MARKET WATCH

	24-09-2019	% CHANGE
Sensex	39,097	0.02
US Dollar	71.01	-0.09
Gold	39,020	0.85
Brent oil	63.74	-0.74

NIFTY 50

	PRICE	CHANGE
Adani Ports	413.85	2.90
Asian Paints	1765.90	-36.85
Axis Bank	704.40	-21.10
Bajaj Auto	2958.15	-37.00
Bajaj Finserv	8240.70	-57.05
Bajaj Finance	3961.75	-62.00
Bharti Airtel	348.65	0.65
BPCL	461.30	10.45
Britannia Ind	3080.20	26.55
Cipla	450.25	1.35
Coal India	198.15	-4.55
Dr Reddys Lab	2785.25	18.00
Eicher Motors	18434.25	-805.10
GAIL (India)	139.25	-2.05
Grasim Ind	749.70	-9.60
HCL Tech	1047.40	14.50
HDFC	2130.00	-32.00
HDFC Bank	1253.80	-3.45
Hero MotoCorp	2755.95	-64.40
Hindalco	197.80	-2.20
Hind Unilever	2050.45	10.70
Indiabulls HFL	435.00	-2.70
ICICI Bank	440.90	-5.40
IndusInd Bank	1516.30	4.75
Bharti Infratel	257.65	-6.15
Infosys	794.05	29.70
Indian OilCorp	138.70	-3.95
ITC	256.00	1.15
JSW Steel	233.35	-10.35
Kotak Bank	1618.10	-22.50
L&T	1481.30	-47.20
M&M	558.75	-6.25
Maruti Suzuki	7009.10	111.25
NTPC	115.15	-0.90
ONGC	133.50	-2.80
PowerGrid Corp	190.45	2.15
Reliance Ind	1278.70	39.50
State Bank	302.60	-11.15
Sun Pharma	409.65	0.20
Tata Motors	130.90	3.00
Tata Steel	370.80	-6.55
TCS	2044.70	28.90
Tech Mahindra	703.85	21.05
Titan	1292.65	-19.15
UltraTech Cement	4318.00	-73.10
UPL	579.40	-1.45
Vedanta	159.95	2.05
Wipro	240.70	1.35
YES Bank	56.05	0.60
Zee Entertainment	279.00	7.40

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on September 24

CURRENCY	TT BUY	TT SELL
US Dollar	70.81	71.13
Euro	77.87	78.23
British Pound	88.34	88.75
Japanese Yen (100)	65.76	66.05
Chinese Yuan	9.96	10.01
Swiss Franc	71.61	71.94
Singapore Dollar	51.42	51.66
Canadian Dollar	53.40	53.64
Malaysian Ringitt	16.93	17.04

Source:Indian Bank

BULLION RATES CHENNAI

September 24 rates in rupees with previous rates in parentheses

Retail Silver (1g)	52	(51.4)
22 ct gold (1 g)	3614	(3612)

India accepts RCEP tips on investments

Agrees to remove technology transfer requirements, caps on royalty payments

TCA SHARAD RAGHAVAN
NEW DELHI

While India has not yet signed the Regional Comprehensive Economic Partnership agreement, it has accepted suggestions of other countries regarding rules on investments, a source aware of the developments told *The Hindu*.

India and the other RCEP countries are currently in the final phase of negotiations in Vietnam.

India has so far agreed to several provisions that bring it in line with the investment rules applicable in most comparable countries, including banning host countries from mandating that the investing companies transfer technology and training to their domestic partners, and removing the cap on the quantum of royalties domestic companies can pay their foreign partners.

Easy going: Removal of certain restrictions could result in increased investments in India, it is felt. • K.R.DEEPAK

If the RCEP agreement is signed, these rules are expected to attract greater investment in India from the other 15 RCEP countries (the 10 ASEAN countries, China, Japan, South Korea, Australia and New Zealand). Indian laws currently have the provision wherein companies investing in the country can be made to transfer technology or know-hows to their domestic counterparts.

The government and Reserve Bank of India also currently impose a cap on the royalties a domestic company can pay to its foreign parent or partner, for certain kinds of investments.

Major hindrance

These restrictions have been seen as major hindrances to investing in India, and other RCEP countries have argued strongly for their removal.

"The investment chapter of the RCEP deal has been agreed upon, and India has agreed to the removal of technology transfer requirements, and also the removal of any caps on royalty payments," the source said.

"This means there will be no cap on the royalties that a company like, say, Maruti, [can] pay a foreign partner."

