

# 18 ECONOMY

TOTAL DEPOSITS SEE 25.2% RISE, TOTAL ADVANCES UP 19.9% OVER DEC 2018

## Q3: HDFC Bank posts 32.8% growth in net profit, marginal rise in gross NPAs

ENSECONOMIC BUREAU  
MUMBAI, JANUARY 18

HDFC BANK, India's most valuable lender, has posted a net profit of Rs 7,416.5 crore for the quarter ended December 2019 as against Rs 5,585.85 in the same period last year — an increase of 32.8 per cent.

Net interest income (interest earned less interest expended) for the quarter ended December 2019 grew to Rs 14,172.9 crore from Rs 12,576.8 crore a year ago, driven by growth in advances of 19.9 per cent and a growth in deposits of 25.2 per cent.

The net interest margin for the quarter remained stable at 4.2 per cent.

Other income (non-interest revenue) at Rs 6,669.3 crore was 32 per cent of the net revenues for the recently ended quarter, as against Rs 4,921 crore in the cor-

EXPLAINED

### Banking still under pressure, PSU lenders worst hit

THE BANKING sector is yet to regain strength as credit growth has slowed to 7.2 per cent in November 2019 from 13.8 per cent in the year-ago period. Driven by the fall in credit growth and slow resolution of NPAs, profits of public sector banks have come under pressure.

Further, PSU banks' return on equity and return on assets numbers also remain weak when compared to their private sector counterparts. Even after many PSU banks have either been merged or are set for merger in the coming months to make their operation smoother and economic, the NPA pressure still mounts on their balance sheet and is projected to increase further.

responding quarter ended December 2018.

The main component of other income — fees and com-

missions — rose by 24.1 per cent to Rs 4,526.8 crore for the quarter under review.

Gross non-performing assets

(NPAs) were at 1.42 per cent, or Rs 13,427 crore, of gross advances as on December 2019 (1.2 per cent excluding NPAs in the agricultural segment), compared with 1.38 per cent as on December 2018 (1.1 per cent excluding NPAs in the agricultural segment).

Total provisions — comprising specific, floating, contingent and general provisions — were 119 per cent of the gross non-performing loans.

Provisions and contingencies for the latest quarter were Rs 3,043.6 crore (consisting of specific loan loss provisions of Rs 2,883.6 crore and general provisions and other provisions of Rs 159.9 crore), as against Rs 2,211.5 crore for the quarter ended December 2018.

The specific loan loss provisions in the current quarter include one-offs of approximately Rs 700 crore, primarily relating

to certain corporate accounts.

Total deposits were Rs 10,67,433 crore, an increase of 25.2 per cent over December 2018. Total advances were Rs 936,030 crore, an increase of 19.9 per cent over the year-ago period, HDFC Bank said.

According to the lender, domestic advances grew by 20.9 per cent over December 2018. As per regulatory segment classification, domestic retail loans rose by 14.1 per cent and domestic wholesale loans increased by 29.3 per cent.

The domestic loan mix as per Basel II classification between retail and wholesale was 52:48. Overseas advances constituted 2 per cent of total advances, the private lender said.

On Friday, shares of HDFC Bank declined by 0.76 per cent to Rs 1,277.85 on the BSE. The bank's market capitalisation was at Rs 6.99 lakh crore on Friday.

## GST ministerial panel on gold holds meeting, raises concerns on evasion

ENSECONOMIC BUREAU  
NEW DELHI, JANUARY 18

CONCERNS OVER unchecked tax evasion on gold under the Goods and Services Tax (GST) regime were raised at the first meeting of the 'Group of Ministers (GoM)' on movement of gold and precious stones' held on Saturday.

The panel, which has six state finance ministers, has decided to call representatives from MMTC and other gold importing agencies, along with representatives from the Income Tax Department and Central Board of Indirect Taxes and Customs in its next meeting to suggest measures to curb the revenue leakage on gold.

Separately, the GoM on IGST settlement, headed by Bihar's Deputy Chief Minister Sushil Modi, also met Saturday. Puducherry and Delhi had raised issues about Integrated GST (IGST) settlement since it was given as per devolution formula, but since the Union Territories are not covered under finance commission, they didn't get the IGST share.

