

# RBI planning to limit exposure of UCBs to single, group borrowers

ENSECONOMICBUREAU  
MUMBAI, DECEMBER 30

THE RESERVE Bank of India (RBI) plans to restrict urban co-operative banks' (UCB) exposure to a single borrower and a group of connected borrowers at 10 per cent and 25 per cent, respectively, of their tier-I capital, show draft guidelines released by the central bank on Monday. At present, the limits are 15 per cent and 40 per cent, respectively.

The revised exposure limits shall apply to all types of fresh exposures taken by UCBs. Further, UCBs will be required to bring down their existing exposures, which are in excess of the revised limits to the stipulated levels by March 31, 2023.

At the same time, where the existing exposure comprises only term loans and non-fund based facilities, while no further exposure shall be taken on such borrowers, these facilities may be allowed to continue as per their respective repayment schedule or till maturity.

The draft guidelines say that

**As per the draft guidelines, RBI plans to restrict urban co-operative banks' exposure to a single borrower and a group of connected borrowers at 10% and 25%, respectively, of their tier-I capital**

UCBs shall have at least 50 per cent of their loan portfolio comprising loans of not more than Rs 25 lakh per borrower.

The overall priority sector lending (PSL) target for UCBs will be increased from the present level of 40 per cent of adjusted net bank credit (ANBC) or credit equivalent amount of off-balance sheet exposure (CEOBSE), whichever is higher, to 75 per cent. UCBs will have to comply with the above target by March 31, 2023 in a staggered manner.

UCBs shall prepare, with the approval of their boards, an action plan for compliance with the revised exposure norms and priority sector lending targets, the draft circular said.

In the draft, the regulator said that the extant single/group exposure limits of UCBs have been reviewed, revised with a view to

containing concentration risk, which may spiral into liquidity or solvency risks over time. There was also a need to enhance PSL limits for UCBs to meet the goal of financial inclusion, the RBI added.

"Further, credit exposure in many urban co-operative banks, particularly scheduled/large UCBs, predominantly comprises large ticket loans.

"Such predominance of large ticket loans in the bank's portfolio reduces diversification of credit risk and also reduces the scope for greater financial inclusion, which is one of the main roles of UCBs," the draft said.

The draft guidelines come in the wake of the blowout at Punjab & Maharashtra Co-operative Bank, where the lender ran into a solvency crisis after 73 per cent of its asset book — lent to a single entity, HDIL — turned bad. **FE**

## SERVICE TO BE ROLLED OUT PAN-INDIA IN 2020: PRASAD

# DoT launches portal to track stolen, lost mobiles in Delhi

ENSECONOMICBUREAU  
NEW DELHI, DECEMBER 30

THE DEPARTMENT of Telecommunications (DoT) Monday launched a web portal for Delhi that would enable users to track and block mobile phones that are either stolen or get lost. The services, launched initially for Mumbai in September this year, will be rolled out pan-India in 2020, Union Telecom Minister Ravi Shankar Prasad said.

The portal, backed by the Central Equipment Identity Register, will help users facilitate blocking of stolen or lost mobile phones across mobile networks, Telecom Secretary Anshu Prakash said.

"They can go to the portal and register their complaint, along with which they will also have to upload the police complaint and their own ID proof.

### USERS CAN REGISTER COMPLAINT AT PORTAL

■ Telecom Secretary Anshu Prakash said that users can go to the portal and register their complaint, along with which they will also have to upload the police complaint and their own ID proof

■ The portal, backed by the Central Equipment Identity Register, will help users facilitate blocking of

stolen or lost mobile phones across mobile networks, he added

■ Once a phone is stolen or lost, grey marketers reprogramme the IMEI number of the handset, which results in cloning of the unique number. This in turn results in multiple handsets having the same IMEI number

Based on this, the lost mobile will be blocked. Also, if someone uses it, the same can be traced based on the tower signals so the police can also recover the device," he added.

