-3.03

NIFTY 50

	PRICE	CHANGE
Adani Ports	358.85	-1.70
Asian Paints	1569.70	-3.65
Axis Bank	663.20	13.75
Bajaj Auto	2713.90	43.35
Bajaj Finserv	7415.20	326.05
Bajaj Finance	3289.95	68.10
Bharti Airtel	361.20	9.55
BPCL	354.45	11.35
Britannia Ind	2478.90	-33.00
Cipla	478.30	2.55
Coal India	200.50	-3.25
Dr. Reddy's Lab	2511.95	-44.40
Eicher Motors	16574.65	-70.35
GAIL (India)	126.75	0.75
Grasim Ind	734.50	24.85
HCL Tech	1076.15	3.65
HDFC	2117.70	17.60
HDFC Bank	2229.45	9.10
Hero MotoCorp	2634.15	67.35
Hindalco	180.60	4.35
Hind Unilever	1839.05	14.30
Indiabulls HFL	551.35	-21.75
ICICI Bank	417.30	7.05
IndusInd Bank	1400.85	27.40
Bharti Infratel	248.85	2.20
Infosys	774.80	10.05
Indian OilCorp	126.45	0.55
ITC	248.75	2.45
JSW Steel	227.75	7.60
Kotak Bank	1491.80	-19.60
L&T	1333.70	20.45
M&M	523.55	11.15
Maruti Suzuki	5816.00	0.55
NTPC	117.60	0.45
ONGC	126.85	-0.90
PowerGrid Corp	205.15	3.15
Reliance Ind	1288.25	13.50
State Bank	289.75	6.40
Sun Pharma	417.15	-22.10
Tata Motors	120.90	-1.05
Tata Steel	364.65	15.95
TCS	2204.40	4.95
Tech Mahindra	659.10	19.95
Titan	1084.00	20.15
UltraTech Cement	4225.90	44.75
UPL	527.20	24.10
Vedanta	146.55	6.80
Wipro	251.05	-7.45
YES Bank	76.55	2.95
Zee Entertainment	341.60	14.30

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on August 14

CURRENCY	TT BUY	TT SELL
US Dollar	71.07	71.39
Euro	79.49	79.84
British Pound	85.78	86.17
Japanese Yen (100)	67.15	67.46
Chinese Yuan	10.13	10.17
Swiss Franc	73.21	73.54
Singapore Dollar	51.20	51.44
Canadian Dollar	53.44	53.68
Malaysian Ringitt	16.96	17.05

Source:Indian Bank

BULLION RATES CHENNAI

August 14 rates in rupees with previous rates in parentheses

Retail Silver (1g)	47.9	(47.5)
22 ct gold (1 g)	3578	(3569)

July trade deficit narrows to $13.43 bn

Overall exports in April-July rise 3.13%; trend seen as positive amid low expectations on demand

SPECIAL CORRESPONDENT
NEW DELHI

India's trade deficit narrowed to $13.43 billion in July 2019, from $15.28 billion in the previous month, according to official data released on Wednesday.

"India's overall exports [merchandise and services combined] in April-July 2019-20 are estimated to be $181.47 billion, exhibiting a positive growth of 3.13% over the same period last year," the government said in a statement.

"Overall imports in April-July 2019-20 are estimated to be $214.37 billion, exhibiting a negative growth of 0.45% over the same period last year."

Services data for July is an estimation and will be revised next month when the Reserve Bank of India releases the final figures.

Imports in low gear

Import segments that contracted significantly were pearls, precious and semi-precious stones at 31%, followed by petroleum and crude imports that shrank 22%

Source: Ministry of Commerce and Industry

Metrics	Overall Trade*	Growth (%)
Exports ($ bn)	181.5	3.1
Imports ($ bn)	214.4	(0.4)
Trade deficit ($ bn)	32.9	

*Merchandise plus services for the period April-July 2019-20

> Consumer durables and non-durables have outperformed overall export growth for July
>
> MOHIT SINGLA
> Chairman, Trade Promotion Council of India

India's merchandise exports stood at $26.33 billion compared with $25.75 billion in July last year. In rupee terms, exports stood at ₹1,81,190.34 crore in July, up 2.42% from July 2018.

Sectoral growth

The sectors that witnessed strong growth in exports including electronic goods (51.39%), drugs and pharmaceuticals (21.74%), organic and inorganic chemicals (13.45%), and ready-made goods of all textiles (7.06%).

"Consumer durables and consumer non-durables such as electronic goods, pharma, marine and textiles have outperformed the overall export growth of 2.25% for July 2019," Mohit Singla, chairman, the Trade Promotion Council of India, said.

"This brings good news to exporters despite an expected global slowdown in demand for these products. This shows that Indian products have started gaining acceptability in the global market."