While there is apprehension in industry that removing the cap on royalty payments would lead to increased outflow in foreign exchange and deplete the ability of domestic firms to pay dividends to shareholders, there is also the view that removal of these restrictions will result in increased investments in India.

"If India has taken this decision, then it is certainly a step in the right direction," T. S. Vishwanath, principal adviser with ASL, a law firm specialising in trade law and remedies, said.

DHFL may sell wholesale lending book to Oaktree

Firm to get ₹10,000 cr. if deal fructifies

SPECIAL CORRESPONDENT
MUMBAI

Cash-strapped mortgage lender Dewan Housing Finance Corporation Ltd. (DHFL) is negotiating with Oaktree Capital, an alternative investment management fund, to sell its entire wholesale lending book of ₹38,000 crore, which includes the project finance portfolio and Slum Rehabilitation Authority (SRA) projects.

The deal is important for the lender, which is also negotiating with banks to restructure debt. If the deal fructifies, DHFL will get about ₹10,000 crore, which will enable the company to push business growth.

Sources said a non-binding agreement with Oaktree has been inked, which could be followed by a binding one.

According to sources, the SRA projects funded by DHFL have been assigned master developers, who will be responsible for financing and approving designs. The master developers are Piramal, Poddar Housing and Adani.

DHFL will hold a meeting with banks on Tuesday to discuss the draft resolution plan, the company informed the stock exchanges.

"A further meeting will also be held on Friday, September 27, 2019 by the company with all its institutional creditors in connection with the draft resolution plan," it said.

RBI places withdrawal curbs on depositors of PMC Bank

EX-CGM of the banking regulator appointed administrator

SPECIAL CORRESPONDENT
MUMBAI

In a surprising move, the Reserve Bank of India (RBI) has imposed restrictions on Punjab and Maharashtra Co-operative (PMC) Bank, under which the depositors cannot withdraw more than ₹1,000 from their accounts.

A former chief general manager (CGM) of the central bank has been appointed as an administrator.

The directions, which have been imposed under Sub-section (1) of Section 35A of the Banking Regulation Act, 1949, also barred the lender from extending any fresh loans or making any investments, except in government securities. The lender will be allowed to pay salaries to the staff, as also rent. The bank is also allowed to renew term deposits on maturity in the same name.

"According to the directions, depositors will be allowed to withdraw a sum not exceeding ₹1,000 of the total balance in every savings bank account or current account or any other deposit account by whatever name called," the RBI said.

The curbs will remain for six months from September 23 and could be extended further if the central bank desires so.

The move came as a surprise because the bank's financials were not in a bad shape. It had made a net profit of ₹99.69 crore in 2018-19 compared with ₹100.90 crore in the previous year.

The net non-performing asset ratio of the bank was 2.19% as at end March 2019, much lower than many public sector banks.

Senior citizens savings scheme needs full tax break, says SBI report

'Such a move will protect returns and have minimal impact on fiscal deficit'

SPECIAL CORRESPONDENT
MUMBAI

Even as some banks are planning to link deposit rates with external benchmark, after linking retail floating lending rate to repo rate, a report by State Bank of India (SBI) suggested full tax breaks for senior citizens savings scheme to protect returns.

According to the report, authored by Soumya Kanti Ghosh, group chief economic adviser, SBI, such deposits formed 5.5% of private final consumption expenditure in FY19. When interest rates come down and if deposit rates are linked to repo rate similar to loan rates, this will impact private final consumption expenditure.

Under the Senior Citizens Savings Scheme (SCSS), a senior citizen can deposit ₹15 lakh and the current interest rate is 8.6%. However, the interest on such SCSS is fully taxable.

"The March'18 outstanding under SCSS was ₹38,662 crore. It will be fair if such amount is given full tax rebate as the revenue foregone by the government could be only ₹3,092 crore, that will have the minimal 2 bps impact on government fiscal deficit," the report pointed out.

Estimates suggest that there are about 41 million senior citizen term deposit accounts in the country with total deposits of ₹14 lakh crore or 7% of India's GDP.

The average deposits size per account is about ₹3.3 lakh and interest income from such deposits formed 5.5% of private final consumption expenditure in FY19.

The report also said despite the cut in corporate tax, which will cost the exchequer ₹1.45 lakh crore, the fiscal deficit for the current financial year will be close to 3.5%.

The Centre has a target of 3.3% fiscal deficit for FY20.

"We still believe that fiscal deficit estimates for Centre in current fiscal should be still close to 3.5%.

