MARKET WATCH

	17-12-2019	% CHANGE
Sensex	41,352	1.01
US Dollar	70.98	0.03
Gold	38,771	0.03
Brent oil	65.71	0.23

NIFTY 50

	PRICE	CHANGE
Adani Ports	371.25	2.90
Asian Paints	1745.40	13.95
Axis Bank	745.65	-1.60
Bajaj Auto	3199.10	-21.30
Bajaj Finserv	9361.75	73.65
Bajaj Finance	4135.75	96.30
Bharti Airtel	439.95	18.10
BPCL	496.05	4.05
Britannia Ind	3071.95	21.05
Cipla	463.95	5.70
Coal India	196.20	3.60
Dr Reddys Lab	2826.90	10.55
Eicher Motors	21704.95	53.95
GAIL (India)	119.80	-1.40
Grasim Ind	768.80	5.70
HCL Tech	557.75	5.55
HDFC	2430.10	54.85
HDFC Bank	1271.10	13.75
Hero MotoCorp	2304.95	-3.50
Hindalco	213.70	7.05
Hind Unilever	1961.35	-13.40
ICICI Bank	541.15	1.90
IndusInd Bank	1492.75	-0.65
Bharti Infratel	248.20	-0.05
Infosys	729.70	15.70
Indian OilCorp	125.65	-0.50
ITC	241.05	4.15
JSW Steel	258.95	5.85
Kotak Bank	1713.30	9.35
L&T	1317.95	14.95
M&M	505.85	-3.00
Maruti Suzuki	7195.15	55.10
Nestle India Ltd.	14149.15	-2.50
NTPC	115.55	0.60
ONGC	125.30	-0.30
PowerGrid Corp	188.05	1.10
Reliance Ind	1562.70	-3.90
State Bank	332.90	1.05
Sun Pharma	429.05	-6.10
Tata Motors	180.20	5.25
Tata Steel	439.40	18.40
TCS	2164.95	38.20
Tech Mahindra	777.35	4.05
Titan	1157.35	-8.30
UltraTech Cement	4119.55	58.30
UPL	564.10	0.40
Vedanta	152.35	5.20
Wipro	244.75	1.60
YES Bank	47.60	0.80
Zee Entertainment	279.75	1.50

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on December 17

CURRENCY	TT BUY	TT SELL
US Dollar	70.77	71.09
Euro	79.00	79.36
British Pound	93.45	93.88
Japanese Yen (100)	64.59	64.89
Chinese Yuan	10.11	10.16
Swiss Franc	72.09	72.42
Singapore Dollar	52.24	52.48
Canadian Dollar	53.73	53.98
Malaysian Ringitt	17.08	17.17

Source:Indian Bank

BULLION RATES CHENNAI

December 17 rates in rupees with previous rates in parentheses

Retail Silver (1g)	47.7	(47.5)
22 ct gold (1 g)	3627	(3622)

Telecom body defers zero IUC by a year

Regulator seeks stakeholders' views on fixing minimum tariff for mobile voice calls and data services

SPECIAL CORRESPONDENT
NEW DELHI

In a major relief for telcos, particularly Bharti Airtel and Vodafone Idea, the Telecom Regulatory Authority of India (TRAI) on Tuesday deferred implementation of zero-interconnect usage charge regime by a year, besides kick-starting a consultation on the need to fix minimum tariff for mobile calls and data.

"For wireless to wireless domestic calls, termination charge would continue to remain as ₹0.06 per minute up to December 31, 2020...From January 1, 2021 onwards the termination charge for wireless to wireless domestic calls shall be zero," the regulator said.

The deferment is a big relief for Vodafone Idea and Bharti Airtel, which had pitched for postponing it. • REUTERS

The BAK (bill and keep) or zero IUC regime was to come into effect from January 1, 2020. The deferment by a year will be a huge relief for Vodafone Idea and Bharti Airtel, who had pitched for postponing the implementation. However, Reliance Jio was in not in favour of deferring it. "Implementation of BAK from 1.1.2020, with present inadequate adoption of 4G technologies by consumers and asymmetries in traffic, may affect level playing field amongst service providers and in turn the effective competition in the market," TRAI said in the regulation.

It added that in such capital-intensive sector, which had long gestation period and where entry of new service providers in the short run was difficult, maintaining effective competition among service providers was necessary for ensuring the affordable services to consumers.

Floor price for tariffs

In its new consultation, the regulator has sought stakeholders' view on issues related to fixing a minimum tariff for mobile voice calls and data services. TRAI has also sought answers on whether there is a need for "price ceiling" as well to safeguard consumer interest along with ensuring the orderly growth of the sector.

