

MARKET WATCH		
	29-08-2019	% CHANGE
Sensex	37,069	-1.02
US Dollar	71.80	-0.04
Gold	40,220	0.62
Brent oil	60.67	0.44

NIFTY 50		
	PRICE	CHANGE
Adani Ports	366.20	0.25
Asian Paints	1615.25	12.10
Axis Bank	661.15	-17.05
Bajaj Auto	2757.80	-8.95
Bajaj Finserv	6979.85	-56.10
Bajaj Finance	3299.30	-27.05
Bharti Airtel	343.50	-2.30
BPL	354.05	3.50
Britannia Ind	2676.85	-26.25
Cipla	465.20	0.95
Coal India	189.00	3.95
Dr Reddys Lab	2527.80	15.70
Eicher Motors	16538.00	240.55
GAIL (India)	128.50	0.45
Grasim Ind	708.85	-4.65
HCL Tech	1117.75	-6.20
HDFC	2128.45	-58.70
HDFC Bank	2226.95	-20.55
Hero MotoCorp	2547.75	-20.75
Hindalco	179.70	1.30
Hind Unilever	1832.95	4.85
Indiabulls HFL	449.30	-7.95
ICICI Bank	404.40	-8.55
IndusInd Bank	1350.55	-15.30
Bharti Infratel	258.45	9.65
Infosys	806.95	4.45
Indian OilCorp	123.65	0.75
ITC	241.20	-4.75
JSW Steel	211.95	6.20
Kotak Bank	1450.85	-32.80
L&T	1342.45	-2.20
M&M	528.00	-11.70
Maruti Suzuki	6110.20	6.80
NTPC	123.10	3.20
ONGC	123.25	2.05
PowerGrid Corp	204.80	-0.95
Reliance Ind	1241.75	-21.55
State Bank	274.50	-10.40
Sun Pharma	434.65	21.55
Tata Motors	114.30	-2.05
Tata Steel	335.55	-1.40
TCS	243.45	-5.80
Tech Mahindra	691.15	0.95
Titan	1101.80	-9.15
UltraTech Cement	4073.90	-45.90
UPL	558.35	1.35
Vedanta	135.75	3.40
Wipro	248.80	-0.45
YES Bank	57.40	-2.10
Zee Entertainment	362.10	-2.10

EXCHANGE RATES			
Indicative direct rates in rupees a unit except yen at 4 p.m. on August 29			
CURRENCY	TT BUY	TT SELL	
US Dollar	71.60	71.92	
Euro	79.28	79.64	
British Pound	87.55	87.95	
Japanese Yen (100)	67.38	67.68	
Chinese Yuan	10.02	10.07	
Swiss Franc	72.87	73.20	
Singapore Dollar	51.62	51.86	
Canadian Dollar	53.93	54.19	
Malaysian Ringgit	16.97	17.06	
Source: Indian Bank			

BULLION RATES CHENNAI		
August 29 rates in rupees with previous rates in parentheses		
Retail Silver (1g)	52.3	(51.9)
22 ct gold (1 g)	3712	(3713)

## ‘Unplanned GST roll-out led to fraud of ₹45,682 crore’

SPECIAL CORRESPONDENT NEW DELHI

The “hurried and unplanned” roll-out of the GST has not only led to lower tax collections, but has also allowed frauds worth more than ₹45,000 crore to take place, West Bengal Finance Minister Amit Mitra wrote in a letter to Union Finance Minister Nirmala Sitharaman.

“I am shocked to learn about the massive fraud taking place under the GST structure,” he wrote. “The scale of this fraud has been quantified by a written response in the Rajya Sabha by the Minister of State for Finance Anurag Singh Thakur, [who said] a staggering amount of ₹45,682 crore of tax fraud was detected under the GST since its roll-out.” Mr. Mitra added that he had warned the government that giving up on the concept of invoice matching would lead to widespread tax frauds.

## M&M unveils Bolero City Pik-Up

Priced at ₹6.25 lakh, designed for ease of use in city traffic

SPECIAL CORRESPONDENT BENGALURU

M&M has launched Bolero City Pik-Up, specially designed for city applications.

Priced at ₹6.25 lakh (ex-showroom, Bengaluru), it comes with a longer cargo/utility box.

