

# ECONOMY

## BRIEFLY

### Ex-Jet CEO Vinay Dube joins GoAir

**Mumbai:** Former Jet Airways chief executive Vinay Dube has joined budget carrier GoAir in an advisory role, a source said on Saturday. Dube had quit defunct Jet Airways on May 14, nearly a month after the airline ceased operations due to severe liquidity crisis. According to the source, GoAir wanted to hire him for the position of chief executive officer, which has been lying vacant since March this year. **PTI**

### ‘Huawei in talks with US firms for 5G’

**Washington:** Blacklisted Chinese telecom equipment giant Huawei is in early stage of talks with some US telecoms companies about licensing its 5G network technology to them, a Huawei executive told *Reuters* on Friday. Vincent Pang, senior vice president and board director at the company, said some firms had expressed interest in both a long-term deal or a one-off transfer, declining to name or quantify the companies. **REUTERS**

### LIC Housing Finance profit up 36%

**New Delhi:** LIC Housing Finance on Saturday reported a 36.4 per cent rise in consolidated profit at Rs 767.9 crore for the quarter ended September 30, 2019. It had a consolidated profit of Rs 562.9 crore in the corresponding period a year ago, LIC Housing Finance Ltd said in a filing to the BSE. Its consolidated income during the July-September period increased to Rs 4,980.5 crore, over Rs 4,205.1 crore in the year-ago period. **PTI**

## LENDER'S INCOME INCREASES BY 19.6% TO ₹33,755 CRORE

# HDFC Bank Q2 net profit rises about 27% to ₹6,345 crore

**ENS ECONOMIC BUREAU**  
MUMBAI, OCTOBER 19

HDFC BANK, India's most valued lender, has reported a net profit of Rs 6,345 crore for the September quarter of 2019-20 (financial year 2020) — an increase of 26.8 per cent over Rs 5,006 crore in the same quarter of the previous year.

Gross non-performing assets (NPAs) were at Rs 12,508 crore, or 1.38 per cent, of gross advances, as on September 30, 2019 (1.2 per cent excluding NPAs in the agricultural segment), as against 1.4 per cent as on June 30, 2019 (1.2 per cent excluding NPAs in the agricultural segment) and 1.33 per cent as of September 2018.

The bank's total income for the quarter ended September 30, 2019, grew by 19.6 per cent to Rs 33,755.0 crore from Rs 28,215.2 crore in the year-ago quarter.

Net revenues (net interest income plus other income) increased by 21.1 per cent to Rs 19,103.8 crore for the quarter from Rs 15,779.0 crore in the same quarter of the previous year.

**EXPLAINED**

## Bank keeps on delivering, no signs of slowdown

HDFC BANK has again delivered with consistent growth — in terms of earnings as well as stock performance. Due to its earnings potential and past performance, the Street has rewarded the stock, which has jumped almost 16 per cent so far this year. The scrip gained 0.7 per cent on Friday to close at Rs 1,229.20.

Net interest income (interest earned less interest expended) for the quarter ended September 30, 2019, grew to Rs 13,515.0 crore from Rs 11,763.4 crore for the quarter ended September 30, 2018, driven by average asset growth of 15 per cent and a core net interest margin for the quarter of 4.2 per cent.

Total deposits as of September 2019 were Rs 1,021,615 crore, an increase of 22.6 per cent over September 30, 2018.

“Domestic retail loans grew by 14.7 per cent and domestic wholesale loans grew by 27.9 per cent. The domestic loan mix as per Basel 2 classification between retail and wholesale was 52:48.

Overseas advances constituted 3 per cent of total advances,” the bank said.

The bank's distribution network comprised 5,314 banking outlets and 13,514 ATMs across 2,768 cities/towns at the end of September 2019, against 4,825

**“Domestic retail loans grew by 14.7 per cent and domestic wholesale loans grew by 27.9 per cent. The domestic loan mix as per Basel 2 classification between retail and wholesale was 52:48. Overseas advances constituted 3 per cent of total advances”**

BANK STATEMENT

banking outlets and 13,018 ATMs across 2,718 cities/towns a year ago, the lender said in a statement.

HDFC Bank shares rose 0.69 per cent to Rs 1,229.20 on the BSE on Friday. Its market capitalisation was Rs 6.72 lakh crore.

