FPIs invest over ₹12,000 cr in Nov

New Delhi: Foreign portfolio investors (FPIs) remained net buyers in the domestic capital markets with an investment of over Rs 12,000 crore in the first week of November as market sentiments improved following economic reforms by the government. PTI

CLAIM PERIOD FOR SOME ACCOUNTS TO EXPIRE IN DEC; OTHERS IN 2020-END

No claimants for dormant Swiss accounts of Indians; some may get liquidated soon

ENSECONOMIC BUREAU

NEW DELHI, NOVEMBER 10

ABOUT A dozen dormant Swiss bank accounts linked to Indians have seen no claimants, leaving the funds lying in these accounts at risk of getting transferred to the Switzerland government.

The Swiss government began making details of dormant accounts public in 2015 to allow their claimants submit necessary proof to get access to those funds, which included at least 10 accounts linked to Indians. These included some accounts linked to Indian residents and nationals from the British rule era; but ironically, not a single dormant account linked to an Indian has been successfully claimed in the last six years, as per the records available with the Swiss authorities, according to a PTI report from Zurich.

The claim period for some of these accounts would expire next month, while a few others can still be claimed till the end of 2020. Incidentally, some of the ac-

counts linked to Pakistan resi-

BRIEFLY

Maruticuts

output for 9th

month in a row

New Delhi: Maruti Suzuki

India (MSI) reduced its pro-

duction by 20.7 per cent in

October, making it the ninth

straight month when the

firm lowered its output. In a

filing, MSI said it produced a

total of 1,19,337 units in

October as against 1,50,497

units in the year-ago month.

Passenger vehicles' produc-

tion last month stood at

1,17,383 units as against

1,48,318 units in October

2018, a fall of 20.85 per cent,

it added. Production of mini

and compact segment cars,

including New WagonR,

Celerio, and Dzire stood at

85,064 units as against

1,08,462 units in October last

year, down 21.57 per cent.

Services

exhibition to

start Nov 26

New Delhi: In a bid to attract

investment and partnership

in aviation, space, telecom,

services between India and

rest of the world, will have Services Export Promotion

Council and Confederation of Indian Industry as part-

ners, said the Commerce & Industry Ministry Sunday.

'100% FDI in

coal mining a

positive move'

New Delhi: India's move to

EXPLAINED Swiss govt to take over assets if no requests sent

AS PER Swiss law, an account is declared dormant if there is no customer contact for 60 years, and details are made public for inviting claims for all such accounts.

These assets will be liquidated and transferred to the Swiss federal government if no beneficiary has submitted a justified request within a given time-frame. Generally, the deadline for submitting requests is one year from the date of such dormant accounts being made public.

dents have have been claimed since then, as is the case with several other accounts linked to residents from other countries including Switzerland itself.

The list included close to 2,600 dormant accounts, when it was first made public in December 2015, which had around 45 million Swiss francs (over Rs 300 crore) lying unclaimed since at least 1955. There were also nearly 80 unclaimed safety deposit boxes

when the list was first made public for claims from the real owners or their heirs. More accounts are being added every year since then after they become dormant under Swiss banking laws; the list

now has nearly 3,500 accounts. While Swiss bank accounts have been a matter of heated political debate for many years in India due to suspicion that they were being used to hoard alleged black money, it has also been sus-

pected that people linked to the erstwhile princely states had stashed some funds in banks in Switzerland. Under global pressure over recent years, Switzerland has opened its banking system for regulatory scrutiny from abroad and it has also entered into pacts for automatic exchange of information on financial matters with a large number of countries, including India.

The first batch of details about accounts held by Indians in Switzerland-based financial institutions was given to India recently under this automatic information exchange deal and the next such exercise would take place in September 2020. In the meantime, the claims for dormant accounts are being managed by the Swiss Banking Ombudsman under cooperation from the Swiss Bankers Association.

As per the details available with the ombudsman, the dormant accounts linked to Indians that are waiting for their claimants include those included to at least two persons from erstwhile Calcutta (now known as Kolkata),

one from Dehradun, two from erstwhile Bombay (now known as Mumbai) and also some Indian settled in France and the UK.