Nearly 40,000 mobile phones are stolen by miscreants in Delhi every year. Once stolen

or lost, grey marketers reprogramme the International Mobile Equipment Identity (IMEI) number of the handset, which results in cloning of the unique number. This in turn results in multiple handsets having the same IMEI number.

Earlier, if such an IMEI was

blocked, there was a possibility of a number of mobile handsets being put out of service, Prakash said, explaining that with the new software, only the individual phone that has been stolen will be blocked and traced.

The launch of the web portal, attended by Delhi's Lieutenant Governor Anil Bajjal, and police commissioner Amulya Patnaik, also saw Prasad criticising Delhi Chief Minister Arvind Kejriwal's decision to install close circuit television (CCTV) cameras all over Delhi.

In his veiled attack, Prasad said that speaking as the Law Minister, the question over privacy of individuals would arise as the images captured by CCTV cameras were likely to stay in the database forever.

"These are issues which need to be analysed in a healthy, robust, democratic manner to find a solution," Prasad said.

# RBI buys ₹10K-crore of long-term govt securities in 2nd special OMO

PRESS TRUST OF INDIA  
MUMBAI, DECEMBER 30

IN THE second special open market operation (OMO), the Reserve Bank of India (RBI) on Monday bought Rs 10,000 crore of long-term government securities and sold Rs 8,501 crore of three short-term bonds.

The RBI had announced to purchase and sell simultaneously government securities under Open Market Operations for Rs 10,000 crore each last week.

Though the central bank offered to sell four securities in the auction, it accepted bids for three bids only.

In the OMO purchase of 6.45 per cent GS 2029, the 10-year benchmark security, the RBI received Rs 25,698 crore worth of

bids from the participants but accepted Rs 10,000 crore of bids.

The RBI received 285 bids to purchase 6.45 per cent-2029 security but accepted only 151 bids. The cutoff yield at which bids were accepted was 6.4874 per cent.

The RBI offered to sell four government securities—6.65 per cent GS 2020; 7.80 per cent GS 2020; 8.27 per cent GS 2020 and 8.12 per cent GS 2020 through OMO sale.

It accepted only Rs 8,501 crore worth of bids for the three securities as against Rs 38,551 crore bids it received in for four securities in the OMO sale auction.

In terms of number of bids, the central bank received 27 bids for 6.65 per cent GS 2020; 34 for 7.80 per cent GS 2020 and 29 for 8.27 per cent GS 2020 and but

accepted 11, 12 and 8, respectively.

For 8.12 per cent GS 2020 security, the RBI received 49 bids but did not accept any bid.

