

MARKET WATCH		
	23-08-2019	% CHANGE
Sensex	36,701	0.63
US Dollar	71.66	0.21
Gold	38,995	0.06
Brent oil	58.65	-0.22

NIFTY 50		
	PRICE	CHANGE
Adani Ports	349.35	4.30
Asian Paints	1580.40	10.20
Axis Bank	663.90	2.75
Bajaj Auto	2749.15	4.90
Bajaj Finserv	6884.60	117.25
Bajaj Finance	3174.35	60.25
Bharti Airtel	356.40	3.65
BPCL	329.35	16.35
Britannia Ind	2466.65	25.90
Cipla	465.90	1.90
Coal India	188.00	7.15
Dr. Reddy's Lab	2541.25	-4.15
Eicher Motors	15383.45	-139.90
GAIL (India)	124.40	3.75
Grasim Ind	719.45	30.90
HCL Tech	1087.00	8.10
HDFC	2043.75	29.65
HDFC Bank	2162.70	-11.40
Hero MotoCorp	2640.20	13.95
Hindalco	180.25	3.70
Hind Unilever	1860.00	-12.10
Indiabulls HFL	467.85	17.30
ICICI Bank	395.40	-3.70
IndusInd Bank	1310.50	-25.15
Bharti Infratel	246.95	0.40
Infosys	802.20	6.50
Indian OilCorp	122.80	5.00
ITC	236.10	-3.95
JSW Steel	220.65	3.65
Kotak Bank	1470.20	-8.05
L&T	1286.50	-7.75
M&M	533.25	21.45
Maruti Suzuki	6254.35	45.80
NTPC	118.50	3.75
ONGC	122.25	5.30
PowerGrid Corp	201.50	-1.25
Reliance Ind	1275.85	29.10
State Bank	271.10	2.55
Sun Pharma	427.80	13.25
Tata Motors	111.05	3.35
Tata Steel	345.25	11.55
TCS	2247.70	31.70
Tech Mahindra	683.85	1.10
Titan	1073.50	11.75
UltraTech Cement	3861.80	23.65
UPL	547.25	29.20
Vedanta	137.40	8.35
Wipro	251.40	-0.65
YES Bank	59.25	2.95
Zee Entertainment	351.15	22.20

EXCHANGE RATES		
Indicative direct rates in rupees a unit except yen at 4 p.m. on August 23		
CURRENCY	TT BUY	TT SELL
US Dollar	71.46	71.78
Euro	79.09	79.45
British Pound	87.40	87.79
Japanese Yen (100)	67.13	67.43
Chinese Yuan	10.08	10.13
Swiss Franc	72.60	72.93
Singapore Dollar	51.47	51.71
Canadian Dollar	53.64	53.88
Malaysian Ringgit	17.04	17.14
Source: Indian Bank		

BULLION RATES CHENNAI		
August 23 rates in rupees with previous rates in parentheses		
Retail Silver (1g)	48.2	(48.3)
22 ct gold (1 g)	3600	(3608)

Upfront capital for PSBs to bolster loan growth

Move may release liquidity to the tune of ₹5 lakh crore

SPECIAL CORRESPONDENT MUMBAI

The government's decision to provide capital to public sector banks (PSBs) upfront will give them 'growth capital' apart from meeting regulatory requirements, bankers said.

Finance Minister Nirmala Sitharaman on Friday announced a host of measures to boost the slowing economy and assured that the Centre would provide ₹70,000 crore in capital to the PSBs – as announced in the Budget – upfront, which will release liquidity to the tune of ₹5 lakh crore. "This will benefit corporates, retail borrowers, MSME, small traders etc," she said in a presentation.

Many banks, which have reported their April-June earnings, saw their common equity tier-I capital depleted. The lenders will benefit as their capital levels will improve.