According to the *PTI* report, the claim period for two such accounts, which are in the names of Leila Talukdar and Prmatha N Talukdar, would end next month on November 15, while the assets can be claimed till December this year for accounts in the names of Chandralata Pranlal Patel, Mohan Lal and Kishore Lall.

In case of two Bombay-residents, Rosmarie Bernet and Pierre Vachek, the claim period would expire in December 2020, while similar is the case for the account of Chandra Bahadur Singh from Dehradun and Yogesch Prabhudas Suchah, whose last recorded residence was in London, the report said.

Under Swiss laws, a bank account is declared dormant after there is no customer contact for 60 years and details are made public for inviting claims for all such accounts having at least 500 Swiss francs or assets of unknown value. WITHPTI/ZURICH

INTERVIEW WITH MD & CEO, CENTRAL BANK OF INDIA

This slowdown is cyclical, not structural ... growth will bounce back in 2020-21'

Pallav Mohapatra

As of now, if any telecom pro-

posal comes, we will look into

the statutory and regulatory re-

auirements ... if these are not ful-

filled, I will not take the risk. In

the case of power, whatever ex-

posure we have, that has already

been recognised. Some of the ex-

posures in power have been

recognised as NPA. Resolutions

of two or three major ones will

be before March 31. We are not

taking fresh exposure in power.

won't be any more exposure and

in hydel, it will be to a certain ex-

tent. This is because of the les-

sons we have learnt ... so no ex-

posure to both telecom and

Banks have now moved to

repo-linked interest rates.

It has been introduced from

October 1. What I see is that peo-

ple have become aware of it. The

only concern, which is natural, is

... this is good when repo rate is

coming down. What will hap-

pen when repo goes up?

Roughly 40 per cent of our total

book is linked to repo. It will be

linked to repo but based on the

Will savers get affected by the

having a deposit of Rs 25 lakh or

above, we have linked it to the

repo rate. There's no linkage to

repo below Rs 25 lakh. Majority

of our customers are below Rs 25

lakh. We are managing our asset

and liability in such a way that

the impact on NIM (net interest

Credit offtake doesn't seem

Retail is showing more de-

margin) is not that much.

to be picking up ...

No. For any customer who is

risk categorisation.

fall in deposit rates?

How is it taking shape?

power.

In the thermal sector, there

Managing Director and Chief Executive Officer, Central Bank of India, says the economy will bounce back in 2020-21. In an interview with GEORGE MATHEW, Mohapatra said the crisis in the NBFC sector is over. Excerpts:

Has the economic slowdown impacted banking?

Consumer spending is discretionary and non-discretionary. Discretionary spending also includes house, car purchases. We are not seeing much impact in first home purchase, but in the vehicle purchase, we are seeing it (slowdown). But non-discretionary is not coming down ... because anyway a person has to spend. There's huge scope in affordable housing.

When can we expect a turnaround in the growth?

My own assessment is that this is cyclical. This is not structural. The second half will be much better than the first half. It will bounce back in 2020-21. Corporate tax has been reduced. So corporates will have excess liquidity. They will spend that money ... either they will invest in mutual funds or they will put it in installed capacity.

Is the NBFC crisis over?

In NBFCs (non-banking financial companies), whatever the crisis that we had seen, that's over. Once these NBFCs start lending — majority of NBFCs are lending — the situation will further improve. If you remove one or two big conglomerates, those medium-sized NBFCs which are doing the lending in niche areas and with a portfolio of Rs 10,000-12,000 crore, are doing extremely well. Their NPAs (nonperforming assets) are lower than banking sector NPAs.