"Discussions were held on what would be the formula to re-

### TO CHECK E-WAY BILL FEASIBILITY

■ The GoM on movement of gold and precious stones was formed last November to examine feasibility of implementation of e-way bill requirement for movement of gold and precious stones, which are exempt from e-way bill as of now

■ Separately, the GoM on IGST settlement also met Saturday

store it. Those would continue in the next meeting. Law department would also explain the legal position of the fund settlement," a state finance minister said.

The GoM on gold and precious stones, headed by Kerala Finance Minister Thomas Isaac, was formed in November 2019 to examine feasibility of implementation of e-way bill requirement for movement of gold and precious

stones, which are exempt from e-way bill as of now.

Two state finance ministers, who attended Saturday's meeting, said that e-way bill generation for gold and precious stones may have security concerns from traders because then any such consignment can be easily tracked. Further, it has been learnt that states such as Gujarat and West Bengal said such a system won't be practical since many gold traders transport jewellery on foot or through railways or bus and not necessarily trucks.

"Even a small stone could be worth lakhs of rupees. So, security concerns about e-way bill generation are there which need to be looked into. But more importantly, there was consensus that there is GST evasion on gold," a state finance minister said.

It has been learnt that Kerala emphasised on the gold evasion, saying the state used to earn Rs 600 crore from gold before GST, which has now come down to Rs 300 crore after the GST rollout. "Pre-GST and post-GST revenue trend of gold and precious stones will now be analysed in the next meeting," the minister said.

## Forex reserves rise by \$58 mn, reach \$461.21 bn

The country foreign exchange reserves rose by \$58 million to reach a life-time high of \$461.21 billion in the week to January 10, according to the Reserve Bank of India data

**\$461.15 bn:** Forex reserves as of week ended January 3, having increased by \$3.689 billion

**\$427.582 bn:** FCA as of week ended January 10, having decreased by \$367 million

**\$28.492 bn:** Gold reserves during the reporting week, showing rise of \$435 million

**\$1.442 bn:** Special drawing rights with the International Monetary Fund (IMF) as on week

ended January 10, down by \$5 million

**\$3.697 bn:** The country's reserve position with IMF in reporting week, also declining by \$5 million

### RESERVES RISE DESPITE FALL IN FCA:

In the week ended January 10, the reserves rose despite a decline in foreign currency assets (FCA) — a major component of the overall reserves

### IMPACTED BY NON-US CURRENCIES:

Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound sterling and Japanese yen held in the forex reserves

Source: RBI/PTI

### BRIEFLY

#### M&M arm to acquire Fifth Gear Ventures

**New Delhi:** Mahindra & Mahindra (M&M), in a regulatory filing Saturday, said its subsidiary Mahindra First Choice Wheels Ltd (MFCWL) has signed a share purchase agreement to fully acquire Fifth Gear Ventures Ltd (FGVL), which operates an e-commerce market platform, for up to Rs 30.45 crore. Upon acquisition of the stake, FGVL would be a subsidiary of MFCWL, it added. Acquisition is to be completed by March, 31, 2020, the auto major said.

#### Lupin facility gets 5 USFDA observations

**New Delhi:** Lupin Saturday said it has received five observations from the US health regulator after inspection of its Vizag facility in Andhra Pradesh. The inspection of company's Vizag API manufacturing facility by the United States Food and Drug Administration (USFDA) has been completed, Lupin said in a filing to BSE. The inspection was carried out between January 13, 2020 and January 17, 2020, it added.

#### Chalet Hotels inks pact to buy Belaire Hotels

**New Delhi:** Chalet Hotels on Saturday said it has signed a share purchase agreement (SPA) to acquire Belaire Hotels Pvt Ltd — owner of Novotel Hotel in Pune — and its affiliate entity SHPL for an aggregate enterprise value of around Rs 290 crore. **PTI**

## Facebook must disclose app records for Massachusetts probe, judge rules

REUTERS  
NEW YORK, JANUARY 18

FACEBOOK INC has been ordered by a Massachusetts judge to turn over material to the state's attorney general about thousands of apps that the social media company suspected may have misused customer data.