The Nomination and Remuneration Committee of the bank has granted 4.61 crore equity stock options at the face value of Rs 1 each for the grant price of Rs 1,229 per share. **WITH PTI**

## ‘Office space leasing up 23% in Jul-Sept’

Office space leasing rose 23 per cent to 15.4 million sq ft in the July-September quarter across nine major cities, and may touch an all-time high this year at over 60 million sq ft, as per CBRE

**Over 30% increase in cumulative absorption or leasing of office space to cross 47 million sq ft in the first nine months of calendar year 2019**

**2X jump in office space leasing in Hyderabad to 4.1 million sq ft during July-September, from 1.7 million sq ft in the year-ago period**

**More than 2X increase in leasing in Chennai at 1.8 million sq ft from 0.7 million sq ft; Pune saw a marginal increase to 1.4 million sq ft from 1.3 million sq ft**

**Fall in demand to 1.5**



million sq ft for office space in Mumbai, from 1.7 million sq ft. While Bengaluru saw leasing activities declining to 4 million sq ft from 4.4 million sq ft, in Kochi it dwindled to 0.01 million sq ft from 0.1 million sq ft

**Flat demand in NCR, Kolkata and Ahmedabad at 2.3 million sq ft, 0.2 million sq ft and 0.1 million sq ft, respectively, for office space leasing**

**Ways to improve investor sentiments**

■ Favourable government initiatives  
■ Transparency in real estate sector  
■ Right reforms

**Firms which drove office space leasing during Jul-Sept**

■ Tech corporates  
■ Research, consulting & analytics companies  
■ Flexible space operators

**Other sectors which contributed to the increase in leasing activity**  
■ Engineering & manufacturing  
■ Banking, financial services and insurance

# Corporate tax cut will help revive investment, says IMF

**LALIT K JHA**

WASHINGTON, OCTOBER 19

THE INTERNATIONAL Monetary Fund on Friday supported India's recent decision to reduce corporate income tax, saying it has a positive impact on investment.

It, however, said India should address continued fiscal consolidation and secure long-term stability of the fiscal conditions.

“We believe India still has limited fiscal space so they have to be careful. We support their corporate income tax cut because it has a positive impact on investment,” Changyong Rhee, director, Asia and Pacific department, IMF, told reporters at a news conference.

Following a marked slowdown in the last two quarters in India, the economy is expected to grow at 6.1 per cent this fiscal year, picking up to 7 per cent in 2020, he said.

“The monetary policy stimu-

lus and the announced corporate income-tax cut are expected to help revive investment,” said the top IMF official.

Anne-Marie Gulde-Wolf, deputy director, Asia and Pacific department, IMF, said India should address the non-banking financial sector issues.

“While there have been improvements that have been put in motion, including efforts to re-capitalise the state banks, the issue of non-bank financial institution remains partly unresolved and regulatory equity is one of the issues that needs to be achieved,” she said.

The government is aware of it, she added.

“We also had a FSAP. So there are issues working at that and this is something that is why not yet fully achieved, but is entrained. While there are problems at this stage, increased attention to lending practices of non-bank financial institutions continue to be very important,” Gulde-Wolf said.

Responding to a question, she said India overall has a fairly high level of debt and fiscal consolidation needs to be a priority.

“However, implementing fiscal consolidation in the context of a federal system is much more complicated. The level of fiscal structural issues and challenges are different in different states,” she said.

So one of the ways in which the IMF is engaged in this question is it has a regional training institute that has started working with the individual states on strengthening fiscal management at the state level, Gulde-Wolf said.

In the context of surveillance engagement with India, she said, the IMF is increasingly placing emphasis on the need to better coordinate the fiscal state level activities and fiscal activities.

“But it is a concern that the authorities are taking serious and are working at,” Gulde-Wolf said. **PTI**

## Fund sidesteps clash with US over funding; ends deadlock

**REUTERS**

WASHINGTON, OCTOBER 19

THE INTERNATIONAL Monetary Fund (IMF) said on Friday its 189 members agreed to maintain the IMF's \$1 trillion in total lending resources, while delaying changes to its shareholding structure to as late as December 2023.

The move ends a deadlock with the United States, which had opposed shareholding changes that would give a bigger voice to China and other large, fast-growing emerging markets in a review process that was due for completion this year.

IMF Managing Director Kristalina Georgieva announced the decision at the Fund's and World Bank's annual meetings, saying that the initiative will provide confidence that the IMF can adequately support member countries as they deal with slowing global growth.

