MARKET WATCH

	05-12-2019	% CHANGE
Sensex	40,780	-0.17
US Dollar	71.29	0.34
Gold	38,985	-0.19
Brent oil	63.56	1.08

NIFTY 50

	PRICE	CHANGE
Adani Ports	368.40	0.55
Asian Paints	1715.85	-4.45
Axis Bank	729.25	-10.60
Bajaj Auto	3243.10	-8.05
Bajaj Finserv	8965.50	-64.75
Bajaj Finance	3990.85	0.00
Bharti Airtel	447.35	-14.05
BPCL	491.85	-9.35
Britannia Ind	3082.90	33.65
Cipla	461.60	-8.40
Coal India	196.40	-6.35
Dr Reddys Lab	2871.60	-6.25
Eicher Motors	21417.05	9.05
GAIL (India)	121.20	-2.05
Grasim Ind	769.30	-16.10
HCL Tech	560.90	-1.85
HDFC	2327.55	5.15
HDFC Bank	1245.60	-6.05
Hero MotoCorp	2396.60	-42.40
Hindalco	198.55	-2.55
Hind Unilever	2037.45	-10.55
ICICI Bank	528.10	-1.15
IndusInd Bank	1509.75	-34.55
Bharti Infratel	246.05	-2.90
Infosys	714.85	6.00
Indian OilCorp	125.95	-0.90
ITC	246.95	3.80
JSW Steel	251.45	-8.35
Kotak Bank	1649.30	-1.95
L&T	1302.20	17.10
M&M	524.75	-0.80
Maruti Suzuki	7012.85	-63.25
Nestle India Ltd.	14289.65	-16.60
NTPC	114.10	-0.70
ONGC	128.90	-1.15
PowerGrid Corp	187.30	-1.10
Reliance Ind	1550.85	-1.85
State Bank	336.20	-5.65
Sun Pharma	436.70	-7.00
Tata Motors	166.10	-3.30
Tata Steel	399.80	-9.50
TCS	2121.30	42.80
Tech Mahindra	764.90	6.10
Titan	1184.25	9.60
UltraTech Cement	4160.95	-36.20
UPL	568.55	-1.70
Vedanta	142.50	-1.70
Wipro	243.70	1.50
YES Bank	62.10	-0.90
Zee Entertainment	300.05	18.70

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on December 05

CURRENCY	TT BUY	TT SELL
US Dollar	71.08	71.40
Euro	78.87	79.23
British Pound	93.38	93.81
Japanese Yen (100)	65.29	65.58
Chinese Yuan	10.10	10.14
Swiss Franc	71.91	72.24
Singapore Dollar	52.21	52.45
Canadian Dollar	53.93	54.18
Malaysian Ringitt	17.05	17.13

Source:Indian Bank

BULLION RATES CHENNAI

December 05 rates in rupees with previous rates in parentheses

Retail Silver (1g)	47.5	(48.5)
22 ct gold (1 g)	3644	(3648)

IN BRIEF

Cybersecurity: Wipro plans units in Australia

BENGALURU

Tech major Wipro is planning to open NextGen Cyber Defence Centres (CDCs) in various Australian cities to offer cyber resilience and digital protection services to large government organisations in the country. The centres would offer Risk Intelligence, Physical Security Convergence, Data Governance, Security Management and Identity Management to mitigate cyber threats encountered by government enterprises in Australia, Wipro said.

CarDekho raises $70 mn to expand operations

NEW DELHI

Auto portal CarDekho on Thursday said it has raised $70 million (about ₹500 crore) in Series D funding, led by China's Ping An's Global Voyager Fund. "With the latest fundraise, we will continue to strengthen our domestic and international businesses and will aggressively work towards becoming the largest personal mobility ecosystem in the country," CarDekho CEO and co-founder Amit Jain said. PTI

RBI imposes ₹25 lakh fine on Andhra Bank

MUMBAI

The RBI on Thursday imposed a fine of ₹25 lakh on Andhra Bank for non-compliance with certain provisions of directions issued on KYC and anti-money laundering. RBI has, by an order dated December 5, 2019, imposed a monetary penalty of ₹25 lakh on Andhra Bank for non-compliance with certain provisions of directions issued by RBI on Know Your Customer (KYC) norms/Anti Money Laundering (AML) standards and opening of current accounts, the central bank said in a release.