The vehicle is a new addition to M&M’s pick-up segment of vehicles designed for manoeuvrability and driver comfort. The short bonnet design makes the vehicle take swift turns in narrow and crowded city areas. The vehicle packs a 2,523cc m2Di engine with a torque of 195 Nm providing a power of 4.6kW for better performance, said the firm. Vikram Garga, vice-presi-

# ₹2,000 notes in circulation fall

₹500 notes comprised more than 50% in value terms as at end March 2019: RBI

SPECIAL CORRESPONDENT MUMBAI

The ₹2,000 currency notes introduced during the demonetisation exercise of 2016 have dropped in circulation in the last one year ended in March 2019.

According to data in the Reserve Bank of India’s annual report, there were 3,363 million pieces of such notes in circulation as at end March 2018, which was 3.3% of the total currency in circulation, in terms of volume. In value terms, the ₹2,000 notes’ share in total currency circulation was 37.3%.

The number of pieces dropped to 3,291 million in the year ended March 2019, which was 3% in terms of volume and 31.2% in value of

Fading out			
₹2000 notes	Volume	% of total	Value (% of total)
March 2018	3,363 million	3.3	37.3
March 2019	3,291 million	3.0	31.2
₹500 notes			
March 2018	15,469 million	15.1	42.9
March 2019	21,518 million	19.8	51.0

Source: RBI

total circulation. At the same time, the number of ₹500 notes significantly increased

to 21,518 million pieces from 15,469 million pieces during the period under review.

# How the RBI ended 2018-19 with an over ₹1.23 lakh-crore surplus

The central bank recorded a huge jump in gains from foreign exchange transactions while its interest income leapfrogged

RAGHUVIR SRINIVASAN CHENNAI

Ever since the Reserve Bank of India (RBI) announced a jaw-dropping surplus of ₹1,23,414 crore for 2018-19 (July-June accounting year), the question that has been uppermost on everyone’s mind is: how did the central bank post such a massive surplus?

In the immediate two preceding years, 2017-18 and 2016-17, the surpluses were only ₹50,004 crore and ₹30,663 crore respectively.

The RBI Annual Report for 2018-19, released on Thursday, provides the answers. There are two basic reasons for the impressive surge.

### Dollar value

First, a huge ₹28,998 crore gain from foreign exchange transactions thanks mainly

Year of record income				
Reserve Bank of India’s earnings surge on the back of gains from forex transactions and higher interest				
(₹ cr.)	2017-18	2018-19	Increase	Increase (%)
Interest	73,871	1,06,837	32,966	44.62
which includes from				
Domestic bond holdings	47,968	58,343	10,375	21.62
LAF operations	(9,541)	1,046	10,587	-
Foreign bonds	23,428	27,811	4,383	18.71
Deposits foreign	11,112	18,008	6,896	62.05
Other income	4,410	86,199	81,789	854.62
which includes				
Gain/loss from forex transactions	(4,067)	28,998	33,065	-
Provision written back	367	52,618	52,251	14,237.32
Source: RBI Annual Report 2019				

to a change in accounting policy. Until last year, when the RBI sold dollars in the market (to support the rupee), the gain or loss was cal-

culated based on the previous Friday’s market value of the dollar. This policy was changed this year to reflect the historical acquisition

An expanding balance sheet			
Currency in circulation and bond holdings rise due to OMOs (₹ cr.)			
Liabilities	2017-18	2018-19	Difference (%)
Deposits	6,52,597	7,64,922	▲ 17.21
Contingency fund	2,32,108	1,96,344	▼ 15.40
CGR #	6,91,641	6,64,480	▼ 3.92
Notes in circulation	19,11,960	21,68,797	▲ 13.43
Assets			
Gold coin & bullion	1,44,023	1,67,502	▲ 16.30
Foreign investments	26,35,074	27,85,218	▲ 5.69
Domestic bonds	6,29,745	9,89,877	▲ 57.18
# Currency & Gold Revaluation Account			
Surplus jumps	(₹ cr.)	2017-18	2018-19
Centre gains as RBI fully transfers its record surplus	Income	78,281	1,93,036 *
	Expenditure	28,277	17,045
	Surplus transferred to Centre	50,004	1,75,991*
*Includes a sum of ₹52,618 crore provision written back			

cost of the dollar. A rough, back-of-the-envelope calculation puts this historical cost at around ₹53. This means that, if the RBI were to sell

the dollar in the market today at around ₹72, it stands to gain ₹19 for every unit it sells. In the previous year, the