In a decision made public on Friday, Massachusetts Superior Court Justice Brian Davis said Attorney General Maura Healey had demonstrated a "substantial need" for the material, as she investigates Facebook's privacy practices. Healey began her probe in March 2018, following news that Facebook had let British political consulting firm Cambridge Analytica access data for as many as 87 million users.

Cambridge's clients had included US President Donald Trump's 2016 election campaign.

Davis said Facebook did not show that most of the material Healey sought, including the identities of developers behind sus-

### In a decision made public on Friday, Massachusetts Superior Court Justice Brian Davis said Attorney General Maura Healey had demonstrated a "substantial need" for the material, as she investigates Facebook's privacy practices

pect apps, was protected by attorney-client privilege or an attorney "work product" that did not need to be disclosed.

"Only Facebook knows the identity of these apps and developers, and there is no other way for the attorney general to obtain this information on her own," Davis wrote.

Facebook said it was reviewing its options and may appeal.

"We are disappointed that the Massachusetts Attorney General and the court didn't fully consider our arguments on well-established law, including the work product doctrine," it said.

According to court papers, the Menlo Park, California-based company's own probe led it to suspend 69,000 apps last

September, mostly because their developers did not cooperate.

About 10,000 of these apps were found to have potentially misused user data. Healey welcomed Davis' decision, which is dated January 16.

"Facebook simply telling its users that their data is safe without the facts to back it up does not work for us," Healey said in a statement. "We are pleased that the court ordered Facebook to tell our office which other app developers may have engaged in conduct like Cambridge Analytica."

The judge gave Facebook 90 days to turn over the material Healey sought. Healey's probe is one of several by state attorneys general regarding Facebook's ability to protect user data.

## NITI Aayog's Saraswat says allowing Huawei for 5G trials will make India 'vulnerable again'

EXPRESSNEWS SERVICE  
GANDHINAGAR, JANUARY 18

ALLOWING CHINESE telecom major Huawei to participate in 5G trials will make India "vulnerable", said VK Saraswat, member of NITI Aayog, on Saturday. He felt the recent move by the government is going to be major "set-back" for indigenous players.

"The worst thing that has happened ... India has now given permission to Huawei — which is one of the major Chinese companies — to do the trials of 5G in this country. Now that is going to be a major setback, because today technologically speaking China leads the 5G technology in the world. The moment they will do the trials in India, they will obviously score over indigenous manufacturers who are engaged in 5G equipment development. The service providers will have no

### "The moment (Huawei) will do the trials in India, they will obviously score over indigenous manufacturers who are engaged in 5G equipment development"

VK SARASWAT  
MEMBER, NITI AAYOG

other option but to buy the Chinese technology and hence we will be vulnerable again," Saraswat said during an interaction with mediapersons at the Dhruv Ambani Institute of Information and Communication Technology, where he was the chief guest at the 16th convocation.

He added the Centre's decision has come at a time when India is struggling to deal with cyber security issues related to electronic goods being imported from foreign countries, including China.

"Our imports of electronics is next to our imports of fossil fuel. In fact, it is going to overtake now ... Whatever is coming from foreign countries, including China,

we do not know what is the kind of malware ... embedded there," Saraswat said, talking about Indian telecom networks that are prone to cyber attacks.

"I personally believe, that there should be a movement in the direction that we should ensure that more companies, educational institutions and national laboratories, ... quickly start developing 5G equipment and bring it into the market," he said, pointing out that Indian players will also end up paying licence fee to Chinese players who have developed the software for 5G.

"We will be draining out our foreign exchange and so it is important that software agencies

## 'Trump, EU chief to meet in Davos as US tariffs loom over digital tax'

ANDREA SHALAL & ALEXANDRA ALPER  
WASHINGTON, JANUARY 18

DONALD TRUMP is expected to meet with EU leader Ursula von der Leyen in Davos, Switzerland, next week, three sources said on Friday, as tensions mount between the allies over tariff threats and the US president faces an impeachment trial at home.