"Imports in July 2019 were $39.76 billion (₹2,73,579.71 crore), which was 10.43% lower in dollar terms and 10.28% lower in rupee terms over imports of $44.39 billion (₹3,04,916.76 crore) in July 2018," the release added. Imports of pearls, precious and semi-precious stones declined 31.02% in July, and petroleum and crude imports shrank 22.15%.

Low domestic demand

"This is juxtaposing the current slowdown prevailing in the economy primarily and at the global level overall," Mr. Singla added.

"Since consumption rates in India have plummeted, demand has been squeezed," Mr. Singla added.

Wholesale inflation eases to 1.08% in July

Fuel and power sector contracts

SPECIAL CORRESPONDENT
NEW DELHI

Inflation at the wholesale level eased for the fourth consecutive month to a 25-month low of 1.08% in July, on lower inflation in the manufacturing and fuel sectors, according to official data released on Wednesday.

Growth in the Wholesale Price Index slowed in July from 2.02% in June. Within the index, the manufacturing sector saw inflation slipping to 0.34% in July from 0.94% in the previous month.

The fuel and power sector witnessed a contraction in prices for the second consecutive month, contracting 3.64% in July compared with a contraction of 2.2% in June. The crude petroleum and natural gas sector saw prices contracting for the third consecutive month, by 8.43% in July, compared with a contraction of 1.7% in the previous month.

"The decline in the wholesale inflation can be attributed to deflation in the fuel and power group for consecutive two months and decline in inflation in manufactured group to a nearly three-year low," Care Ratings said in a report.

"Inflation in primary articles continues to increase in July 2019, albeit at a slower pace compared with the previous month. However, it continues to rise when compared with the corresponding period last year."

IDBI Bank's Q1 loss widens to ₹3,800 crore

SPECIAL CORRESPONDENT
MUMBAI

IDBI Bank reported widening of net loss for the April-June quarter to ₹3,800.84 crore due to higher provisioning, as compared to ₹2,409.89 crore reported in the same period of the previous financial year.

Provisioning for NPAs surged to ₹7,009.49 crore during period under review, from ₹4,602.55 crore in the year-ago period.

Gross NPAs came down to ₹51,657.63 crore, or 29.12% of total advances at end of June, from ₹57,806.84 crore or 30.78% in the year-ago period. Gross NPA, however rose sequentially. Net NPA declined sharply to 8.02%, from 18.76% a year ago.

'Nudging banks to lend to NBFCs increases risk'

Fitch warns of perils to financial sector

SPECIAL CORRESPONDENT
MUMBAI

The Reserve Bank of India's decision to take several steps that are aimed at encouraging banks to lend to non-banking finance companies could increase risks in the financial sector, rating agency Fitch said.

Risks in India's banking sector may rise as a result of the central bank's recent steps encouraging banks to lend more to non-banking financial institutions (NBFIs) and retail borrowers, Fitch Ratings said.

These measures could push up banking sector risk if they make banks accept higher credit risk than they previously had the appetite for, Fitch said.

India's constant nudging of banks to lend more to non-banks is in contrast to the global trend of authorities trying to break the linkages between banks and NBFCs, it said.

"India's overarching approach across the financial system is aimed at achieving a more inclusive financial system in which bank savings can support lending to parts of the economy that are beyond the banks' distribution network or risk appetite. However, it increases the potential of risks in the NBFI sector spilling over to banks, exacerbated by the limited capacity of India's capital markets to provide extra funding to NBFIs," the report added.

Govt. asks PSBs to find out reasons for rise in NPAs in last 5 years

Performance review set in motion

MANOJIT SAHA
MUMBAI

The Finance Ministry has initiated a comprehensive consultative process with public sector banks (PSBs) to find out the reasons for the sharp rise in bad loans in the previous five years, apart from outlining national priorities with which these banks have to align themselves.

• GETTY IMAGES/ISTOCK

Touted as a 'bottom-up consultative process,' the Ministry will review the performance of these entities in the last five years.

This will be the first comprehensive review of PSBs after Nirmala Sitharaman took charge of the Finance Ministry in May, that will also provide a direction to the PSBs for the next five years.

Banks have been given a detailed questionnaire in which they have to give their feedback on "the reason for the steep rise in NPAs during 2015-19. How many of these were stressed assets and which were not recognised earlier?" according to a note which had been circulated to the PSBs.

The government also wants to know the reasons for the decline in credit flow in the last five years. In particular, the Ministry wants to know if credit to manufacturing has dropped, and if so, why it had, as the IIP has risen from 2.8% in 2014-15 to 4.6% in 2017-18.

Banks also have to dwell on the number of loan applications they received between April 2014 and March 2019 and as to how many were accepted and rejected.

The consultative process will start from branch level upwards to the State-level and then to the national level.

"The consultation will cover eight thematic papers prepared by domain experts and will also include a review of the banks' performance during the last five years..." a letter from the Finance Ministry to the CEOs of PSBs said.

