

**MARKET WATCH**

	25-09-2019	% CHANGE
Sensex	38,594	-1.29
US Dollar	71.04	-0.04
Gold	39,182	0.41
Brent oil	61.73	-3.15

**NIFTY 50**

	PRICE	CHANGE
Adani Ports	414.80	0.95
Asian Paints	1751.80	-14.10
Axis Bank	694.95	-9.45
Bajaj Auto	2941.00	-17.15
Bajaj Finserv	8255.60	14.90
Bajaj Finance	3930.90	-30.85
Bharti Airtel	341.65	-7.00
BHCL	465.20	3.90
Britannia Ind	3036.00	-44.20
Cipla	434.60	-15.65
Coal India	192.60	-5.55
Dr Reddys Lab	2773.35	-11.90
Eicher Motors	17600.10	-834.15
GAIL (India)	136.45	-2.80
Grasim Ind	724.15	-25.55
HCL Tech	1053.85	6.45
HDFC	2069.95	-60.05
HDFC Bank	1239.70	-14.10
Hero MotoCorp	2704.25	-51.70
Hindalco	189.90	-7.90
Hind Unilever	2051.50	1.05
Indiabulls HFL	423.90	-11.10
ICICI Bank	434.20	-6.70
Indusind Bank	1503.90	-12.40
Infra Infra	257.35	-0.30
Bharti Infratel	702.55	-1.40
Indian Oil Corp	140.70	-0.00
ITC	247.55	-8.45
JSW Steel	234.40	1.05
Kotak Bank	1601.60	-16.50
L&T	1450.10	-31.20
M&M	534.70	-24.05
Maruti Suzuki	6638.50	-370.60
NTPC	116.90	1.75
ONGC	131.45	-2.05
PowerGrid Corp	198.75	8.30
Reliance Ind	1279.55	0.85
State Bank	280.25	-22.35
Sun Pharma	406.75	-2.90
Tata Motors	123.05	-7.85
Tata Steel	362.05	-8.75
TCS	2088.45	43.75
Tech Mahindra	705.90	2.05
Titan	1268.90	-23.75
UltraTech Cement	427.85	-40.15
UPL	576.75	-2.65
Vedanta	156.20	-3.75
WIPRO	238.80	-1.90
YES Bank	53.70	-2.35
Zee Entertainment	273.45	-5.55

**EXCHANGE RATES**

Indicative direct rates in rupees a unit except yen at 4 p.m. on September 25

CURRENCY	TT BUY	TT SELL
US Dollar	70.83	71.15
Euro	77.82	78.18
British Pound	87.82	88.22
Japanese Yen (100)	65.94	66.27
Chinese Yuan	9.94	9.99
Swiss Franc	71.79	72.12
Singapore Dollar	51.41	51.64
Canadian Dollar	53.36	53.62
Malaysian Ringgit	16.89	17.00

Source: Indian Bank

**BULLION RATES CHENNAI**

September 25 rates in rupees with previous rates in parentheses

Retail Silver (1g)	52	(52)
22 ct gold (1 g)	3642	(3614)

# Stocks lose ground amid global sell-off

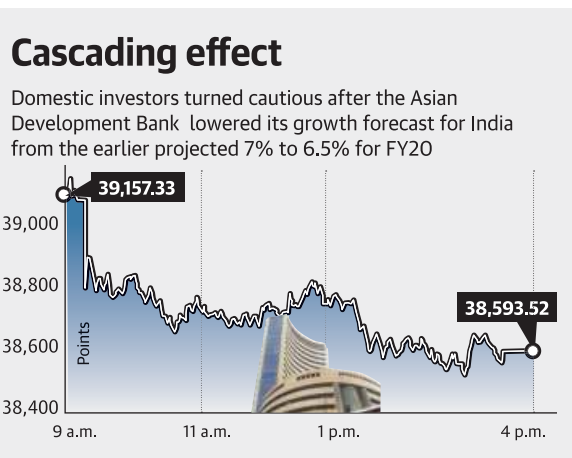
Auto, banking, realty shares worst hit; Hang Seng, Kospi also lose, inquiry against Trump causes jitters

**SPECIAL CORRESPONDENT MUMBAI**

Indian equity benchmarks lost more than a per cent each on Wednesday amid a global sell-off, as investors turned jittery over renewed geopolitical tensions and domestic slowdown concerns. While investors sold shares across sectors, the worst hit were automobile, banking and realty stocks.

The 30-share Sensex lost 503.62 points, or 1.29%, to close at 38,593.52 as index heavyweights like HDFC, Tata Motors, State Bank of India, Maruti Suzuki India, Yes Bank, ITC, L&T and M&M, all lost more than 2% each.