"Typically, the government releases capital at the end of the financial year. So, there was not much scope to boost loan growth. If the capital is released now, loan

FM steps in to accelerate auto demand

Higher depreciation and Centre's move to replace old vehicles may act as booster shots

SPECIAL CORRESPONDENT NEW DELHI

Finance Minister Nirmala Sitharaman on Friday announced a slew of measures to boost demand in the auto sector as well as reduce any uncertainty that was dampening sentiments, including saying that the government will now replace old vehicles with new ones.

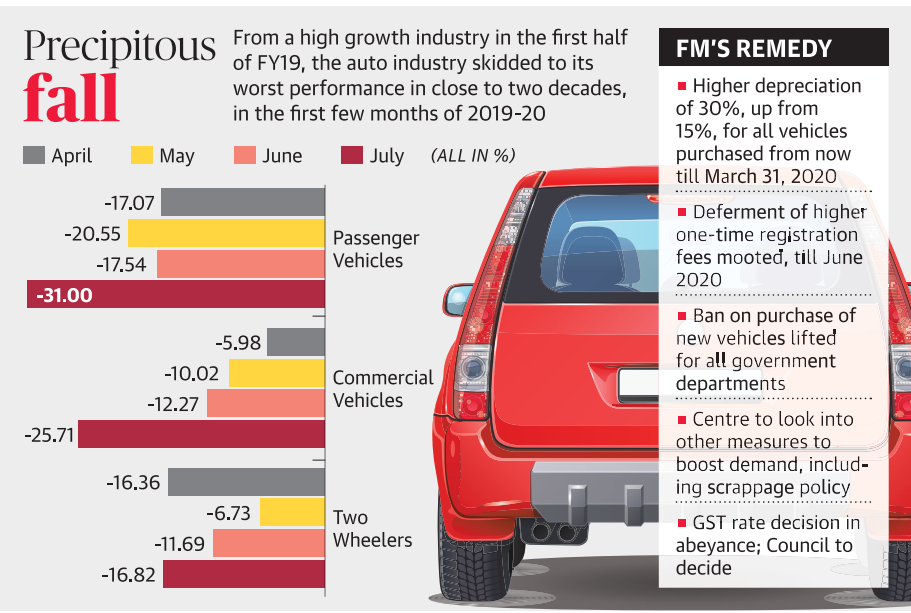
The most important of these is a higher depreciation of 30%, up from 15%, for all vehicles purchased from now till March 31, 2020.

Next is the deferment of the higher one-time registration fees, mooted by the Ministry of Road Transport and Highways (MoRTH), till June 2020.

Draft notification

In July 2019, MoRTH had issued a draft notification that proposed to increase the registration charges for new IC engine powered vehicles to ₹5,000 from the current ₹600. This was met with intense resistance from the auto industry.

Ms. Sitharaman also announced that the govern-



From a high growth industry in the first half of FY19, the auto industry skidded to its worst performance in close to two decades, in the first few months of 2019-20

FM'S REMEDY

- Higher depreciation of 30%, up from 15%, for all vehicles purchased from now till March 31, 2020
- Deferment of higher one-time registration fees mooted, till June 2020
- Ban on purchase of new vehicles lifted for all government departments
- Centre to look into other measures to boost demand, including scrappage policy
- GST rate decision in abeyance; Council to decide

What FM has done for the automobile industry, is the best that could have been done

R.C. BHARGAVA Chairman, Maruti Suzuki

a practical manner," R.C. Bhargava, chairman of Maruti Suzuki, told *The Hindu*. "Besides, what she has done specifically for the automobile industry, is the best that could have been done, I believe.

"She has announced some changes which will have long-term and hugely beneficial effects for the economy, which will, in turn, benefit the auto sector also.

"The sentiment will change, I believe, particularly due to things like the government's decision to buy cars," Mr. Bhargava added. "That conveys the message that internal combustion (IC) cars will be bought by the government and not just electric cars.

"She has clarified that IC cars and electric are the same for the government, there is no discrimination."