## Bank frauds rise 74%, says RBI

Lenders, on average, took 55 months to report large frauds

SPECIAL CORRESPONDENT MUMBAI

Bank frauds saw a whopping 73.8% jump in value in 2018-19 as compared to the previous year. In terms of number of cases, it was up 15%, the RBI’s annual report said.

“The number of cases of frauds reported by banks increased by 15% in 2018-19 on a year-on-year basis, with the amount involved rising by 73.8%, though mostly related to occurrences in earlier years,” the report said.

Banks had taken 55 months, on an average, to report large frauds.

The overall average lag between the date of occurrence and its detection by banks was 22 months, the RBI report said.

The average lag for large

As many as 717 counterfeit notes of the demonetised ₹1,000 denomination had been detected

frauds, that is ₹100 crore and above, which amounted to ₹52,200 crore in 2018-19, was 55 months.

### PSBs lead the pack

Among bank groups, public sector banks (PSBs), which constitute the largest market share in bank lending, have accounted for the bulk of frauds reported in 2018-19. These were followed by private sector banks and foreign banks.

“Cheating and forgery was the major component, followed by misappropria-

tion and criminal breach of trust,” it said.

While the total number of counterfeit notes detected had fallen in 2018-19 to 3,17,384 pieces from 5,22,783 pieces in the previous years, what’s interesting is that 717 such notes of ₹1,000 denomination had been detected.

The ₹1,000 notes were withdrawn from circulation on November 8, 2016. The number of ₹2,000 counterfeit notes detected also increased in 2018-19 to 21,847 pieces from 17,929 pieces, the data showed.

There was also a sharp increase in the new ₹500 notes category, with 21,865 counterfeit notes detected as compared to 9,892 in the previous year.

RBI posted a loss of ₹4,067 crore from similar transactions. Former top RBI officials say that the change in policy is not inappropriate as the earlier method resulted in understatement of gains. The RBI has been buying dollars regularly since the 1991 crisis to build up its reserves at rates much lower than the prevailing one.

When it sells those dollars, the actual gains have to be computed in reference to the weighted average acquisition cost and not that of the previous Friday.

The second reason for the higher surplus is a leap in interest income which was higher by ₹32,966 crore compared to 2017-18. The RBI conducted several rounds of open market operations (OMO) last year to infuse liquidity leading to a 57%

jump in its holding of government bonds.

As per estimates by SBI Research, the RBI purchased a whopping ₹3,31,100 crore net of government bonds in 2018-19 through OMOs.

Interest from bond holdings alone was higher by ₹10,375 crore while Liquidity Adjustment Facility (LAF) operations yielded another ₹1,046 crore as interest earnings.

Last year, the central bank had paid interest of ₹9,541 crore to banks as it absorbed excess liquidity from the market. The liquidity infusion operations resulted in a rise in currency in circulation by a good 13.43% to ₹21,68,797 crore as of June 30 this year.

The RBI’s balance sheet size grew by 13.41% to ₹41,02,905 crore in 2018-19.

## ICRA sacks CEO amid regulatory probe

IL&FS got favourable rating from agency

SPECIAL CORRESPONDENT MUMBAI

Rating agency ICRA, which had earlier sent its managing director and chief executive officer Naresh Takkar on leave amid a regulatory probe into alleged interference by its officials to ensure good rating for troubled IL&FS, has terminated the services of Mr. Takkar.

“The board of directors of ICRA Limited, at a meeting today, after due consideration and taking into account the best interests of the company and its various stakeholders, has decided to terminate the employment of Mr. Naresh Takkar as managing director and group CEO of ICRA, effective immediately,” said the agency in a filing.

“ICRA remains committed to ensuring the independence and integrity of its ratings process and sound corporate governance,” it added.

While the board will commence a search for a re-



Naresh Takkar

placement, Vipul Agarwal, who was appointed interim chief operating officer on July 1, would be responsible for the daily operations until a new CEO is appointed.