"The consultative process will be aimed at alignment of banking with national priorities, stimulating ideas and inculcating a sense of involvement among bankers down to the branch level," the letter, which has been reviewed by *The Hindu*, further added.

One of the themes of the consultative exercise is 'enabling bank credit towards a $5 trillion economy.'

Some of the thematic papers on which the consultation will take place are – increasing digital payments, corporate governance, credit to MSMEs and farm loans among others.

Some national priorities to which PSBs need to align are doubling farm income, Jal Shakti, housing for all, education loans, ease of living and corporate social responsibility, among others.

RIL will become a holding firm: analysts

'Higher potential, post Saudi Aramco deal and listing of Jio and retail businesses'

PIYUSH PANDEY
MUMBAI

Post the deal with Saudi Aramco to sell 20% stake in its oil-to-chemicals (O2C) business and listing of its consumer-facing businesses Jio and Retail, Reliance Industries Ltd. will largely become a holding company, incubating newer growth engines for growth, say analysts.

"We have received strong interest from strategic and financial investors in our consumer businesses Jio and Reliance Retail. We will induct leading global partners in these businesses in the next few quarters, and move towards listing of both these companies within the next five years," RIL chairman Mukesh Ambani had said at the AGM on Monday.

RIL could well become a holding company with majority stake in the O2C business, Reliance Retail and Reliance Jio, as the company plans to sell significant minority stake in the consumer facing businesses, on the lines of the Saudi Aramco deal.

Room for more: RIL has potential for unlocking value of another ₹4 lakh crore, says an analyst. • P.V. SIVAKUMAR

The 'Grasim' way

"RIL will become something on the lines of Grasim but in a much bigger avatar, holding interests in O2C, retail and Jio. With the Aramco deal, the focus of RIL is shifting from energy play to becoming a technology company," Sanjiv Bhasin, executive vice-president, IIFL Securities, told *The Hindu*.

"RIL will get world leaders in each of its businesses just as it got Saudi Aramco for O2C and Microsoft for data centres. Each of the three verticals of RIL has the potential to become another Reliance in itself. The company's Ebitda is going to double in the next three years," he added.

Asked for comments, investment adviser S.P. Tulsian said, "RIL will become a holding company, but that's 2-3 years away. They have just signed a non-binding deal with Saudi Aramco. RIL has a market cap of over ₹8 lakh crore and debt of close to ₹3 lakh crore. That makes it ₹11 lakh crore.

Potential for more value

"I ascribe ₹2.5 lakh crore value to each vertical of refining, petrochem, Jio, retail and investments, taking the total value to ₹15 lakh crore. So, RIL has potential for value unlocking of another ₹4 lakh crore."

Eveready net dips 63% on lower revenue

SPECIAL CORRESPONDENT
KOLKATA

Eveready Industries India Ltd. saw a 63% dip in its first quarter net profit to ₹6.9 crore. There was a 16% dip in its operating income to ₹321 crore in this period.

EIIL is engaged in the business of dry cell batteries, rechargeable batteries, flashlights, packet tea, general lighting products, small home appliances and confectioneries.

It attributed the poor performance to lower turnover across all segments, due to weak consumer demand especially in the rural sector. Its lighting business was impacted by supply constraints and lack of government orders for fans. Its appliance segment was also hit on account of consolidation of portfolio and supply problems.

Textiles Ministry signs MoU for skill training

Samarth scheme to train four lakh

SPECIAL CORRESPONDENT
COIMBATORE

The Union Textiles Ministry signed a Memorandum of Understanding with 16 State governments on Wednesday to offer skill training programmes under the Samarth scheme (Scheme for capacity building in the textiles sector).

A press release said 18 States had agreed to partner with the Ministry under the scheme. The agencies nominated by the State Governments will train four lakh people. After the training, the candidates will be placed at the textile units.

Speaking at the function, Union Textiles Minister Smriti Zubin Irani said the signing of agreements showed the 'commitment of the Ministry to extend support to State agencies and

Smriti Irani

make them equal partners' to boost the textiles sector.

The targets set by some States were below the requirement of skilled workers by the textiles industry in those States.

She urged such States to review their targets. Textiles Secretary Ravi Capoor said there was a requirement of 16 lakh trained skilled workers in the industry. The scheme looks at making workers employable.

HDFC Bank's CSR spend rose 20%

SPECIAL CORRESPONDENT
MUMBAI

At a time when the government has amended laws to penalise firms for not spending as per mandate on the corporate social responsibility front, HDFC Bank said it had spent ₹443.8 crore on CSR in 2018-19, a rise of 20% over the previous year.

The bank said it had met its CSR spending requirement for the consecutive years 2016-17, 2017-18 and 2018-19.

Violation in CSR norms may attract penalties between ₹50,000 and ₹25 lakh, and even jail term of up to three years.

In a report released by the bank, the lender said it had impacted over 5 crore lives through its social initiative Parivartan as on March 31, 2019.