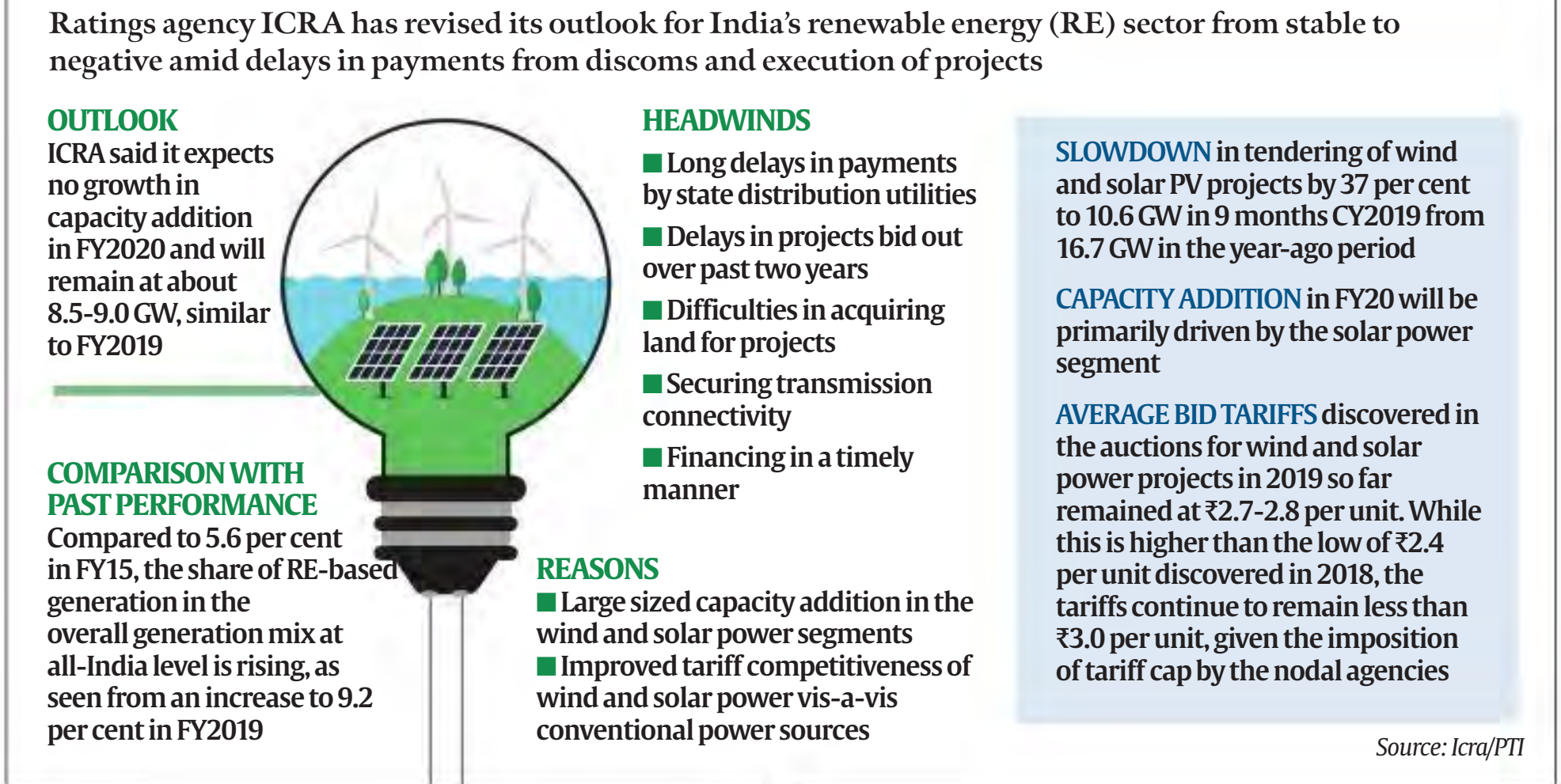
In a similar auction held last week, the RBI had purchased and sold same securities in the market.

The banking regulator had purchased Rs 10,000 crore of long-term government security while sold Rs 6,825 crore of four short-term securities.

These special OMO auctions are similar to the US Federal Reserve's 'Operation Twist' aimed at faster transmission of policy rates, an analyst said.

The central bank has reduced repo rate by 135 basis points between February and October this year, but there has been a delay in passing on the cut in repo rate by lenders.

## 'Negative outlook for renewable energy sector amid delays in project execution, payments'



# IFIN reports standalone loss of ₹13,275 cr in FY19

ENSECONOMICBUREAU  
MUMBAI, DECEMBER 30

IL&FS FINANCIAL Services (IFIN) reported a net loss on a standalone basis of Rs 13,274.52 crore in the financial year 2018-19, compared with a profit of Rs 9.5 crore in the previous fiscal. The company's exposure to non-performing assets (NPAs), expressed as "Stage 3" assets, increased to Rs 12,429.64 crore, compared with an exposure of Rs 2,249.98 crore in FY18.

Total liabilities of the non-banking financial company (NBFC) fell 8.76 per cent year-on-year (y-o-y) to Rs 16,635.72 crore, while total assets in FY19 fell 79.5 per cent to Rs 3,831.16 crore.