"We are surprised that the market has missed out that only 58% of the ₹1.45 lakh crore fiscal bonanza will be revenue loss for the Centre/ ₹84,100 crore," the report said.

Prepare for re-entry of Boeing 737 MAX 8: IATA

Regulators urged to align schedules

SPECIAL CORRESPONDENT
NEW DELHI

Global airlines' body IATA on Tuesday urged regulatory bodies across the world to align their pre-conditions and schedule for re-entry of Boeing 737 MAX 8 into service.

The appeal followed a statement from U.S. aviation regulatory body – Federal Aviation Administration (FAA) – a day before making it clear that each country will take an independent decision on the return of Boeing 737 MAX 8.

The Directorate General of Civil Aviation here, too, has made it clear that it will do its due diligence on the matter, including on simulated training for pilots, before it allows airlines to use the aircraft in Indian skies.

"We are advising alignment among regulators on conditions and schedule for re-entry of Boeing 737 MAX 8s," IATA chief Alexandre de Juniac said at a global teleconference with the press ahead of the 40th Assembly of International Civil Aviation Organisation in Montreal, Canada.

He explained that varying stands on re-induction of the plane would mean that it can fly in one country's airspace but not in the neighbouring country. It will also lead to mistrust in a single system of certification such as the European Aviation Safety Authority.

The Boeing 737 Max has been grounded globally since a fatal Ethiopian Airlines crash in March, and a similar deadly accident with Indonesia's Lion Air last year.

JSW Steel raises $400 mn from global markets

Steel major to fund capex, rejig loans

SPECIAL CORRESPONDENT
MUMBAI

JSW Steel has raised $400 million (₹2,800 crore) from international markets through issuance of bonds to fund its capex and refinance its existing loans and for general corporate purposes. "The notes will bear interest from October 4, 2019 to April 4, 2025 at the rate of 5.375% per annum, payable semi-annually in arrear on April 4 and October 4 in each year," a company statement said, adding that the first payment will be made on April 4, 2020.

Moody's Investor Service has given a rating of 'Ba2' to the proposed U.S. dollar senior unsecured notes, while Fitch Ratings has given 'BB (EXP)' to the proposed U.S. issue. Fitch Ratings said "We expect a pick-up in domestic demand from 2HFY20 after relative weakness in 1QFY20. There is limited rating headroom and demand that is weaker than our expectations could result in further margin erosion and lower sales volumes. This could have rating implications."

"The Ba2 ratings reflect JSW's large scale and strong positions in its key operating markets, competitive conversion costs, good product and end-market diversification, and increasing focus on value-added products and retail markets," Kaustubh Chaubal, Moody's V-P and senior credit officer, said. Shares of the company on the BSE declined 4.21% to close at ₹233.40 in a flat Mumbai market on Tuesday, valuing the firm at ₹56,417.93 crore.

Insurers can tweak health products

IRDAI okays collecting premium in instalments, increasing maximum entry age

SPECIAL CORRESPONDENT
HYDERABAD

A set of guidelines likely to make it easier for health insurers to tweak certain features of the cover provided to individuals, including one permitting collection of premium in instalments and another increasing the maximum entry age, has been notified by IRDAI.

It is "proposed to permit the insurers to effect minor modifications, on certification basis subject to complying [with] these guidelines," said a communication from the Insurance Regulatory and Development Authority of India (IRDAI) to general and standalone health insurance companies.

Options for premium

Stating the guidelines are applicable to approved individual products of health insurance business, the regulator listed among the minor modifications that will be permitted addition of premium payment options.

Different treatment: Insurers can even increase age limit of policies beyond 65. • SPECIAL ARRANGEMENT

In other words, in addition to existing, yearly payment mode, the insurers can collect premium in other frequencies (monthly, quarterly or half-yearly) or in instalments. The insurers can also make change in the base premium rates, subject to the change not exceeding plus or minus 15% of the premium rates of originally approved individual product, according to the circular issued by Member-Non-Life T.L. Alamelu.

Another change insurers are allowed to make to their products is reducing the minimum and increasing the maximum entry age. Describing the changes as welcome, Rashmi Nandargi, head-retail health, PA and travel underwriting, Bajaj Allianz General Insurance, said typically the maximum age limit of the health insurance policies filed is up to 65 years. But if the insurer feels the age limit can be extended, then it can be increased beyond 65.

Other minor modifications the health insurers can make are expansion of the list of day care procedures to be offered and addition of critical illnesses covered under benefit-based products.

The guidelines come into force with immediate effect, according to IRDAI.