Move to decriminalise CSR violations welcomed

Companies can now utilise the funds in an effective way without any fear, says BSE MD and CEO

PIYUSH PANDEY MUMBAI

Finance Minister Nirmala Sitharaman on Friday announced that corporate social responsibility (CSR) violations would not be treated as criminal offences and would instead be a civil liability, in a move welcomed by India Inc.

"CSR spend and criminal proceedings on that [for violations] was a surprise to many when it was announced.

"Taking it back is a wel-

come move. It will allow the corporations to think and employ their CSR funds in an effective way without fear. This step has certainly given a boost to the morale of corporate India," Ashish Chauhan MD & CEO, BSE, told *The Hindu*.

"[The] Ministry of Corporate Affairs will review the sections in the Companies Act on CSR violations," said Ms. Sitharaman in her presentation.

When asked for com-

ments, Abhishek Lodha, MD, Lodha Group, said, "Job creators (business) will appreciate the steps taken on CSR and other measures. While the economy will take time to recover, the process will start from today. The important steps announced today will boost job creation and revive economic sentiment."

The government has provided companies, through revised orders, the time for completing on-going pro-

jects towards fulfilling their CSR obligations.

Mukund Rajan, chairman, ECube Investment Advisors, believes these are welcome steps to restore the confidence in the economy.

Addressing risk

"With the fiscal space available to the government being limited, the private sector needs to be encouraged.

"The willingness to address the risk and cost of doing business, as is reflected

EMIs on new home, auto loans may get cheaper

Banks to link interest rates to repo

SPECIAL CORRESPONDENT MUMBAI

Equated monthly instalments (EMI) on retail loans like home and auto loans are set to become cheaper as banks will now link such rates for fresh loans to the Reserve Bank of India's (RBI's) repo rate as announced by Finance Minister Nirmala Sitharaman.

Union Bank of India, which announced the linking of home and auto loan rates to repo rate, shortly after the Finance Minister's interaction with the media, said that repo-linked rates will be much cheaper than existing interest rates which are linked to marginal cost of funds-based lending rate (MCLR).

Union Bank

For example, Union Bank of India's repo-linked home loan rates for loans above ₹30 lakh up to ₹75 lakh will be 8.25%, which is 35 bps (basis points) lower than the existing rate.

"The home loan linked to repo rate provides 35 bps benefits over the existing home loan," Union Bank said in a statement.



Bankers said, going forward, term-loan products would also be linked to external benchmarks.

Similarly, repo rate-linked vehicle loans will be available at 8.6%, which is 40 bps cheaper than the existing vehicle loan rate.

SBI and Syndicate Bank have already linked their home loan rates to repo rate, while Bank of India, Allahabad Bank and Central Bank of India are expected to come out with similar schemes shortly.

Bankers said, going forward, corporate credit such as term loans and cash credit products would also be linked to external benchmarks like the repo rate.

'Development finance institution to fill infrastructure funding gap'

Banks do not have long-term funds for such projects

SPECIAL CORRESPONDENT MUMBAI

The government's proposal to set up a development financial institution (DFI) is expected to solve the infrastructure financing needs of the country, since banks do not have the long-term funds to finance such projects, bankers said.

Finance Minister Nirmala Sitharaman announced a host of measures on Friday to boost economic growth that also included increasing capital flows and energising capital markets.

Commenting that there was a need to deepen bond markets, Ms. Sitharaman said, "In order to improve access to long-term finance, it is proposed to establish an organisation to provide credit enhancement for infrastructure and housing projects, particularly in the context of India now not having a development bank and also for the need for us to have an institutional mechanism. So, this will enhance debt flow toward such projects."

She said the name of the organisation will be dis-



Spurring infra: The government's move aims to improve access to long-term finance, says the Minister. ■ BIJOY GHOSH

closed in 'a day or two.' "Banks do not have long-term funds. The maturity of our liabilities is five years, on an average.