US Treasury Secretary Steven Mnuchin, who holds an effective veto over major Fund decisions,

**The IMF has delayed changes to its shareholding structure to as late as 2023. It is a big positive for the US as it had opposed shareholding changes that would give a bigger voice to China**

endorsed the move, which calls for a doubling of the IMF's crisis lending fund to about \$500 billion, restoring it to levels during the 2008-09 financial crisis. It would be accompanied by a reduction in bilateral lending arrangement to keep overall IMF resources unchanged.

But it would require the United States to double its commitment by contributing about \$38 billion to the fund, known as the New Arrangements to Borrow (NAB), a move that would need approval from the US Congress.

## ECONOMY WATCH

### ‘INDIA FASTEST GROWING DESPITE SLOWDOWN’

**Mumbai:** Union minister Prakash Javadekar said on Saturday that an “atmosphere” of slowdown prevails world over, but India is still the “fastest developing” economy. He added the BJP was banking on its performance, while the Opposition was bereft of issues. **PTI**

# Ex-CBDT chief, ex-CVC joins RIL board

**ENS ECONOMIC BUREAU**  
NEW DELHI, OCTOBER 19

FOUR MONTHS after he retired as the Central Vigilance Commissioner, K V Chowdary has been appointed an independent director on the board of Reliance Industries Limited (RIL) — the largest Indian company by net profit and market capitalisation.

This is not the first post-retirement job for Chowdary, who retired as the CVC on June 9 this year. Less than a month later, on June 25, he took over as a director on the board of CCL Products (India) Limited.

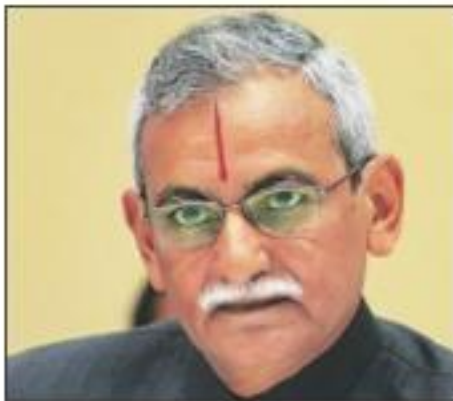
While the CVC Act says a retired Central Vigilance Commissioner cannot take up a diplomatic assignment or for-profit government office, it doesn't bar them from taking up a private sector job.

The Act also doesn't stipulate a cooling-off period or whether any permission has to be sought before taking up a private sector job.

The Mukesh Ambani-owned RIL communicated the appointment in a stock exchange filing late on Friday night. “Pursuant to Regulation 30 of the Securities and Exchange Board of India Regulations, 2015, please note that the Board of Directors at its meeting held today, i.e. October 18, 2019, has appointed Shri K V Chowdary as an Additional Director-Non-Executive,” it said.

It added that Chowdary was not related to any director of the company. “In accordance with the circular dated June 20, 2018, issued by the stock exchanges, we hereby confirm that Shri K V Chowdary, is not debarred from holding the office of director by virtue of any SEBI order or any other such authority,” it said.

During Chowdary's tenure as CVC, the CBI saw one of its biggest crises following infighting between its top two officers — the then CBI Director Alok Verma and then Deputy Special Director Rakesh Asthana —



**KV Chowdary**

who levelled charges and counter-charges against each other. The Supreme Court directed Chowdary to conduct a probe into the allegations against Verma.

In a formal submission to Justice A K Patnaik, the retired Supreme Court judge supervising the inquiry, Verma said Chowdary visited his residence as an “arbitrator” for Asthana.

While Verma was sacked in January this year, Asthana was moved out. The decision to remove Verma hinged ostensibly on the CVC's inquiry report. Chowdary, in his report, is learnt to have said that the witness, Satish Sana Babu, who implicated Asthana in a corruption case, was unreliable.

A 1978-batch Indian Revenue Service (IRS) officer, Chowdary was appointed Chairman of the Central Board of Direct Taxes (CBDT), the top policy making body of the Income Tax department, in August 2014.

On his retirement, he was appointed as an Advisor to the Department of Revenue on issues relating to black money, before being made the Central Vigilance Commissioner (CVC) on June 10, 2015.

His selection as CVC was challenged in the Supreme Court, but the petition was eventually dismissed as the court said the complaints could not be taken at face value.

On October 17 last year, RIL had announced the appointment of former SBI chairperson Arundhati Bhattacharya as an independent additional director on its board for a period of five years.

# Trade wars will impact flow of capital, goods: Sitharaman

**LALIT K JHA**

NEW DELHI, OCTOBER 19

FINANCE MINISTER Nirmala Sitharaman has said the ongoing trade wars and protectionism have generated uncertainties and will ultimately impact the flow of capital, goods and services.