The broader Nifty closed at 11,440.20, shedding 148 points, or 1.28%. The sectoral indices representing realty and public sector banks,



however, lost 3.06% and 5.63%, respectively. The fall in the banking index was primarily due to SBI, which lost more than 7% after Morgan Stanley downgraded the stock on concerns related to asset quality.

Elsewhere in Asia, both Hang Seng and Kospi lost over 1% each, while the benchmarks of all other leading markets ended in the red. The global sell-off was primarily due to launch of a formal impeachment inquiry of

## Uncertainty in U.S. during a slowdown can put further brakes on growth

**GAURAV DUA**, Head - Capital Market Strategy & Investments, Sharekhan

U.S. President Donald Trump. While speaking at the United Nations, the U.S. President fired a fresh salvo at China, saying that the time of trade "abuses" by Beijing was over.

"The approval of impeachment investigations against U.S. President has unnerved the markets," said Gaurav Dua, head - Capital Market Strategy & Investments, Sharekhan.

"The political uncertainty in USA at the time of slowdown in the economy could certainly put further brakes

on the global economic growth in the near term," he added. On the domestic front, investors turned cautious after Asian Development Bank lowered its growth forecast for India from the earlier projected 7% to 6.5% for 2019-20.

### Investor sentiment

The weak market breadth reflected the subdued investor sentiment on Wednesday as more than 1,800 stocks lost ground on the BSE as against only 718 gainers. Further, as many as 238 stocks were locked to their lower circuit on BSE. Foreign portfolio investors again ended the day as net sellers at nearly ₹35 crore with domestic institutions also pressing the sell button with net sales of ₹762 crore.

# Tax rate cuts likely to trigger fresh FPI flows

'Indian market now more competitive'

**ASHISH RUKHAIYAR MUMBAI**

The cut in corporate tax rates announced by the government last week has provided the much-needed trigger for foreign investors to look at fresh investments in Indian equities.

While market participants believe that it might be too early to expect a reversal or even a slowdown in the outflows, they feel that the lower tax liability has certainly made the Indian market more competitive in terms of attracting foreign capital.

Last week, the government slashed the effective corporate tax rate to 25.17% and said that new domestic manufacturing firms incorporated after October 1 would be eligible for a tax rate of 15% without any incentives.

On Monday - the first trading session after the tax cuts - foreign portfolio investors (FPIs) were net buyers at nearly ₹2,700 crore, which was one of the highest single-day net purchases by overseas investors in recent times.

While FPIs have been net sellers in the following two trading sessions, market experts believe that the tax cuts would have a positive effect on FPI flows but it will take some time for the impact to be visible.

### 'Will take time'

"The tax cuts have made India quite competitive compared to other emerging markets," said U.R. Bhat, MD, Dalton Capital Advisors India.

"It has the potential to attract large FPI flows but it will take some time. The impact cannot be seen in a few weeks but it's a very good



starting point," said Mr. Bhat.

"U.S.-China trade talks collapse or the initiation of impeachment proceedings against the U.S. President are big global developments and these events will certainly impact the Indian market. But, other things being equal, the tax regime has become attractive and foreign investors would be more attracted towards the Indian market than earlier," he explained.

This assumes significance as FPIs continued to sell Indian stocks even after the government rolled back the tax surcharge that was announced in the Union Budget.

FPIs were net sellers at nearly ₹7,000 crore between August 23 - when the rollback was announced - and September 23 when tax rate cuts were announced.

The Sensex registered its biggest single-day gain in over a decade on September 20 even as some of the leading global financial majors were quick to raise their Sensex or Nifty targets post the tax rate cuts, reflecting a renewed bullish outlook.

Citi raised its March 2020 Sensex target from the earlier 39,000 to 40,500 while Nomura raised its Nifty March 2020 target to 12,545 on the back of a potential 7% earnings increase in FY21.

# SBI tanks, brokerage raises asset quality issue

'Stressed borrowers, a concern'

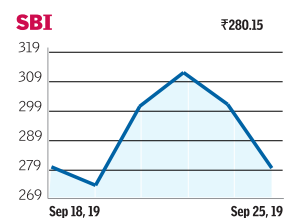
**SPECIAL CORRESPONDENT MUMBAI**

Shares of State Bank of India (SBI) fell over 7% on Wednesday even as a brokerage pointed out that concerns around its asset quality remained elevated.

Morgan Stanley estimated SBI's credit costs at 180 bps (basis points) for FY20 and 125 bps for FY21 compared with 270 bps in FY19. "This would represent a sharp improvement, but our confidence in these estimates is not very strong," Morgan Stanley said in a report.

### 'Credit crunch'

"There is a credit crunch among weaker-rated borrowers as flow of credit from



challenged lenders has stalled," it added, pointing out it does not see signs of this reversing yet, implying risk of continued defaults.