"So, funding infrastructure projects is difficult for us," said a top official from a public sector bank.

Merger with banks

Over the years, some of the major development finance institutions were merged with their banking outfits such as ICICI and IDBI.

Reserve Bank of India had

to replace old vehicles with new ones at government entities will create demand from the government side.

The scrappage policy, which should be implemented by the end of this year, will create additional demand and all these measures will address the problem of slowdown in the auto industry," said Ambareesh Baliga, an independent analyst.

"Tata Motors welcomes the comprehensive set of actions taken by the government and believes the measures to improve liquidity-driven growth and reduce cost of ownership of the vehicles should help the industry get back on track," said Guenter Butschek, CEO and MD, Tata Motors.

"Affordability and availability of retail finance as well as finance for dealers, was a major concern and the announcements have adequately addressed these concerns," said Rajan Wadhwa, president, Society of Indian Automobile Manufacturers.

"Moreover, the linking of repo rate to interest rates charged for vehicle purchase would support lowering of EMIs for auto purchases, thereby boosting demand," he added.

ACMA, the apex body of India's auto component sector, welcomed the steps.

"We do hope the measures to improve liquidity and deferring of enhanced vehicle registration cost will revive ailing sales in the sector. The enhanced depreciation of 30% until March 2020 will motivate institutional sales. The removal of ban on purchase of new vehicles by the government will help reduce the current pile-up of inventory," said Ram Venkataramani, president ACMA.

Will promote investment, push demand, says FIEO

PRESS TRUST OF INDIA NEW DELHI

The measures announced by the government will help in promoting investments, demand and ease of doing business, exporters' body FIEO said on Friday.

Easing liquidity

The Federation of Indian Export Organisations (FIEO) president Sharad Kumar Saraf said the release of funds to recapitalise public sector banks will go a long way in easing liquidity, further giv-

ing the much-needed boost to the economy in such challenging times.

"The announcements made by the government are aimed at investment stimulus, demand stimulus, ease of doing business and recognition to wealth creators," the FIEO president said in a statement.

According to Mr. Saraf, simplifying the GST would further help the trade and industry overcome their problems of liquidity and capital requirements.

SPECIAL CORRESPONDENT CHENNAI

The slew of measures announced by Union Finance Minister Nirmala Sitharaman to revive the economy has elicited positive reactions from the industry captains here.

Venu Srinivasan, CMD, TVS Motor Co., said that these measures were a welcome step. He felt that the Centre had set the right tone by announcing payment of pending GST refunds of MSMEs within 30 days and making available working

capital loans for industry and vehicle loans at lower rates, among other things.

"The language of the government is that they want to listen to you, businesses, particularly micro, small and medium industries (MSME). The government is sympathetic and empathetic to the economy. [The] Finance Minister's indication of further measures soon is a very, very positive step," he said

Queried on the reaction of the auto sector, he said that customers should have easy



Venu Srinivasan

access to money. "The announcement by the FM is in that direction. The government cannot cut tax. We

have to look at fiscal deficit. The government does not have that much space for a tax cut.

"If they are going to encourage loans to be given, then it will boost the confidence," he added.

'Demonstrates resolve'

"While there are indications of a global slowdown, this government has demonstrated its resolve to mitigate the impact of that in India through these measures. This is the stability and proactiveness

that industry wants," he added. On easing of the working capital availability to the industry, he said that basically it was a confidence-building measure.

"Everyone is confident that this government will act. These measures will provide the immediate relief that the industry was seeking. The promptness of this government's response is reassuring for not just industry, but for the common man as well because it's putting liquidity into the market and easing

the squeeze on the small and medium sector," he said.

Gopal Srinivasan, CMD, TVS Capital Funds, said that this was the real Budget speech for investors.

He was particularly pleased that foreign portfolio investors and angel tax got the much deserved attention.

Terming the announcements as a very good initiative, the Council for Leather Exports said it would lead to overall improvement of the economy.