India's forex reserves cross $450 billion for the first time

Central bank buys dollars to check sharp appreciation of rupee

SPECIAL CORRESPONDENT
MUMBAI

The country's foreign exchange reserves crossed the $450-billion mark for the first time ever on the back of strong inflows which enabled the central bank to buy dollars from the market, thus checking any sharp appreciation of the rupee.

"India's foreign exchange reserves were at $451.7 billion on December 3, 2019 – an increase of $38.8 billion over end-March 2019," RBI Governor Shaktikanta Das said at the post monetary policy press conference.

At $451.7 billion, the country's import cover is now over 11 months.

The rise in foreign exchange reserves will give the central bank the firepower to act against any sharp depreciation of the rupee, currency analysts said.

The Reserve Bank has always maintained that it intervenes in the foreign exchange market to curb volatility and does not target a particular level of exchange rate.

India's forex reserves fell to $274.8 bn in September, 2013, during the 'taper tantrums' of that year. • V. SUDERSHAN

Foreign investment

Net foreign direct investment rose to $20.9 billion in the first half of 2019-20 from $17 billion a year ago while net foreign portfolio investment was $8.8 billion in April-November 2019 as against net outflows of $14.9 billion in the same period last year. "Net investment by FPIs under the voluntary retention route has amounted to $6.3 billion since March 11, 2019," Mr. Das said.

During the taper tantrums of 2013, (or the collective reactionary panic after the U.S. Federal Reserve said it would apply the brakes on its Quantitative Easing programme), India's foreign exchange reserves fell to $274.8 billion in September of 2013, prompting the Centre and RBI to unleash measures to attract inflows. It has been a steady rise for the reserves since then, with $175 billion added in the last six years.

HDFC Bank's tech glitch under Reserve Bank lens

Team from RBI looking into issue: Jain

SPECIAL CORRESPONDENT
MUMBAI

The Reserve Bank of India is probing the technical glitch that impacted HDFC Bank's mobile and Internet banking platforms earlier this week causing inconvenience to its customers.

When asked what action the banking regulator was taking, RBI Deputy Governor M.K. Jain said that a team from the RBI was looking into the issue.

"We are cognizant of the problem, that happened on December 2. It was because of technical glitches. It was restored on Tuesday. Yesterday [Wednesday], there were some media reports that, again some customers were not able to access the digital banking from that particular bank. Again we checked, it was restored fully," Mr. Jain said at the monetary policy press conference.

"Our team has gone to identify the reasons and find out what direction we can give them," he added.

The mobile and Internet banking platforms were down from Monday, which was the first working day of the month. Services were restored by late evening on Tuesday.

The status quo in the policy is an unanticipated policy surprise. This is the most appropriate move as monetary policy works with a lag when it comes to transmission. The steep reduction in growth estimate for the current year to 5% and lower forecast for the next is indicative of a slow recovery

RAJNISH KUMAR, Chairman, SBI

The MPC took a pause from cutting the repo rate to take stock of rising inflation, fiscal situation and the lagged impact of recent measures announced by the govt. It continued with its accommodative stance to support growth and has left the door open for future rate cuts

ZARIN DARUWALA, CEO, India, Standard Chartered Bank

Although Reserve Bank of India's pause in rate cut has been against market expectations, it needs to be seen against the backdrop of a material rise in the RBI's CPI projection. On the other hand, despite projected fall in GDP growth to 5%, India, as a country, has shown resilience to the global slowdown