SBI shares ended 7.37% lower at ₹280.15 on the BSE. "Given SBI's size, it is one of the largest lenders to many of these stressed borrowers. The other risk would be if SBI were asked to help any of the challenged lenders should they face distress," the report added.

# 'Remove DDT to boost investment'

**PRESS TRUST OF INDIA NEW DELHI**

The task force on direct tax code (DTC) has recommended abolishing the dividend distribution tax (DDT) with a view to promoting investment.

The DDT is a surrogate tax and hinders foreign direct investment inflows, sources said.

Dividends paid by a domestic company are subject to dividend distribution tax at 15% of the aggregate dividend declared, distributed or paid.

According to sources, there would hardly be any revenue loss by eliminating the dividend distribution tax, since it would be offset by the taxes paid by shareholders.

# PM's economic advisory council reconstituted

JP Morgan's Sajjid Chinoy inducted

**SPECIAL CORRESPONDENT NEW DELHI**

The government on Wednesday announced that it had reconstituted the Prime Minister's Economic Advisory Council for a period of two years.

"Government of India has reconstituted the Economic Advisory Council to the Prime Minister (EAC-PM) for a period of two years with effect from September 26, 2019," it said in a statement. "Dr. Bibek Debroy and Shri Ratan P. Watal will continue to be the chairman and member secretary, respectively, of the reconstituted EAC-PM."

The release added that the EAC-PM would have two part-time members apart

from the two full-time members. Ashima Goyal will be retained as a part-time member and joined by Sajjid Chinoy, currently JP Morgan's chief India economist.

"Apart from these two full-time members, the EAC-PM will have two part-time members," the release added. "While Dr. Ashima Goel continues to be one of the part-time members, Dr. Sajjid Chinoy has been made as another part-time member."

What the government did not expressly mention was that, with this structure and appointments, the two dissenting members Rathin Roy and Shamika Ravi have not been retained.

# RBI, govt. rebut rumours of PSB closure

**SPECIAL CORRESPONDENT MUMBAI**

Following rumours on social media that 9 public sector banks would be shut, both the Reserve Bank of India and the Finance Ministry, in separate statements dismissed any such action.

"Reports appearing in sections of the social media about RBI closing down certain commercial banks are false," the RBI spokesperson said in his Twitter handle.

Finance secretary Rajeev Kumar also took to Twitter to post a strong rebuttal. "No question of closing any PSB, which are articles of faith," he said.

Mr. Kumar added, "Rather, govt. is strengthening PSBs with reforms and infusion of capital to better serve its customers."

# 'Mobile phone export grows over 8-fold'

Shipments exceed imports for the first time, says industry body ICEA

**PRESS TRUST OF INDIA NEW DELHI**

Mobile handset exports grew over eight-fold to ₹11,200 crore in 2018-19 and exceeded imports for the first time, industry body ICEA said in a note.

Handset exports during April-July 2019 reached around ₹7,000 crore, thereby creating grounds to hit an annual figure of ₹25,000 crore in the current fiscal, according to the Indian Cellular and Electronics Association (ICEA).

"The mobile handset manufacturing industry is continuing its juggernaut. 800% year-on-year growth in exports has been witnessed during 2018-19 over 2017-18 figures though on a small base. This is a humble but robust beginning for a glorious future which bodes well for the nation," ICEA chairman Pankaj Mohindroo wrote in



**India calling:** The country has set a target of making 100 crore mobile handsets indigenously by 2025. \*S. SIVA SARAVANAN

total number of handsets produced in India reached 29 crore units valued at ₹1.81 lakh crore in 2018-19, from a precariously placed 5.8 crore units manufactured in 2014-15 and valued at ₹18,900 crore with exports crashing to almost zero after shutdown of the Nokia plant,

as per ICEA.

### Net zero imports

The government has set "net zero imports" in electronics by 2020 under Digital India roadmap released in August 2014.

For mobile handset segment alone, the government, under the National

Policy on Electronics 2019, had set a target of making 100 crore mobile handsets indigenously by 2025, valued at about ₹13 lakh crore.

Out of the 100-crore mobile handset manufacturing target, 60 crore units will be for exports valued at about ₹7 lakh crore.

"Import of handsets, as a percentage of domestic market demand, which was approximately 80% in 2014-15, came down appreciably to 6% in 2018-19 with the sector leading towards 'net zero' import status faster than expected," he said.

He said the mobile handset exports at ₹11,200 crore have exceeded imports of handsets in 2018-19 which is recorded for the first time ever. "Mobile imports stood at ₹10,000 crore in 2018-19. Symbolically, this is a very important achievement for India," he said.

# 'Need to grow at 10% for unemployment to go'

Target within reach, says Swamy

**SPECIAL CORRESPONDENT NEW DELHI**

The economy needs to grow at 10% a year - and it can - for unemployment to be removed in 10 years, according to Member of Parliament Subramanian Swamy.