The authority is also raised a question on whether floor prices need to be set, given that the three private telcos had recently announced price hike in the range of 15-50%. "In the last few months, many concerns have been raised about the health of the Indian telecom sector and the need to fix a floor price for telecom services," TRAI said, adding that the DoT recently forwarded to the regulator representations received from the telcos, including a plea seeking floor tariff fixation.

"Most economists also advise against the fixation of price controls as it leads to economic inefficiencies, consumer harm, market distortions and reduced innovation," it said.

However, it added, ensuring the provision of ever-increasing data consumption and a good quality of service required a lot of investment in maintaining and improving telecom infrastructure.

Comments on the issues raised in the consultation paper are invited by January 17, 2020 and counter-comments by January 31, 2020.

Equities touch new high over global rally, liquidity push

Bharti, Yes Bank among top gainers

SPECIAL CORRESPONDENT
MUMBAI

A global rally in equities amidst renewed optimism over U.S.-China trade truce and strong flows from foreign investors in the Indian markets pushed the Indian benchmarks to new record highs on Tuesday.

The 30-share Sensex surged over 1%, or 413.45 points, to close at 41,352.17 as heavyweights from the financials, technology and metal segments registered strong gains. The gainers pack in the Sensex included Tata Steel, Bharti Airtel, Vedanta, Tata Motors, HDFC, Bajaj Finance, Infosys, TCS, Yes Bank and HDFC Bank, among others.

The overall market breadth was also positive with more than 1,400 stocks in the green as against 1,077 declines.

The broader Nifty settled the day at 12,165, up 111.05 points, or 0.92%.

Market participants believe that while the government decision in terms of tax cuts and divestments have acted as positive triggers, global factors and liquidity have largely been the real reason for the surge amid fears of growth slowdown.

Incidentally, India's growth slowed down to a 26-quarter low of 4.5% in the second quarter of the current fiscal. "The recent surge in Indian equities was triggered by the bold policy decision to cut corporate tax rates and aggressively pursue privatisation. However, the global equity rally also significantly added to improvement in sentiments and the market rally has been driven by a strong revival in foreign portfolio inflows into the country," Sharekhan said in its latest market outlook report.

As per provisional numbers, FPIs were net buyers at nearly ₹1,250 crore on Tuesday, while the cumulative flows in the current calendar year is well over ₹93,000 crore. Further, leading Asian markets like Hong Kong, South Korea, Taiwan, Indonesia, China and Malaysia all gained ground on Tuesday.

"The equity markets seem to be factoring in an improvement in macroeconomic conditions domestically. They are not assuming a big-bang recovery, but hoping the worst is over," as per Sharekhan.

Going ahead, experts believe that the market would look for triggers in terms of the ground work that is done ahead of the Union Budget, which is to be presented on February 1, and also global factors like trade talks, currency and crude movement.

"Going ahead, market would watch out for FM's pre-budget meetings with various industries which began yesterday and the GST Council meeting which is scheduled on Wednesday," said Siddhartha Khemka, head, Retail Research, Motilal Oswal Financial Services.

Retail loans to double to ₹96 lakh cr. by 2024, shows ICICI Bank-Crisil study

Higher demand for private consumption, data availability to drive growth

SPECIAL CORRESPONDENT
MUMBAI

The retail loan book of Indian financiers is expected to double in the next five years to ₹96 lakh crore, according to a study conducted by ICICI Bank and rating agency Crisil.

All the components of retail loans – mortgage, unsecured loans and vehicle loans – are projected to record similar growth.

Loans to micro, medium, and small enterprises (MSMEs) are likely to more than double to ₹13.2 lakh crore.

According to the report, home loans – normal and low-cost housing and loans against property – are expected to double to ₹46.1 lakh crore in FY24. Unsecured loans – which are personal loans and credit cards – are expected to more than double to ₹13.8 lakh crore in FY24

Loans to micro, medium, and small enterprises are likely to more than double to ₹13.2 lakh crore

CV loans

Commercial vehicle, four and two-wheeler loans are tipped to nearly double to ₹17.5 lakh crore.

"India's GDP per capita in terms of purchasing power parity (PPP) is now $7,762. Our analysis predicts that this junction will prove to be an inflection point for the country, as it was with another large economy a few years ago.

"We foresee that in the next five years, the domestic retail loans market is poised to double to ₹96 trillion," said Anup Bagchi, executive director, ICICI Bank.

The report says that this rapid growth will take place on the back of increased demand for private consumption, willingness of consumers to take loans, increased availability of various consumer data, improved usage of data analytics and regulatory initiatives propelling growth in low cost housing loans and MSME loans.

Amish Mehta, chief operating officer and president, Crisil, said growth is expected to be higher in smaller cities outside the top 50 cities.