Mr. Takkar was sent on compulsory leave in July. The statement comes almost four months after the agency – without naming IL&FS or any of its subsidiaries – disclosed that the Securities and Exchange Board of India had initiated adjudication proceedings in a matter related to rating assigned to one of its clients and its subsidiaries.

## Equities lose ground for second straight session amid mixed cues

Expiry of derivatives contracts, subdued global trend cited

SPECIAL CORRESPONDENT MUMBAI

The benchmark equity indices lost ground for the second straight session on Thursday amid expiry of the derivatives contracts, an overall subdued global trend, and weakness in the banking and financial space in the Indian market.

The 30-share Sensex lost 382.91 points, or 1.02%, to close at 37,068.93, with stocks like HDFC, ICICI Bank, HDFC Bank, Kotak Mahindra Bank, State Bank of India, Axis Bank and Reliance Industries contributing the most to the day’s losses.

The broader Nifty ended the day at 10,948.30, down 97.80 points or 0.89%.

Market participants attributed the day’s fall to mixed global cues and the increased volatility due to expiry of the derivatives contracts.

“Volatility remained high especially in F&O counters



Top losers: Stocks such as HDFC, ICICI Bank and HDFC Bank contributed the most to the day’s losses. • PAUL NORONHA

due to unwinding and rollover of the positions, while the broader indices remained under pressure,” said Ajit Mishra, vice president – research, Religare Broking.

“In the absence of any major domestic event, global cues will continue to dictate the market trend. Indications are in favour of further consolidation in Nifty, thus traders should focus more on stock selection and trade management,” he ad-

ded. Foreign investors continued to sell Indian equities with provisional numbers showing overseas investors as net sellers at ₹987 crore.

Data shows that foreign portfolio investors (FPIs) have sold shares worth nearly ₹17,000 crore in August. In July, FPIs were net sellers at ₹12,419 crore.

Elsewhere in Asia, while Nikkei and Kospi were down, Hang Seng managed to close with marginal gains.

## ‘Total privatisation of AI needed’

‘Govt. has realised the need for its complete exit’

SPECIAL CORRESPONDENT NEW DELHI

The government will embark on ‘total’, or 100%, privatisation of Air India, Minister of State for Civil Aviation Hardeep Singh Puri said on Thursday.

“The government’s determination to privatise AI is a given, it’s undiluted. It should be total privatisation. We have to get the best possible deal in the shortest time possible,” Mr. Puri said at a press conference. In its earlier attempt at disinvestment of Air India, the government had sought to sell 76% of its stake and retain the remainder.

The government’s refusal to exit completely from Air India was among the main reasons why no private player came forward to participate in the privatisation process.

The Minister explained that the Group of Ministers headed by Amit

Shah was likely to meet ‘in the next few days’, to look at the proposal prepared by the Ministry of Civil Aviation and reviewed by the Committee of Secretaries in a recent meeting. The Minister said there were players interested in Air India.

The government has learnt from its past mistakes and, therefore, has realised the need for a complete exit from Air India. Another major obstacle it has sought to circumvent is the huge debt size of ₹58,000 crore until March 2019.

It has hived off ₹29,000 crore of this and transferred it to a special purpose vehicle to provide relief to the airline in terms of interest it has to pay on the debt as well as to attract private players.

The Minister refused to comment if the government would retire more debt when it offers the national carrier for privatisation again.

### Focus on the messaging

‘Mind your Marketing’ is a brand initiative by The Hindu BusinessLine to profile marketing professionals from across India.

#### What are the three secrets to successful branding?

These are the necessities than secrets in marketing;

First, the focus on customer experience as a marketing vehicle.

The generation today takes its time to experience things in order to create a perception.

Second, the message - it should match the customer requirement and their needs in the most relatable way possible and it must be consistent. Multiple platforms and channels must not lead to different messages being broadcast to the same audience.

Third, ensure you use the right technology and data to reach out to the audience in the most impactful way possible.

**Mrinal Mohit**  
Chief Operating Officer and  
Head of Sales & Marketing  
BJU's The Learning App

To watch the video or read the full interview, scan the QR Code.

CM YK A ND-NDE