The economist-Deputy Governor sits on the Monetary Policy Committee that sets interest rates

At a time when the economy is facing headwinds from several fronts, the government is yet to appoint the Deputy Governor in-charge of Monetary Policy at the Reserve Bank of India (RBI).

The post had fallen vacant after the resignation of Viral Acharva almost months ago.

Mr. Acharya's last working day at the central bank was July 23.

Applications invited

On August 1, the government had invited applications to fill up the Deputy Governor's post. According to the advertisement, the applicant should have at least 25 years of work experience in public administration, including at the level of secretary or

Slowdown over

Mercedes Benz

for us, says



There have been two monetary policy reviews after Mr. Acharya had quit. • PTI

equivalent in the central government. Candidates with

at least 25 years of work experience in an Indian or international public financial institution could also apply. The appointment was for

company is mulling expand-

In an interview with *The*

Hindu, Huawei India CEO Jay

Chen said the company was

"seriously" studying the In-

dian government's policy of

"Currently, what I am se-

riously doing is very careful-

ly studying the new policy

from the government to en-

courage local manufacturing

and [conducting] feasibility

study for local manufactur-

encouraging

manufacturing.

ing its manufacturing here.

three years and the person eligible reappointment.

The Financial Sector Regulatory Appointment Search Committee (FSRASC) is responsible for selecting the

resigned, B.P. Kanungo was given the charge of the monetary policy department

After Mr. Acharya

candidate. The central bank has four Deputy Governors of which two are appointed from outside - one, a commercial banker and the other, an economist. The remaining two are promoted from within the RBI.

The importance of the

economist-Deputy Governor can be gauged from the fact that the person is on the monetary policy committee that decides on interest rate and also handles the all-impormonetary policy department.

After Mr. Acharya resigned, B.P. Kanungo, a De-

Clayton Q2 net dips by 89% puty Governor of the RBI, was given the charge of the

monetary policy department

and was inducted into the

six-member monetary policy

There have been two mo-

netary policy reviews after

Mr. Acharva had quit – one

in August and another in Oc-

tober. The next review is

for

Before Mr. Achraya, Urjit

Patel was the economist-De-

puty Governor at the RBI. He

later became the Governor

after Raghuram Rajan's term

However, it is not unusual

that the Deputy Governor's

post is left vacant for a long

time. When Mr. Patel be-

came the Governor in early

September of 2016, the De-

puty Governor's post was va-

cant for four months.

committee.

scheduled

December.

ended.

SPECIAL CORRESPONDENT

Sundaram-

Sundaram-Clayton Ltd.'s (SCL) standalone net profit for the second quarter ended September 2019 dipped by 88.66% to ₹1.37 crore on reduced production and employee separation programme, reflecting the slowdown in the automobile industry.

The TVS Group company reported a one-time exceptional charge of ₹7.07 crore representing voluntary separations.

The company is a leading manufacturer of machined aluminium diecastings for passenger cars, commercial vehicles and two-wheelers.

The company reported a total income of ₹344 crore against ₹486.70 crore in the year-earlier quarter.

with the Indian government,

industry and our customers.

I have trust in them. They

have also shown their trust

Asked if the company's

headquarters had similar

confidence, he said, "I think

The private sector lender's higher profit came despite an increase in provisioning. • REUTERS

HDFC Bank Q2 net up 27% to ₹6,345 crore

Lender's retail loan growth slows

SPECIAL CORRESPONDENT

MUMBAI Private sector lender HDFC Bank on Saturday reported a net profit of ₹6,345 crore, for the quarter ended September 30, which is 26.8% higher than the same period of the previous year.

This was despite an increase in provisioning.

The growth in profit comes on the back of a 39.2% growth in other income to ₹5,588.7 crore mainly due to gain from sale of investments.

Revaluation of investment gains stood at ₹480.7 crore during the quarter compared with a ₹32.8crore loss in the same period of the previous quarter.