"The top five players are foreseen continuing their dominance of the market, across asset classes.

For example, in housing loans, despite the market having over 100 players, the top five players alone have a cumulative market share of over 50%." Mr. Mehta said. The report is based on interviews with 200 experts from the retail loans industry.

IMF set to cut India growth forecast in Jan.

PRESS TRUST OF INDIA
MUMBAI

The International Monetary Fund (IMF) is set to join other downbeat analysts and cut the growth estimate for India "significantly," its India-born chief economist Gita Gopinath said on Tuesday.

The IMF had come out with an estimate in October and will be reviewing the same next month in January, she said at an event.

A fall in consumption, lack of private investments and sluggish exports are being blamed for a slower GDP growth which slid to a six-year low of 4.5% in September. She said India was the only emerging market which had thrown a surprise of this kind.

Karvy: SAT asks SEBI to hear Axis plea

PRESS TRUST OF INDIA
NEW DELHI

The Securities Appellate Tribunal (SAT) on Tuesday asked SEBI to pass an order within 15 days in Karvy Broking matter on Axis Bank's plea, which said the regulator's ruling is preventing the lender from accessing securities pledged by the broking firm through another account.

The order follows a SEBI directive to the National Securities Depository Ltd. in November that prevented Axis Bank from accessing the securities pledged with the lender by Karvy Stock Broking Limited (KSBL).

The case pertains to the securities held by KSBL, which were used by the brokerage for borrowing, courtesy the power of attorneys (PoA) that they held.

With VRS, BSNL to save ₹1,300 crore in wage bills

As on date, no recruitments: CMD

SPECIAL CORRESPONDENT
NEW DELHI

With as many as 78,569 of its employees opting for the voluntary retirement scheme (VRS), State-run telco BSNL expects to save about ₹1,300 crore in wage bills during the current financial year.

"Our goal is that people who have applied for VRS, their application should be considered and approved... VRS will take place from January 31, 2020. So, there will be two months – February and March, where the savings will come to us... BSNL is likely to save ₹1,300 crore in this financial year," Chairman and Managing Director P.K. Purwar said on Tuesday. He added that about 70,000 employees would still remain with the telco, "which is a reasonable number." "As on date, BSNL will not make any recruitment, except where it is required as per current policy," he said.


P.K. Purwar

Asked about the headway made in merger of BSNL and MTNL, Mr. Purwar said, "The discussion for merger has started. Both the boards have met on a common platform to take stock on how to move forward".

Market rally may get additional $2.5 billion fuel

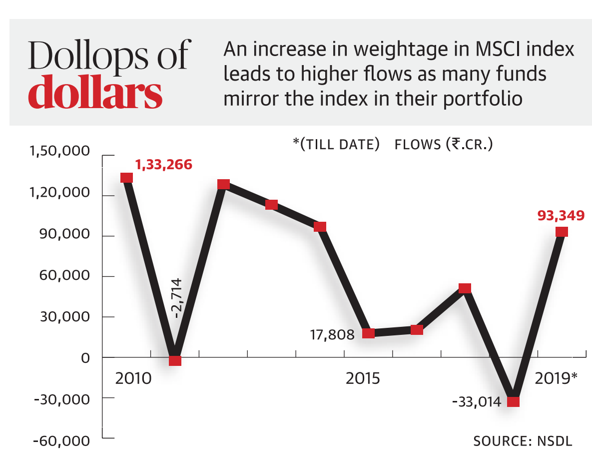
Increase in India's weight in MSCI EM index could spur more inflows as funds mirror the index

SPECIAL CORRESPONDENT
MUMBAI

The coming months could see incremental foreign flows amounting to around $2.5 billion in Indian equities as the country's weightage increases in the MSCI Emerging Markets (EM) index on account of the increase in foreign investment limit in listed entities.

Last week, the government confirmed its move to implement its Budget announcement relating to increasing the statutory limit for foreign portfolio investors (FPIs) in a company from 24% to the sectoral foreign investment limit with effect from April 1, 2020.

According to Morgan Stanley, it would lead to India's weightage going up by 70 basis points in the MSCI EM index, translating to about $2.5 billion of additional flows from foreign investors.



"This implementation will lead to MSCI India's weight in MSCI EM to rise. Using the current list of constituents, we expect MSCI India's weight to rise by about 70bps (basis points) in the semi-annual index review of May 2020, implying passive flows of $2.5 billion," stated a report by Morgan Stanley.

According to the global financial major, stocks like Larsen & Toubro (L&T), Asian Paints, Bajaj Finserv, Bajaj Finance, Britannia Industries, Tata Steel, Nestle India and Bharti Infratel, among others, would see the maximum increase in their weightage.