She also called for “concerted action” to mitigate the disruption on account of synchronous slowdown and to invoke the spirit of multilateralism for global growth, the finance ministry said in a statement on Saturday.

Leading the Indian delegation to the Annual Meetings Plenary session of the International Monetary Fund (IMF) and the World Bank Group held in Washington DC, Sitharaman stressed that the increased trade integration, geopolitical uncertainties, and high accumulated debt levels necessitate strong global coordination.



**FM Nirmala Sitharaman with US Secretary of Treasury Steven Mnuchin in Washington on Saturday. ANI**

On the state of the Indian economy, she said: “Our potential growth rate in the coming years is much higher. With a prudent mix of policies, we are committed to have a sound macro-economic environment conducive to fuel growth and ensure inclusive development,” she said.

She also led the Indian delegation to the G20 Finance Ministers

and Central Bank Governors meeting. The ministers and governors also took updates from the G20 deputies on quality infrastructure investment, debt sustainability, financing for universal health care and building effective country platforms, and from the Africa Advisory Group on the Compact with Africa initiative.

On the discussions at the session regarding the work underway on developing a consensus solution on tax challenges arising from digitisation, the FM stated that a unified approach to the nexus and profit allocation challenges was a promising one that merits serious attention.

Meanwhile, in an apparent reference to Pakistan, she said the integration of the IMF's lending policies with key provisions like anti-money laundering and anti-terror financing can enhance its member nation's compliance on these issues that pose threat to the global economy. **PTI**

## BEIJING TO WORK WITH THE US ON BASIS OF ‘EQUALITY AND MUTUAL RESPECT’ TO ADDRESS CORE CONCERNS

# ‘Concrete progress’ made for ‘phased deal’ to end trade war: China

**K J M VARMA**

BEIJING, OCTOBER 19

CHINA AND the US made “concrete progress” in many areas and laid foundation for signing of a “phased deal” at their latest round of talks to resolve the bruising trade war, China's chief negotiator and Vice Premier Liu He has said.

US President Donald Trump, who had launched the trade war last year demanding China to reduce massive trade deficit, said after the 13 round of trade talks on October 11 that the two countries reached a “very substantial phase

one deal”

Trump is also demanding an intrusive verification mechanism to supervise Beijing's promise to protect intellectual property rights (IPR) technology transfer and more access to American goods to Chinese markets.

In his first public comments on the talks Liu said the two sides had built an important foundation for the signing of a “phased deal”.

China would work with the US on the basis of “equality and mutual respect” to address each other's core concerns, the Hong Kong-based *South China Morning Post* reported on Saturday.

Preventing an escalation of the

## Trump hopes trade deal will be signed by middle of November

**Washington:** US President Donald Trump on Friday said he thinks a trade deal between the US and China will be signed by the time the Asia-Pacific Economic Cooperation meetings take place in Chile on November

16 and 17.

Chinese Vice Premier Liu He will provide Beijing's perspective on the progress of the talks in a speech on Saturday, according to a tweet from the editor-in-chief of the *Global Times*. **REUTERS**

trade war would be good for both nations and the world as a whole, he said.

“The two sides have made substantial progress in many fields, laying an important founda-

tion for the signing of a phased agreement,” the paper quoted him as saying at a “virtual reality conference” in Nanchang, in eastern China's Jiangxi province.

“China will work with the

US on the basis of equal and mutual respect to address each other's core concerns,” he said. The agreement would take three to five weeks to draw up, and work on a second phase would begin as soon as the first was signed, Trump said, adding that the deal might be ratified by himself and Chinese President Xi Jinping.

Ahead of the 13th round of talks Beijing also confirmed it has stepped up purchase of American agricultural produce in large quantities in bid to address the trade deficit with US which last year climbed to \$539 billion.

Chinese Foreign Ministry

spokesman Geng Shuang recently said according to the preliminary statistics, this year, Chinese companies have purchased 20 million tons of soybeans, 700 thousand tonnes of pork, 700 thousand tonnes of sorghum, 230 thousand tonnes of wheat and 320 thousand tonnes of cotton from the US.

“We will continue to buy more American agricultural goods,” he said on October 15. Joerg Wuttke, president of the European Union Chamber of Commerce in China, said that with the initial agreement, the two countries were starting with “super light” issues to rebuild trust before moving to more profound conflicts. **PTI**