Have the problems in IL&FS and DHFL affected the

banking sector? We have done our own assessment. The sector is doing three things. One is their ALM (asset liability mismatch). Cash flow can be on the contracted or historical basis. Historical means they will see inflow over a period of time. I'm comfortable with the contracted. Even if there's a prepayment, that's icing on the cake. I'm comfortable with NBFCs which are in the range of Rs 15,000-20,000 crore and some of the conglomerate NBFCs where the corporate governance is excellent. The third thing is ...

down further? If you look from the point of view of inflation, there is still some scope for further reduction. The second thing is transmission. Now that it's repolinked, almost 40-50 per cent of the portfolio is linked to the repo rate; that will bring down the weighted-average lending rate. But now, as the second half is the peak season, there is a tendency of inflation going up. Another 25 bps cut is possible.

Do you think rural sector is witnessing any distress in view of the slowdown?

We are not seeing much stress in consumer loan in the rural segment, but we are seeing some stress in the rural housing segment where it's subsidised by the government. In the agricultural segment, we are seeing some stress because of natural calamity and debt waiver.

When there's a degrowth in the economy or when the economic growth is not taking place at the expected levels, the first impact is on corporates ... then it impacts MSMEs (micro, small and medium enterprises). When these two are stressed, then it may have the stress on the individuals.

After making losses for 14 quarters in a row, your bank has turned around. How did the turnaround happen?

The turnaround started in the first quarter of this year (after 14 successive quarters of losses). continued in the second quarter and we're quite hopeful that the trend will continue in the remaining two quarters and we will come out of PCA (Prompt Corrective Action framework) by the end of the year. We addressed various issues to achieve this. The number one was to control slippages and we have been successful to a great extent The second was to reduce NPAs. We introduced one-time settlement scheme. We have tightened the control to maintain the

What's your focus now to boost growth?

quality of assets.

We are more into better rated companies, still there's demand from companies. Though there's a degrowth in advances this years, that was mainly due to the lean season. We will have an uptick in advances growth in the second half.

In the MSME sector, we go for quality and better pricing. We want to grow NIM based on the quality. As of now, our retail book is 66 per cent of the total book, which we want to go up to 70 per cent by the end of the financial year. Housing loan is now 49.8 per cent of the total retail portfolio.

As many as 355 infrastructure projects, each worth Rs 150 crore or more, have shown cost overruns to the tune

of over Rs 3.88 lakh crore, owing to delays and other reasons, according to the MoSPI's report for July 2019

Cost overruns of ₹3.88 lakh cr in 355 infra projects

1,623:

Number of projects worth Rs 150 crore and above monitored by the Ministry of Statistics and Programme Implementation (MoSPI)

670:

Number of projects that reported cost overruns whose neither year of commissioning nor tentative gestation period has been reported

552:

Number of projects that reported time escalation, of which:

187: delayed by one to 12 months



₹19,33,390.22 cr: **121:** delayed by 13 to 24 months **132:** delayed by 25 to 60

months 112: delayed by 61 months

and above

29.07: Average time overrun

of all projects

Total original cost of

implementation of the 1,623 projects

₹23,21,502.84 cr:

Anticipated cost of implementation of all projects

₹3,88,112.62 cr:

Overall cost overruns, i.e. 20.07 per cent of original

₹9,47,571.45 cr:

Expenditure incurred on all projects till July 2019, 40.82 per cent of anticipated cost

REASONS FOR TIME OVERRUNS:

Delays in land acquisition, forest clearance and supply

of equipment **■** Fund constraints

■Geological surprises

■ Shortage of labour

Economy currently facing challenges: FM more importantly, this will be a

PRESS TRUST OF INDIA NEW DELHI, NOVEMBER 10

infrastructure sector among others, the Commerce FINANCE MINISTER Nirmala Ministry will host the fifth Sitharaman on Sunday unveiled a book on global finance, and edition of Global Exhibition on Services (GES) in said it suggests solution for challenges that the world as well as Bengaluru, from November 26-28. The programme, the Indian economy is currently facing. Launching the book 'The aimed at engaging industry and governments across the Rise of Finance: Causes, Consequences and Cure', she world and to promote greater exchange of trade in

said it will help "understand the current economic situation facing both the world and Indian economy".

The book is co-authored by V Anantha Nageswaran and Gulzar Natarajan. Nageswaran is dean of IFMR Graduate School of Business at Krea University. Natarajan is senior managing director at Global Innovation Fund.