"The announcements, in our view, have far-reaching effects on India's free float, its weight in the MSCI indices, foreign flows, and supply of equity.

MSCI India weight may rise by 70bps in the semi-annual index review of May 2020

India's free float market cap rank has been lower compared to its market cap and GDP rank because of high promoter holdings and low foreign investment limits.

"This has constrained active and passive allocation to India from abroad," it added. An increase in the weightage in MSCI index leads to enhanced flows as many funds mirror the index in their portfolio and if the weightage of a particular stock goes up, then these funds also increase their allocation in the same proportion.

Lowering FPI limit

Incidentally, while the government has given the option to companies to lower their FPI limit by March 31, 2020 through a board approval and a special resolution passed by the shareholders, such entities can always increase the limit at a later date after which it cannot be reduced.

Thus, unless companies pass board and shareholder resolutions, all companies in India will irreversibly have their FPI limit at the sector limit after March 31, 2020, stated the report.

Overseas investors have been quite bullish on Indian equities in the recent past with the cumulative flows pegged at over ₹93,000 crore during the current calendar year.

Elgi acquires Michigan Air Solutions

SPECIAL CORRESPONDENT
COIMBATORE

Elgi Compressors USA, a subsidiary of Elgi Equipments, has acquired Michigan Air Solutions in a move to expand its presence in the U.S. According to Jairam Varadaraj, MD of Elgi Equipments, this is an important step for the company to strengthen its position as a leading player in the global compressed air industry. The cost of acquisition is estimated to be approximately $6 million.

Michigan Air Solutions in Michigan is an independent air compressor distributor and was selling Elgi's products for the last one year.

Michigan Air Solutions has an annual business of nearly $ 10 million.

LIC expects to achieve policy sale, first premium targets

Corporation has already sold 1 crore policies till October

M. SOUNDARIYA PREETHA
COIMBATORE

The Life Insurance Corporation of India (LIC) is expecting to cross its targets in the number of policies sold and premium revenue this financial year.

T.C. Suseel Kumar, MD, LIC, told *The Hindu* here recently that the corporation was focusing this year on the number of policies sold and the strategy was working.

"We have fixed a target of selling 2.5 crore policies this year and first year premium collection of ₹56,500 crore.

"We have reached almost 60% in all the parameters. We will cross the target," he said.

The corporation started the financial year with 74% share in life insurance policies and 66% in first-year premium income.

Now, it has 76% share in policies and 71% in premium. The market share grew well in September, October and November, especially the last two months. In November, a total of 40 lakh life policies were sold in the market and of them, 34 lakh was by the LIC.

Reviving lapsed policies

Regarding the campaign for revival of lapsed policies, Mr. Kumar said the LIC organised such campaigns regularly. This year, 22 lakh policies were revived during two months.

This year, LIC had recruited one lakh new agents.

On the potential for life insurance cover in India, he said of the 120 crore people, even if 70% was in the insurable age group, only about 40 crore people had cover.

So, the scope was huge, he said.

Construction equipment seeing green shoots

IBC will streamline financing in the sector, says JCB India's Subir Chowdhury

MINI TEJASWI
BENGALURU

India's construction equipment (CE) industry has started seeing green shoots and some amount of recovery is expected in the next 6 to 8 months, according to JCB India.

India MD & CEO of the U.K.-based CE major Subir Chowdhury said, the CE sector had been facing market uncertainty and disruptions mostly due to emergence of newer technologies and changing regulations. However, signs of recovery were already evident in the market.

Transient challenges

"I see the current challenges as something transient. It's also because of the changing way in which things are getting redefined. Contractors say payment cycle has started again. We anticipate a positive turnaround in the industry in April-June 2020 quarter."

The sector has been facing uncertainty due to new technologies and changing regulations, says JCB India chief

As per JCB, apart from the traditional roads and highways, most State governments are now focused on irrigation and affordable housing projects. Electricity and gas connection infrastructure development is expected to come up in the next couple of years. "We are a large economy and our need is massive. Things are happening and there's tremendous amount of optimism," said Mr. Chowdhury.

Commenting on the funding availability in the country, he said, banks have been able to bring their NPAs significantly down, thereby creating a better liquidity scenario for themselves. NBFCs may still be very cautious, but they were reinventing themselves to find ways to increase accountability in the system.

"Finance is extremely critical for the construction equipment industry. A good amount of slowdown can be attributed to IL&FS.

"However, thanks to the introduction of The Insolvency and Bankruptcy Code (IBC), the industry is going through a some kind of transition. So, what you will see at the end will be a system that is robust."

According to Mr. Chowdhury, JCB itself has witnessed significant slowdown in last four years.