Just days after Trump scored big victories by inking a partial trade deal with China and passing a revamp of the North American Free Trade Agreement, he will travel to the World Economic Forum where he is expected to discuss deepening trade disputes with the European Commission president. The White House and the European Commission did not immediately respond to requests for comment.

Among the raft of trade issues dividing the allies, Washington's most immediate concern is France's plan to impose a 3 per cent digital services tax, which

the US government believes would harm US technology giants like Alphabet Inc's Google and Amazon.com Inc, with a host of other countries poised to follow suit.

In retaliation, the US trade representative last month threatened to impose a 100 per cent tariff on French Champagne, handbags, cheese and other goods and services. Trade experts say those tariffs could hit as soon as late January, given the lack of progress in negotiations. "Things are not really going anywhere," said one of the sources, a European official, despite frequent talks between French Finance Minister Bruno Le Maire, US Treasury Secretary Steve Mnuchin and top US trade negotiator Robert Lighthizer.

European Union Trade Commissioner Phil Hogan on Thursday, ended a round of talks with senior US officials in Washington, saying that negotiations were off to a "good start" but there was more work to do.

Iran will also likely be high on the agenda, after Britain, France

and Germany triggered a dispute mechanism in the 2015 nuclear pact with the country, following Tehran's decision to begin scaling back its compliance with the agreement.

The pact offered Iran sanctions relief if it curbed its nuclear work, but Trump withdrew from the deal in 2018 and reimposed US sanctions, saying he wanted a tougher deal. Tensions in the region have heightened after the US killed Iran's most powerful military commander in a drone strike. Iran's foreign minister, Mohammad Javad Zarif, canceled plans to attend the forum.

Trump and von der Leyen, Germany's defense minister, know each other well after sparring over Berlin's failure to reach NATO's 2 per cent defense spending target. In a December 2016 interview, von der Leyen defended her shocked reaction to Trump's election, saying, "I am not a political machine, but a human being ... and I heard exactly what he said during the campaign, also as a woman." **REUTERS**

## Gadkari: \$5-tn economy goal difficult, not impossible

PRESS TRUST OF INDIA  
INDORE, JANUARY 18

UNION ROAD Transport and Highways Minister Nitin Gadkari said on Saturday that the goal of making India a \$5-trillion economy by 2024 was "difficult but not impossible". It can be achieved by increasing domestic production and reducing dependence on imports, the minister said at the 29th International Management Conclave of the Indore Management Association here.

Prime Minister Narendra Modi and other BJP leaders have often spoken about the goal of turning India into a \$5-trillion economy by 2024. "Strong political will is very important to achieve any goal. Manifesting the same will, Prime Minister Narendra Modi has set ourselves the goal of making the country a \$5-trillion economy," he said.



The SpaceX Crew Dragon atop a Falcon 9 booster rocket at Kennedy Space Center at Cape Canaveral, Florida. *Reuters*

the ocean, a mock failure that will trigger Crew Dragon's so-

called SuperDraco thrusters to jet itself away at supersonic

speeds of up to 1,500 miles per hour (2,400 kph).

The capsule will deploy three parachutes to slow its descent to water, carrying aboard two human-shaped test dummies dressed in motion sensors to collect valuable data on the immense g-force — the effect of acceleration on the body — imposed during abort.

The booster will free-fall and tumble back uncontrollably toward the ocean, SpaceX's Crew Mission Management director Benji Reed said. "At some point we expect that the Falcon will start to break up."

"Our Falcon 9 recovery forces will be standing by ready to go

and recover as much of the Falcon as we can as safely as possible," Reed said.

The in-flight abort test was originally scheduled to take place in mid-2019, but the timeline was delayed by nine months after one of SpaceX's Crew Dragon capsules exploded in April last year on a test stand just before firing its launch abort thrusters, triggering a lengthy investigation.

SpaceX zeroed in on a previously unknown explosive reaction between a titanium valve and the capsule's rocket fuel. Reed told *Reuters* SpaceX had completed the investigation within the last week. **REUTERS**