As on March 31, 2019, IFIN's total borrowings stood at Rs 8,866.32 crore, up 2.75 per cent y-o-y. Cash and cash equivalents of the NBFC rose 20 per cent y-o-y in FY19 to Rs 964.90 crore.

IFIN's total default amount as on March 31, 2019, stood at Rs 4,628.12 crore, excluding the interest liabilities post-October aggregating to Rs 392.09 crore.

The government-appointed board of IL&FS has made a provision of Rs 11,358.54 crore on account of credit risk and impairment of investments, the firm stated in its annual report.

The company started defaulting on debt obligations in August 2018, following which the government had in October 2018 suspended the erstwhile board of IL&FS group companies and replaced it with a another board led by Uday Kotak. The total debt obligations of the IL&FS group companies is close to Rs 1 lakh crore.

IFIN, registered as a non-deposit NBFC with the RBI, is required to maintain regulated capital adequacy ratio of minimum 15 per cent, with minimum Tier-I capital of 10 per cent. **FE**

# 42,500 MT of onion available, send your demand: Paswan asks states

EXPRESSNEWS SERVICE  
NEW DELHI, DECEMBER 30

WITH RETAIL prices of onions soaring above Rs 100 per kg in most cities, Union Minister of Consumer Affairs, Food & Public Distribution Ram Vilas Pawan said Monday that about 42,500 metric tonnes (MT) of onions is available for supply. He asked states to send their requirements for onion to his department and the National Agricultural Cooperative Marketing Federation (NAFED).

"As per target fixed, consignments of imported onion have started arriving from 15 December onwards and approx 42,500 MT of onion stock is available. I request State govts to send their demand to Department of Consumer Affairs and NAFED to augment the Onion supply in their State," Paswan said in a tweet.

**According to data available on the portal of Department of Consumer Affairs, retail prices of onion on Monday were recorded at over ₹100 per kg in several cities**

According to data available on the portal of Department of Consumer Affairs, which monitors the movements in retail and wholesale prices of 22 commodities, retail prices of onion on Monday were recorded at more than Rs 100 per kg in several cities, including Delhi, Kolkata, Patna, and Bengaluru.

In a bid to arrest the rising prices of onions, the government had directed public sector undertaking MMTC to import onions

from countries such as Turkey.

Apart from this, the Ministry of Consumer Affairs, Food and Public Distribution has reduced the stock holding limits for retailers from 5 MT to 2 MT.

Moreover, Paswan had written a letter to all chief ministers asking them to carry out immediate anti-hoarding operations to ensure that supplies in markets are augmented and stock holding limits are strictly enforced.

Earlier this month, Union Agriculture Minister Narendra Singh Tomar had said that a shortfall in production has led to the spike in onion prices and the Centre has taken several measures to deal with the issue.

States had given an estimated production of over 69.9 lakh tonnes of onion by November 30 in this season, but the actual production is likely to be 53.67 lakh tonnes, Tomar told the Lok Sabha on December 12.

# SBI may see corporate NPAs rise in H2FY20

ENSECONOMICBUREAU  
MUMBAI, DECEMBER 30

STATE BANK of India (SBI) may see some gross non-performing assets (NPAs) arising out of the corporate portfolio in the second half of financial year 2019-20, a senior executive from the bank told television channel CN-BCTV18 on Monday.

"We do expect some kind of headwinds from certain corporates which are probably being talked about, but I think overall since we have started providing for those NPAs, though the gross number might look different. Nevertheless, while we have started providing for those NPAs so I don't expect that it will have a significant impact," SBI MD for global banking and subsidiaries, Dinesh Khara said.

Khara added that the gross bad asset value is a function of

**"... while we have started providing for (corporate) NPAs ... I don't expect that it will have a significant impact"**

**DINESH KHARA**  
MD—GLOBAL BANKING AND SUBSIDIARIES, STATE BANK OF INDIA

the state of the economy and the stress on balance sheets.