CS GHOSH, Chairman, Bandhan Bank

The transmission process is likely to improve further, but it is interesting to see the pause call was unanimous for the six-member panel. Inflation and fiscal deficit trajectory will probably be the guiding force for future rate decisions

SHANTI EKAMBARAM, President-Consumer Banking, Kotak Mahindra Bank

INTERVIEW | SHAKTIKANTA DAS

'Clarity on counter cyclical, fiscal steps by Centre will help'

Timing of the rate cut is also very important to optimise its impact, says the RBI Governor

SPECIAL CORRESPONDENT
MUMBAI

At a press conference, RBI governor **Shaktikanta Das** *explains the reason for keeping the interest rate unchanged during the fifth bimonthly policy review. Excerpts:*

The market was expecting RBI to look through the recent spike in inflation as it could be temporary, and cut rates. That has not happened. What is your view on the issue?

■ There was case for looking through the current spike in the headline inflation which is mainly due to the spike in food inflation. But our calculations show that during January to March, food inflation, in particular, is likely to remain very high and its moderation in the coming months is dependent on many factors.

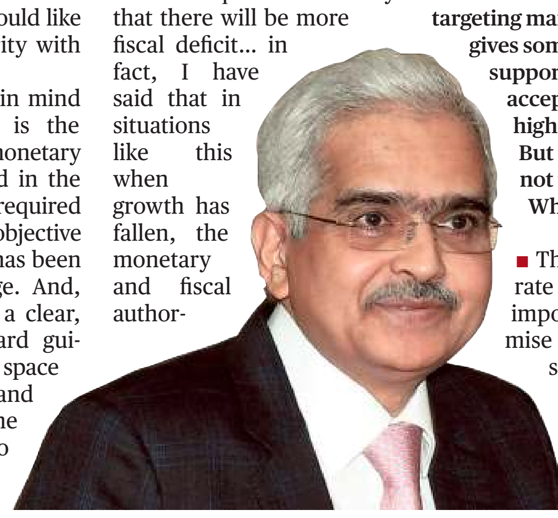
With regard to core inflation, it is expected to remain in the current zone of below 4%. But again, there are evidences that certain decisions related to the telecom tariff and other things may play out. So, inflation is expected to come down to 3.8% in Q2 of the next financial year, but there are several uncertainties, and the MPC would like to have greater clarity with regard to that.

Let us also keep in mind that price control is the prime objective of monetary policy as prescribed in the RBI Act. RBI is also required to keep in mind the objective of growth and that has been given due weightage. And, the MPC has given a clear, unambiguous forward guidance [that] there is space for further rate cut and RBI will act if the evolving situation so warrants.

With regard to growth, there are certain green shoots, but it is too premature to assume how sustainable it would be.

You said you would like to see the forthcoming Budget. Is there a fear of fiscal slippage?

■ With regard to the Budget, it is not a question of worry that there will be more fiscal deficit... in fact, I have said that in situations like this when growth has fallen, the monetary and fiscal authorities [must] continue to work together in greater coordination. I am not saying we are worried, but we would like to have greater clarity with regard to the kind and nature of the counter cyclical, fiscal measures, if any, to be announced by the government in the Budget.



RBI has a flexible inflation targeting mandate which gives some flexibility to support growth while accepting a slightly higher inflation. But you decided not to cut rates. Why?

■ The timing of the rate cut is also very important to optimise its impact. We should allow the measures taken by government and RBI to play out; we should allow some more time.

As the regulator, should RBI be referring NBFCs for bankruptcy proceedings?

■ RBI's role starts and ends with referring it to NCLT. We only refer it to NCLT and then the NCLT takes over. Under the NCLT's broad oversight, the committee of creditors and resolution professionals will work on the resolution of that particular stressed entity. So RBI's role is only to analyse the situation and refer it.