Net interest income Net interest income (inter-

est earned less interest expended for the quarter) grew to ₹13,515 crore from ₹11,763.4 crore, driven by an average asset growth of 15% and a core net interest margin for the quarter of 4.2%, the bank said in a statement.

Provisions increased sharply to ₹2,700.7 crore during the quarter from ₹1,820 crore mainly due to an increase in loan loss provisioning which went up to ₹2,038 crore from ₹1,572.5

Bad loans also rose on a year-on-year basis with gross non-performing asset ratio at 1.38% of gross advances compared 1.33% a year ago.

Gross NPA ratio at the end of previous quarter was

"The bank held floating provisions of ₹1,451 crore as on September 30, 2019," the statement said.

CASA deposits

Deposits grew 22.6% yearon-year driven by current and savings account growth of 14.7% and fixed deposit growth of 28.3%. CASA deposits were 39.3% of the total deposits.

Advances grew by 19.5% mainly driven by corporate loan growth of 27.9%. Corporate loans are now 48% of the total book compared with 46% in the previous quarter.

Retail loan growth was 14.7%, which was 52% of the total loan book.

Growth in retail loans slowed down from the 16.5% reported in the previous

Year-on-year growth in auto loans was almost flat during the second quarter of the current financial year.

Huawei mulls expanding manufacturing in India

The telecommunication equipment maker is confident of getting approval for 5G roll-out

SPECIAL CORRESPONDENT NEW DELHI

Luxury carmaker Mercedes-Benz India said it was cautiously optimistic about growth prospects in India due to changing trend, said a top official.

"The slowdown for us is said Martin over," Schwenk, MD & CEO, Mercedes-Benz India.

To a question, he said a combination of several factors such as recently announced government policies combined with the festive season are likely to boost customer sentiment.

"We are cautiously optimistic. We have seen the trend changing now, climbing upward a little bit again for our brand," he said.

YUTHIKA BHARGAVA Though Chinese telecom equipment major Huawei is vet to receive a green signal from the Indian government for participating in the country's upcoming 5G trials, the

The firm is "seriously" studying the government's policy of encouraging local manufacturing, says Mr. Jay Chen • REUTERS

ing," Mr. Chen said.

Asked if the company will still look at expanding manufacturing in case they don't get the required approvals for 5G trials, Mr. Chen said that the decision will depend on business size and require-

"For local manufacturing, the plan is dependent on my business. Right now, we ma-

I will consider overall [situation] and make a business call." He, however, added that the company will enter 5G-related manufacturing only if it does 5G business in

nufacture in India and if re-

quired, export from China...

Local needs

"My local manufacturing first needs to match my local requirement. Before 5G business, we won't have 5G manufacturing in India.'

Meanwhile, Mr. Chen expressed confidence that Huawei will be allowed to participate in 5G roll-out in the country, "We have our confidence. From the beginning, I have said this..Because, we have very close engagement for this, there is no difference between India and the headquarters.' To a query on the investments that Huawei could

in Huawei," he said.

bring in if it gets permission for 5G, Mr. Chen said, "For my operations in India, I don't have any hesitation in [making] the necessary investments... be it in R&D to develop customer-specific solutions or in operations, automation and people... this also includes local ma-

+ Govt. appoints 3 new members to PMEAC

Move follows reconstitution of council

SPECIAL CORRESPONDENT

The government has apointed economists Neelkanth Mishra, Neelesh Shah and V. Anantha Nageswaran to the Prime Minister's Economic Advisory Council (PMEAC).

The government announced this on Saturday. The moves comes soon after the PMEAC was reconstituted, with the new members appointed for two years.

PMEAC chairman

Bibek Debroy remains the chairman of the PMEAC and Watal Member-Secretary.

Last month, the government announced that it was appointing JP Morgan chief economist for India Sajjid Chinoy to the PMEAC.