SBI has, for quite some time, been following a policy of up-fronting provisions in order to minimise shocks from credit events, Khara said.

The Reserve Bank of India said in the December 2019 edition of its Financial Stability Report that stress tests indicate that under the baseline scenario, the gross NPA ratios of all banks may increase to 9.9 per cent by September 2020 from 9.3 per cent in September 2019. **FE**

# ComMin to review FTAs, says Goyal

PRESS TRUST OF INDIA  
NEW DELHI, DECEMBER 30

COMMERCE AND Industry Minister Piyush Goyal on Monday said his ministry will review all existing free trade agreements with different countries to protect interest of industry and traders.

Addressing domestic traders here, he said India also decided to walk out from the Regional Comprehensive Economic Partnership agreement keeping in view the interest of small traders and dairy industry.

Goyal said that free trade agreements (FTAs) with countries like Japan, South Korea and Asean provided duty free access to Indian markets but domestic goods face barriers in these countries.

These unfair pacts did not benefit Indian traders and industry, he said.

"I want to assure you that the commerce ministry will open the old FTAs and hold discussions with these countries," the minister said.

# Puri hands over first DGCA-issued licence to ATC personnel

PRESS TRUST OF INDIA  
NEW DELHI, DECEMBER 30

CIVIL AVIATION Minister Hardeep Singh Puri on Monday handed over the first licence issued by aviation regulator DGCA to Air Traffic Control (ATC) personnel in the country.

To date, the licence to ATC personnel was being given by the Airports Authority of India (AAI) itself. After an audit of Indian aviation sector was conducted by safety branch of the International Civil Aviation Organisation (ICAO) in November 2017, it had recommended that the DGCA should maintain oversight over the functions of ATC and its personnel, who work for AAI.

Therefore, the Ministry of Civil Aviation had directed the Director General of Civil Aviation (DGCA) to start issuing licences and rating to ATC personnel of AAI. Till December 27 this year, total 2,264 ATC personnel across the country got their licences issued by the DGCA, as per an AAI press release.

## Phase I services under DGCA's e-Governance project launched

**New Delhi:** The DGCA Monday launched phase-1 services of the e-Governance (eGCA) project under which automated commercial pilot licences (CPLs) will be issued. As per a government release issued Monday, rolling out commercial pilot licences in automated form would help in expediting the process of issuing these licenses and would do away with manual handling and processing of applications. **PTI**

Puri stressed on the need for reducing VAT on aviation turbine fuel (ATF) with immediate effect during a high-level meeting with ministers and chief secretaries of some states.

# Tesla delivers first China-made Model 3 sedans in just under 1 yr

REUTERS  
SHANGHAI, DECEMBER 30

TESLA HAS started delivering Model 3 electric cars built at its Shanghai factory in just under a year since it began work on the \$2 billion plant, a record for global automakers in China, and said it would ramp up deliveries from next month.

The US electric vehicle maker marked the start with an event on Monday where 15 Tesla employees received cars they had purchased, one of whom took the opportunity to propose marriage to his girlfriend after getting his new set of wheels.

The China-made Model 3 sedans are priced at 355,800 yuan (\$50,000) before subsidies. Imported Model 3 vehicles start at 439,000 yuan for the longer-range version, while the standard range plus model costs under \$40,000 in the United States.

The Shanghai plant, up and running in just 357 days, is part of Tesla's plans to bolster its presence in the world's biggest car market and minimise the impact of the



The China-made Tesla Model 3 vehicle at the Shanghai Gigafactory of the US electric carmaker in Shanghai, China, on Monday. Reuters

US-China trade war.

The automaker, which previously imported all the cars it sold in China, had said it wanted to start deliveries from the Shanghai plant before the Lunar New Year beginning on Jan. 25.

"From now onwards China-made Model 3 vehicles will start running on China's large streets and small lanes," Tesla Vice President Tao Lin said at the deliv-

ery ceremony which was attended by employees and Shanghai government officials.