"As a textbook, I am sure it will become very popular and

book that is very relevant to those of us, sitting on the policy making table. Secondly, its relevance and the timing of the launch of the book in India. We are currently facing a challenging time," she said.

Sitharaman said it has come at a time when questions are being asked about the nature of the slowdown, which is affecting the global economy and bogging it

down and indeed questioning if India is actually in a slowdown.

India's economic growth slumped to an over six-year low of 5 per cent in the first quarter ended June this fiscal due to slower consumer demand and private investment amid deteriorating global environment.

This has prompted many global agencies to cut India's GDP growth by various degrees for 2019-20.

well. Whenever there's a demand from the NBFCs, I look at

stress in their books.

Bad loans in the sector had come recently. However, stress in power and telecom seems to be pushing up bad loan levels now.

begin on November 17 and end on

December 4, while retail investors

will be able to bid for the shares

from November 17 to November

that shouldn't be missed, the

largest company in the world ...

holding Aramco shares is an ab-

solute gain," a Saudi with the twit-

ter handle 'Abdulrahman' wrote.

Reuters they had been preparing

for months — saving money, sell-

ing land plots and exiting other

stocks. Saudis flooded banks with

phone calls asking how to partic-

ipate after Aramco announced

bank mandates. Online adverts

promoting the IPO to locals have

is yet to formally agree to a deal.

Potential investors had told

"Aramco IPO is an opportunity

mand than the corporate. In the retail segment, more demand is coming from housing. In the corporate segment, we have seen demand in very few sectors. For example, the road sector. The other sector which is showing demand is city gas. From the cash flow perspective, these projects are viable. The third is the NBFC sector.

Will the interest rates come

SAUDI STATE-OWNED OIL COMPANY TO SELL 0.5 PER CENT OF ITS SHARES TO INDIVIDUAL RETAIL INVESTORS

Aramco prospectus flags risks, gives few details on IPO size

SAEED AZHAR. HADEEL AL SAYEGH, AZIZ EL YAAKOUBI& **MAHERCHMAYTELLI** DUBAI, NOVEMBER 10

SAUDI STATE oil giant Aramco will allow 100 per cent foreign direct investment in coal sell up to 0.5 per cent of its shares to individual retail investors and mining is a "positive move" and a good policy enabler towill be restricted from issuing adwards the country's longditional shares for a year after the term ambition of producing initial public offering (IPO), its 300 million tonnes of steel prospectus said on Saturday. Aramco fired the starting gun per annum, Andrew Swart, Global leader, Mining &

on what is likely be the world's largest listing on November 3 after a series of delays. The offering, set to rank it as the world's most valuable company, will begin on November 17, the prospectus said. Crown Prince Mohammed bin

Salman is seeking to sell the shares to raise billions of dollars to diversify the Saudi economy away from oil by investing in non-energy industries. Bankers think the longawaited IPO will value Aramco around \$1.5 trillion.

The more than 600-page prospectus published on Saturday did not include details of how much of the company would be floated in total or of any commit-

ments from cornerstone in-

NO DETAILS ON CORNERSTONE INVESTORS

prospectus published on Saturday did not include details of any commitments from cornerstone investors

among the risks for for terrorist attacks and the potential for encountering as the right of the Saudi government to decide maximum crude output

■ It said the offering for institutional investors will begin on November 17 and end on December 4, while retail investors will be able to bid for the shares from November 17-28

■ Aramco has been in talks with Gulf and Asian sovereign wealth funds and wealthy Saudi individuals to secure top investors of the IPO, but no cornerstone investor is yet to formally agree to a deal

to decide maximum crude output and direct Aramco to undertake projects outside its core business.