N. ANAND Erstwhile members Rath-

local

getting extended. Mr. Mishra is managing director and India equity strategist for Credit Suisse. Mr. Shah is managing director of Kotak Mahindra Asset Management Company.

in Roy and Shamika Rayi did

not see their membership

Mr. Nageswaran is the dean of the IFMR Graduate School of Business at Krea University

"It is a privilege to serve on a committee dedicated to enhancing the dynamism of the Indian economy.

"In my capacity as a member of the committee, I look forward to working closely with members of the Council on all issues that have a bearing on the Indian economy," Mr. Nageswaran said on his appointment.

Ramco to invest over ₹2,200 crore

Undeterred by the economic slowdown, Ramco Cements Ltd. will be investing more than ₹2,200 crore in the coming months in various upcoming projects in Andhra Pradesh and Odisha, said a top official.

"Economic slowdown is an ideal situation to invest," said S. Vaithiyanathan, CFO, Ramco Cements. "We generally tend to invest during down cycle so that the plant would be reafor commissioning when the upswing starts," he said. During the previous two slowdowns, the firm had invested over ₹200 crore in expansion at Alathiyur for putting up mother plant and Ariyalur for second production line.

Reliance Retail rides on growth in tier 2, 3, 4 cities + Vertical records 14th straight quarter of revenue, profit increase

PIYUSH PANDEY

Reliance Retail's bet on small towns for growth has paid off as India's largest retailer re ported a 27% growth in second quarter revenue to ₹41,202 crore and a 67% growth in EBITDA to ₹2,322 crore, recording the 14th straight quarter of revenue and profit increase.

> To put the scale in per spective, Reliance Retail quarterly revenue is higher than the annual revenue registered by the next largest retailer in the country. Early break-even "One third of our stores are in tier one cities and twothirds in tier 2, tier 3 and tier

> > 4 cities, so you know where

the growth is coming from.

Expansion in tier 3 and 4

markets gives us early break-



Two-thirds of the stores of Reliance Retail are in tier 2, tier 3 and tier 4 cities, says Mr. Gaurav Jain. • K.V.POORNACHANDRA KUMAR

even and while other retailers are focussing on major cities leading to competition, we are expanding in smaller cities, with big opportunities of growth," Gaurav Jain, head of strategy, Reliance Retail, told *The Hindu*.

Reliance Retail beat the slowdown with a third of the growth coming from fashion and lifestyle, consumer electronics and grocery categories, that now account for over 60% of the total business. Most of this business comes from tier 3 and tier 4 cities.

Reliance Retail's grocery sales rose by 30% and footfalls increased by 11%, according to Mr. Jain.

During its 'Digital India Sale' from August 10 to August 15, the company received 3.6 million footfalls, leading to a 44% increase in wireless phone sales, 38% increase in laptop sales and 117% increase in air care

Asked about the growth segments, Mr. Jain said, "Fashion and lifestyle, consumer electronics and grocery EBITDA margins improved to 8.8%, contributing 86% of overall EBITDA."

During the 'Full Paisa Vasool' sale from August 10 to August 15, Reliance Retail, received over 5.2 million footfalls leading to 33% increase in billing with 58% increase in sale of staples and 76% rise in sale of confectionery and snacks.

"Continuing

trends in our retail business is heartening. Guided by our obsession to provide the best value for our customers, Reliance Retail delivered robust performance with record quarterly revenues and EBIT-DA," said Mukesh Ambani, CMD, RIL.

Store expansion

Reliance Retail had opened 337 stores this quarter, averaging around four stores a day, taking the total number of stores to 10,901.

The stores cover all corners of the country with the network reaching almost 6,700 towns.