China General Manager for the carmaker Wang Hao said Tesla plans to ramp up Model 3 deliveries in January. The Chinese government has been supportive of the factory, the first wholly foreign-owned car plant and a reflection of Beijing's broader shift to open up its auto market.

## BRIEFLY

### Oil rises to 3-month high on upbeat data

**New York:** Oil prices rose on Monday to three-month highs, lifted by optimism over an expected China-US trade deal and upbeat industrial data, while traders kept a close watch on the Middle East following US air strikes in Iraq and Syria. Brent crude futures gained 55 cents to \$68.71 a barrel by 1617 GMT. West Texas Intermediate crude futures rose 28 cents to \$62.00 a barrel. **REUTERS**

### ₹1.7K crore of vendor dues cleared: BSNL

**New Delhi:** Bharat Sanchar Nigam Ltd (BSNL) has cleared Rs 1,700 crore of vendors dues, its CMD P K Purwar said Monday. It has also made salary payment to its employees for November, Purwar added. "Payments worth Rs 1,700 crore have been released to our vendors and contractors of BSNL," he said. Overall, the outstanding to creditors is Rs 10,000 crore, he added. "Employee salaries for November too have been released," Purwar said, adding that monthly wage cost stood at about Rs 800 crore.

### 'Tata group stronger, more resilient'

**Mumbai:** Tata Sons chairman N Chandrasekaran on Monday said uncertainties will persist in the new year but exuded confidence that the diversified conglomerate is better placed to take on challenges. He said the salt-to-software \$110-billion group is "stronger, more resilient and future ready" now and is moving "decisively" on financial fitness and operational efficiencies.

### Irdai fines Maruti Insurance Brokers

**New Delhi:** Irdai has imposed a penalty of Rs 3 crore on Maruti Insurance Brokers Pvt Ltd (MIBL), the largest insurance broker in the country, for violation of various regulatory norms. The Insurance Regulatory and Development Authority of India (Irdai) has found the MIBL violating Motor Insurance Service Provider guidelines on various counts, including the one related to empanelment of general insurers.

### NHPC board okays proposal to raise ₹2K cr

**New Delhi:** State-run hydro power giant NHPC on Monday, in a filing to BSE, said that its board has approved a proposal to raise Rs 2,000 crore through various instruments. **PTI**

# US yield curve steepest since October 2018

REUTERS  
NEW YORK, DECEMBER 30

US TREASURY yields rose on Monday and the US two-year, 10-year yield curve was the steepest in 14 months as investors prepared for the end of the year.

Benchmark 10-year yields held below recent highs of around 1.95 per cent, after weakening this month on improving risk appetite after the US and China agreed to the first phase of a trade deal.

The yields were last at 1.92 per cent. They have backed up from 1.69 per cent at the beginning of December and are up from a three-year low of 1.43 per cent reached on Sept. 3. Longer-dated notes underperformed shorter-dated debt, sending the closely watched two-year, 10-year yield curve to its steepest level since October 2018 at 34 basis points.

A major factor behind the relative stability in shorter-dated notes is the Federal Reserve's daily operations to provide liquidity to the repurchase agreement market, where banks and investors borrow funds to finance asset purchases and other expenses.

### Benchmark 10-year yields held below recent highs of around 1.95 per cent, after weakening this month on improving risk appetite after the US and China agreed to the first phase of a trade deal

The liquidity has helped to stave off a scramble for funds over year-end, at least so far, which can send the cost of borrowing significantly higher.

"That's anchoring the short end of the curve," said Jim Vogel, an interest rate strategist at FHN Financial in Memphis, Tennessee. The yield curve inverted in August, a signal that a recession may be likely in the next one to two years. It has since steepened, however, on optimism the US economy will not slow as much as expected and on expectations the Federal Reserve is unlikely to continue lowering its benchmark interest rate.