Aramco may also change its dividend policy with no prior notice to its minority shareholders, it said. "Apart from the oil price, of course, the main risks are the degree to which Aramco needs to shoulder the burden of OPEC Plus

output restraint, allocation of capital into projects which maximise value for Saudi overall as opposed to Aramco minority shareholders, physical security risks and the dividend payout ratio in the longterm," said Hasnain Malik, head of equity strategy at Tellimer. "Valuation at the time of the

IPO will depend on how much of demand is made up by subscribers who are prepared to overlook these factors in favour of Aramco's low depletion rate ... and its very low cost of extraction versus peers." Aramco's oil facilities were targeted on September 14 in un-

precedented attacks that temporarily shut 5.7 million barrels per day (bpd) of output - more than 5 per cent of global oil supply. The prospectus said the government will have a "statutory lockup period" for disposing of any shares after the listing for six months, and a contractual lockup

The Russia-China Investment Aramco cannot list additional Fund is working to attract Chinese investors for Aramco's planned IPO, the head of Russia's RDIF sovereign wealth fund said on Thursday.

Bankers have told the Saudi

likely value the company at around \$1.5 trillion, below the \$2 trillion valuation touted by Prince Mohammed when he first floated the idea of an IPO nearly four years ago. Initial hopes for a 5 per cent IPO on domestic and international bourses were dashed last year when the process was halted amid debate over where to list Aramco overseas.

Aramco said the timetable was delayed because it began a process to acquire a 70 per cent stake in petrochemicals maker Saudi Basic Industries Corp. The prospectus said Goldman Sachs was named as stabilizing agent for the deal. Analysts from banks working on the Rivadh listing projected a wide valuation range between \$1.2 trillion to \$2.3 trillion.

Aramco has been in talks with Gulf and Asian sovereign wealth At the top valuation of \$2 bilfunds and wealthy Saudi individlion, Aramco could potentially uals to secure top investors of the raise \$40 billion, topping the IPO, but no cornerstone investor record-breaking \$25 billion raised by Chinese e-commerce giant Alibaba in 2014.

The valuation would be almost twice that of Microsoft, currently the world's most valuable listed company, and seven times that of Exxon Mobil Corp, the biggest listed oil major by market capitalisation. **REUTERS**

ICRA downgrades **Ajay Piramal** group firm

ENSECONOMIC BUREAU MUMBAI, NOVEMBER 10

MOODY'S INDIA affiliate ICRA has downgraded the ratings of debt raised by AASAN Corporate Solutions (ACSPL), an Ajay Piramal group firm, citing tight liquidity conditions faced by the company

In a statement, ICRA said the revision in the rating to 'A-(CE' (Negative)' from 'A+(CE (Negative)' for the non-convertible debenture (NCD) programme worth Rs 1,900 crore of ACSPL is mainly because of deterioration in the operating environment owing to tight liquidity in the market, which may diminish the resource mobilisation ability of the holding and investment entities to raise funds from the market.

worth of debt raised by ACSPL AASAN is wholly-owned by Sri Govinda Trust through its trustee Ajay Piramal, the promoter of the Piramal Group. It is engaged in the business of investing and lending to group companies and other entities engaged in real estate and leasing, and trading in commodities such as gold and silver.

ICRA has rated Rs 2,850 crore

appoints new chairperson Mumbai: Grace Elizabeth

Metal, Deloitte, said. PTI

Federal Bank

Koshie has been appointed the chairperson of Federal Bank, the largest bank in Kerala, with effect from November 7, 2019. In November 2013, Koshie was appointed as the first woman director on the Federal Bank board. **ENS**

■ The more than 600-page

■ The prospectus said that investors were the potential antitrust legislation, as well

vestors. Sources have said the firm could sell 1 per cent-2 per cent on the Saudi stock market.

If the government sells 2 per cent of Aramco shares, the retail offering could account for 25 per cent or \$10 billion of the deal size at the top valuation of \$2 trillion.

The prospectus, which revealed few details, did not say how the government will use the proceeds from the sale.

The prospectus said that among the risks for investors were the potential for terrorist attacks and the potential for encountering antitrust legislation, as well as the right of the Saudi government

period for 12 months.

shares for a period of six months after trading starts, and will also be restricted from issuing additional shares for 12 months. The prospectus said the offer-

ing for institutional investors will

gone viral.

government that investors will