The gains of modern retail are being brought to the real 'Bharat' as more than 2/3rd of stores are operated in tier 2, tier 3 and tier 4 towns," said the company in

IMF members delay quota changes, agree to maintain funding

Deal is a compromise with U.S., the Fund's largest shareholder, which has resisted changes to the voting structure

SRIRAM LAKSHMAN

WASHINGTON At a time when multilateral institutions stand on increasingly shaky ground, members of the International Monetary Fund (IMF) agreed to maintain its funding at \$ 1 trillion but postponed changes to its voting structure. The deal is a compromise with the U.S., the Fund's largest shareholder, which has resisted changes to the organisation's voting structure as well as increases in its permanent resource base.

Friday's deal will allow an extension of non-permanent. supplementary sources of after the 2008 financial crisis to increase its lending ability. The agreement extended the bilateral borrowing facility by a year - to the end of

2020 and a potential doubling of the NAB. "We look forward to consideration of a doubling of the New Arrangements to Borrow and a further temporary round of bilateral borrowing beyond 2020," the International Monetary and Finance Committee (IMFC), a body that advises the IMF's Board of Governors, said via a statement released on Friday.

"I welcome this high-level endorsement, which demonstrates the strong support for our membership for the Fund's mission," IMF Managing Director Kristalina Georgieva said. "We will continue to work closely with our membership in the period ahead to ensure full implementation of this package." Specifically, the agreed

package will leave IMF quoviewed before the end of

IMF quotas are distributed according to a four pronged nomic variability" and international reserves.

Some IMF members have become frustrated with the pace of governance reforms. as the balance of economic and geopolitical power has shifted, becoming more dispersed across the world, particularly with the emergence of China and India - among the world's largest and fastest growing economies.

India's quota is 2.76% and China's is 6.41%, while the U.S.'s quota is 17.46 % (translates to a vote share of 16.52%) giving it a unique veto power over crucial decisions at the IMF, many of which require a supermajority of 85%.

benefit countries such as

reviewed every five years although these reviews can be delayed - as was the case with the 14th review. That process, completed in 2010, needed approval of the U.S. Congress, and it was not closed out till early 2016. The review's outcomes included a doubling of the quota total and a shift in some voting rights to underrepresented and emerging market countries. India's vote share increased marginally.

The 15th quota review is currently underway

"Beyond the 15th Review, we are committed to revisiting the adequacy of quotas and continuing the process of IMF governance reform under the 16th General Review of Quotas, including a new quota formula as a guide, with the Review to be extended from 2020 to no later than December 15, 2023," the IMFC statement said, emphasizing expected changes in quotas for emerging market countries and the Fund's low income countries.

BFSI sector set to offer 1.6 million jobs: study

Scope for reskilling opportunities

SPECIAL CORRESPONDENT

The merger of 10 public sector banks to create four large banks would reduce employment opportunities in such institutions in the future, but the overall BFSI sector will offer over a million new jobs in the next three years, according banking and finance training aca-

demy BankEdge. "Every year, over 30 lakh students write multiple bank recruitment examinations but only 0.5% of the candidates manage to succeed. Now that the PSU banks are merging, there would be lower employment opportunities in the years to come," said Santosh Joshi, founder & CEO, BankEdge.

He, however, said private sector banks would continue to hire and the entire



ty of employment and reskilling opportunities.

"India's share of global GDP in dollar terms is set to increase from 2% in 2009 to 13% in 2050. This makes it the most rapidly growing economies over this time period. So, the BFSI sector in India will need an additional 1.6 million skilled workforce by 2022 as per estimates by the National Skill Development Corporation (NSDC)," Mr. Joshi said.

Supplementary sources

funds - such as the New Arrangement to Borrow (NAB). a renewable funding mechanism that has existed since 1998, and bilateral borrowings from countries - the IMF had entered into these

tas (the primary source of IMF funds), which determine voting shares, unchanged. Instead, these will be re-

Widening scope: IMF's Board of Governors said it is looking to

consider doubling new arrangments to borrow. • AFF

formula that considers a member country's GDP, its economic openness, its "eco-

The U.S. has resisted diluting its share, wary that it will

Quotas are supposed to be