Let us look at the whole situation in a pragmatic manner. We cannot add greater disruption and uncertainty to the system. I think the regulator is best placed to assess the current state of affairs in an NBFC. Because, it is RBI which is monitoring and supervising them. RBI has a responsibility towards financial stability. So, RBI is best placed to identify the vulnerabilities and refer to NCLT.

What is the assessment of the PMC Bank crisis?

■ There is a forensic audit which is underway. The final report is expected by the end of the month. Simultaneously, PMC Bank, with the help of professional valuers, is assessing the realisable value of assets which has been mortgaged by the companies who availed the loans, and the other assets which have been identified by the Economic Offences Wing, Enforcement Directorate.

We have also put in place a coordination mechanism between the administrator of PMC Bank, the Economic Offences Wing, ED, and RBI, to monitor these things regularly and take steps for monetising these assets. Further course of action will be taken after we get a value of these assets.

Lack of demand for corporate loans, says SBI

'Retail lending growing at decent rate'

PRESS TRUST OF INDIA
KOLKATA

State Bank of India (SBI), the country's largest lender, said on Thursday it was witnessing a lack of demand for corporate loans, a category where growth is also 'muted'. Retail lending, however, is growing at a decent rate, the bank said.

"Corporate lending growth is at 2-3%. Clearly, there is a lack of demand for corporate loans. However, retail lending [home loans, personal loans] is seeing reasonable growth at 18%," SBI MD Arijit Basu told reporters here.

He said the SBI Purchasing Managers' Index (PMI) has crossed the 50% mark for the first time last month.

"This shows sentiments are slightly improving now." Asked about the status of non-performing assets (NPA), Mr. Basu said that gross NPAs declined by 1.5% to 7.2% as on September 30.

Net NPAs stood at 2.79%, he said.

RBI lays down guidelines for payments banks' SFB licence

Approval only after 5 years of operations, says central bank

SPECIAL CORRESPONDENT
MUMBAI

Payments banks willing to convert themselves into small finance banks (SFBs) can apply for such a licence only after five years of operations, the Reserve Bank of India (RBI) said on Thursday in the final guidelines on on-tap licensing for SFBs.

"Existing payments banks (PBs), which are controlled by residents and have completed five years of operations, are also eligible for conversion into small finance banks after complying with all legal and regulatory requirements of various authorities and if they conform to these guidelines," the norms said.

The minimum capital for setting up an SFB has been mandated at ₹200 crore, the RBI said, addingm for primary (urban) co-operative banks (UCBs), which wish to become SFBs, the initial requirement of net worth will be ₹100 crore, which will have to be increased to ₹200 crore within five years from the date of commencement of business.

Separately, the banking regulator said, to reduce the concentration risk in the exposures of primary (urban) co-operative banks and to further strengthen the role of UCBs in promoting financial inclusion, certain regulations will be amended.

"The guidelines would primarily relate to exposure norms for single and group/interconnected borrowers, promotion of financial inclusion, priority sector lending, etc," the Reserve Bank said. A draft circular proposing the changes will be issued shortly.

The banking regulator also added that it decided to bring UCBs with assets of ₹500 crore and above, under the reporting framework of the Central Repository of Information on Large Credits (CRILC).

Moody's downgrades Yes Bank's debt ratings

Outlook negative, says rating agency

SPECIAL CORRESPONDENT
MUMBAI

Moody's Investors Service on Thursday downgraded private sector Yes Bank's debt instrument's ratings and also Baseline Credit Assessment (BCA) and Adjusted BCA to b3 from b1.

The outlook on the bank's ratings, where applicable, is negative.

"The rating actions reflect Moody's view that Yes Bank's funding and liquidity compares weakly to other rated private sector peers in India, and could come under pressure, if the bank cannot strengthen its solvency in the next few quarters," the rating agency said.

The private sector lender is scouting for an investor to boost its capital position and last week said a few investors have shown interest to pump in $2 billion. However, markets were not impressed as the stock came under pressure after the announcement.