"What the country needs is 10% growth annually, which is within reach," Dr. Swamy said, while speaking at the launch of his book 'Reset: Regaining India's Economic Legacy'. "We have the potential for it. We have a very high savings rate, but it is inefficiently used."

Dr. Swamy went on to say that the high level of unemployment today could largely be put down to the policies implemented by former RBI Governor Raghuram Rajan during his term.

Raghuram Rajan was highly qualified, but he was not an economist, he was a finance [person]," Dr. Swamy said, adding that even in economics, it was macroeconomics that was important to understand. "He [Rajan] said he would have to raise interest rates to control inflation."

"But this raised the cost of capital and so companies on the borderline or brink collapsed," Dr. Swamy added. "That's the reason behind the high rate of unemployment we are seeing now."

Dr. Swamy also said that Prime Minister Narendra Modi had surrounded himself with people who either did not know their subject matter, or did not have the courage to tell him the realities of the situation.

# Slowdown edges out 112 from India Rich list

Indian headcount rises to 953 from 831 last year; network of 344 individuals falls

**SPECIAL CORRESPONDENT MUMBAI**

The economic slowdown and rupee depreciation have led to significant erosion in the network of Indian billionaires, with 344 individuals registering a net drop in wealth compared to 2018, constituting almost 50% of Hurun India Rich List 2018.

A total of 112 individuals dropped out from IIFL Wealth Hurun India Rich List 2019, which says the number of U.S. dollar billionaires in the list has dropped for the first time since the inception of Hurun India Rich List in 2012. However, the slowdown is not as bad compared to that of China, where Hurun China Rich List registered 266 dropouts. In 2014, when the NDA government took charge, the number of U.S. dollar Indian billionaires increased by 60% to 109. Interestingly, while

### Changing fortunes

Rank	Name	Wealth (₹cr)	Change	Company
1	Mukesh Ambani	3,80,700	3%	Reliance Industries
2	S.P. Hinduja & family	1,86,500	17%	Hinduja Group
3	Azim Premji	1,17,100	22%	Wipro
4	L.N. Mittal & family	1,07,300	-6%	ArcelorMittal
5	Gautam Adani & family	94,500	33%	Adani Ports & SEZ
6	Uday Kotak	94,100	20%	Kotak Mahindra Bank
7	Cyrus S. Poonawalla	88,800	22%	Serum Institute of India

Source: Hurun Research Institute, IIFL Wealth Hurun India Rich List 2019

the number of Indians in the list has grown from 831 in 2018 to 953, the number of dollar billionaires has reduced from 141 to 138.

### Top for 8th straight year

Mukesh Ambani, chairman of India's second-most-valued firm Reliance Industries, continues to top the list

ja and family, worth ₹186,500 crore, retains the second rank in the list.

With a wealth of ₹1,17,100 crore, Azim Premji, founder of Wipro, rose to the third spot. L.N. Mittal, chairman & CEO of ArcelorMittal, is the fourth richest with a wealth of ₹1,07,300 crore. Gautam Adani stormed into the top 5 with a total wealth of ₹94,500 crore, a growth of 33% over last year.

While the cumulative wealth for this year shows an increase of 2% compared to last year, the average wealth shows a decline of 11%.

Anas Rahman Junaid, MD and chief researcher, Hurun Report India, told *The Hindu*, "Slowdown definitely has an impact on the rankings of Indian billionaires. When the stock market goes down, it has direct impact on the market valuations of these companies."

# 'No more discount on fuel payment by credit card'

'0.75% cut strained OMC finances'

**PRESS TRUST OF INDIA NEW DELHI**

Credit card payments to buy fuel at petrol pumps will from October 1 not get the 0.75% discount that State-owned oil companies had introduced more than two-and-a-half years back to promote digital payments.

"Dear SBI credit cardholder, as advised by public sector oil marketing companies, the 0.75% cashback on fuel transactions will be discontinued with effect from October 1, 2019," the country's largest bank in a text message informed its credit card customers.

The government had asked Indian Oil Corp, Bharat Petroleum Corp Ltd, and Hindustan Petroleum Corp Ltd to give a 0.75% discount on card payments for fuel purchases after a wides-

pread cash crunch in late 2016 following demonetisation of 86% of currency notes in circulation.

The 0.75% discount on the value of fuel purchases using credit/debit cards and e-wallets was straining the finances of OMCs.

The government had also directed OMCs to bear the burden of card payment charges called merchant discount rate (MDR), which is usually paid by the retailer.

However, an industry official said that the discount on debit card and other digital modes of payments would continue. The three fuel retailers paid ₹1,165 crore in e-payment discounts and ₹266 crore to banks for bearing MDR, totalling ₹1,431 crore in 2017-18. In 2018-19, the outgo was almost ₹2,000 crore.