Moody's added that there are significant execution risks around the timing, price and regulatory approvals required for the investment.

Moody's said it expects Yes Bank's common equity tier 1 (CET1) ratio of 8.7% at the end of September 2019 to come under significant pressure unless the bank can raise new capital in the next few quarters.

CPPIB to invest $600 mn via NIIF

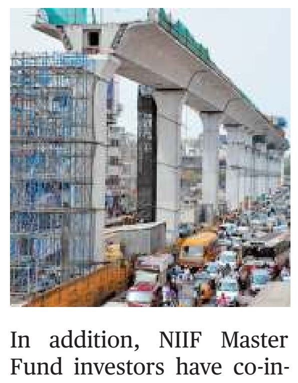
NIIF Master Fund now has $2.1 billion in commitments

SPECIAL CORRESPONDENT
MUMBAI

National Investment and Infrastructure Fund (NIIF) of India and Canada Pension Plan Investment Board (CPPIB) have agreed for CPPIB to invest up to $600 million through the NIIF Master Fund.

The agreement includes a commitment of $150 million in the NIIF Master Fund and co-investment rights of up to $450 million in future opportunities to invest alongside the NIIF Master Fund.

"With CPPIB's investment, NIIF Master Fund now has $2.1 billion in commitments and has achieved its initially targeted fund size.



In addition, NIIF Master Fund investors have co-investment rights of $3 billion, which will enable the NIIF Master Fund to invest at the scale required for India's large infrastructure requirements.

The NIIF Master Fund invests equity capital in core infrastructure sectors in India, with a focus on transportation, energy and urban infrastructure," said an NIIF statement.

Other investors in the Fund include Abu Dhabi Investment Authority, AustralianSuper, Ontario Teachers' Pension Plan, Temasek, Axis Bank, HDFC Group, ICICI Bank and Kotak Mahindra Life Insurance.

Scott Lawrence, MD, head of Infrastructure, CPPIB, said, "Through this investment, we are also able to deploy capital in additional projects and sectors, providing further long-term opportunities for CPPIB to invest in infrastructure in India."

GKN Aerospace opens facility in Pune

SPECIAL CORRESPONDENT
MUMBAI

GKN Aerospace, an aerospace supplier, announced the opening of its all-new facility for Electrical Wiring Interconnection Systems in Pune. The facility has already begun manufacturing operations.

The company has invested $10 million in the facility, which will focus on the assembly of wiring systems for aircraft and aero-engines such as the Airbus A320neo, Boeing 737, 777X and Boeing 787. It will create 200 jobs at the Pune site in 2020, which will grow to 800 in five years.

Allcargo Logistics to buy controlling stake in Gati

Makes open offer for 26% at ₹75 apiece

SPECIAL CORRESPONDENT
MUMBAI

Allcargo Logistics Ltd. has entered into a share subscription agreement (SSA) and a share purchase agreement (SPA) with Gati Ltd. and some of its existing promoters and promoter group members to acquire 19.43% stake in the Hyderabad-based logistics company for ₹177.89 crore at ₹75 per share.

As per SEBI's takeover code Allcargo Logistics has announced an open offer to acquire an additional 26% share holding in Gati from the open market. The offer has been made at ₹75 a share.

If fully subscribed, Allargo will invest an additional ₹238.07 crore to acquire majority control, valuing the total deal at ₹415.96 crore.

Finance panel submits report to President

SPECIAL CORRESPONDENT
NEW DELHI

The Fifteenth Finance Commission (FFC), chaired by N.K. Singh, on Thursday, submitted its report for FY2020-21 to President Ram Nath Kovind.

The report will now be presented in Parliament by the Ministry of Finance, although the date for that has not yet been fixed. The Union Cabinet, on November 27, approved the extension of the term of the FFC. The FFC is to submit two reports – one for 2020-21 and another for 2021-26, the deadline for which is October 30, 2020.