MARKET WATCH

	27-03-2020	% CHANGE
Sensex	29816	-0.44
US Dollar	74.89	0.36
Brent oil	24.81	-9.85

NIFTY 50

	PRICE	CHANGE
Adani Ports	251.30	3.10
Asian Paints	1604.15	-12.80
Axis Bank	359.75	18.35
Bajaj Auto	2053.45	-53.40
Bajaj Finserv	4890.60	-256.65
Bajaj Finance	2542.30	-251.40
Bharti Airtel	448.95	-21.75
BPCL	278.75	-3.55
Britannia Ind	2529.25	-59.20
Cipla	407.65	21.50
Coal India	131.70	8.45
Dr Reddys Lab	2916.50	-32.05
Eicher Motors	14319.80	-438.15
GAIL (India)	69.50	-3.60
Grasim Ind	460.90	-10.50
HCL Tech	430.65	-17.05
HDFC	1754.00	20.75
HDFC Bank	904.45	3.35
Hero MotoCorp	1661.20	-140.70
Hindalco	91.55	-3.00
Hind Unilever	2140.55	-54.35
ICICI Bank	339.85	9.60
IndusInd Bank	411.10	-24.80
Bharti Infratel	156.80	0.30
Infosys	652.70	9.70
Indian OilCorp	76.90	-1.10
ITC	163.20	6.80
JSW Steel	151.45	1.65
Kotak Bank	1399.10	26.15
L&T	837.05	-0.95
M&M	294.50	9.00
Maruti Suzuki	4646.10	-231.90
Nestle India Ltd.	15108.60	188.95
NTPC	83.00	3.35
ONGC	64.45	-0.30
PowerGrid Corp	160.00	1.65
Reliance Ind	1065.60	-0.60
State Bank	195.95	3.20
Shree Cement	17666.25	112.20
Sun Pharma	338.25	-0.05
Tata Motors	70.70	-0.10
Tata Steel	277.25	-7.20
TCS	1824.50	33.55
Tech Mahindra	504.10	-11.10
Titan	937.05	8.75
UltraTech Cement	3143.60	-85.55
UPL	322.20	9.65
Vedanta	63.75	-2.05
Wipro	183.50	0.90
Zee Entertainment	128.05	-0.70

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on March 27

CURRENCY	TT BUY	TT SELL
US Dollar	74.66	74.98
Euro	82.16	82.52
British Pound	91.27	91.67
Japanese Yen (100)	68.61	68.91
Chinese Yuan	10.53	10.57
Swiss Franc	77.56	77.90
Singapore Dollar	52.06	52.29
Canadian Dollar	53.03	53.26
Malaysian Ringitt	17.20	17.32

Source:Indian Bank

RBI Deputy Governor gets extension

SPECIAL CORRESPONDENT
MUMBAI

B.P. Kanungo, Deputy Governor of the Reserve Bank of India (RBI), was given a one-year extension of service by the Central Government on Friday. His extension will be effective from April 2, 2020. A notification was issued by the Department of Personnel and Training (DoPT) after the Appointments Committee of the Cabinet (ACC) headed by Prime Minister Narendra Modi approved the proposal for granting extension of service.

Reserve Bank of India unleashes its fire power

Home and auto EMIs, credit card dues deferred by three months

Regulator announces moratorium on term loan repayments

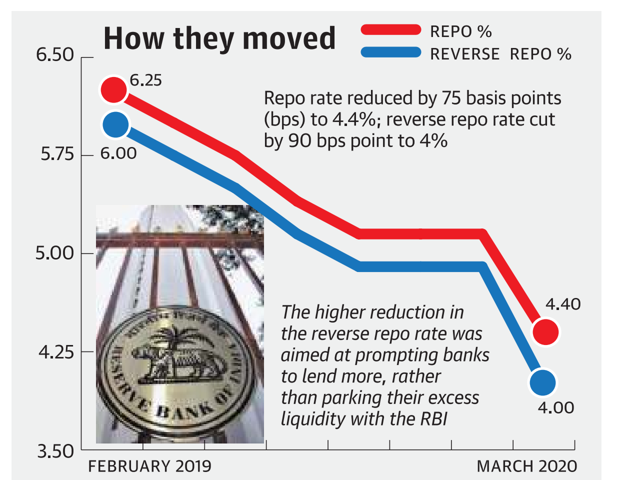
SPECIAL CORRESPONDENT
MUMBAI

In a move to protect borrowers financially amid the nationwide lockdown, the Reserve Bank of India (RBI) has allowed all banks and financial institutions, including non-banking finance companies, to extend a three-month moratorium period on the instalments due between March 1, 2020 and May 31, 2020 for all term loans.

The relaxation is also applicable on consumer loans such as auto loans, home loans and personal loans, as well as credit card outstanding dues. A consumer may now choose not to pay the monthly equated instalments on their loans for the next three months.

"The repayment schedule for such loans, as also the residual tenor, will be shifted across the board by three months after the moratorium period," the RBI said.

The banking regulator clarified that interest would continue to accrue on the outstanding portion of the term loans during the moratorium period.



The credit score of the borrower will not change due to the non-payment since the loan will not be classified as 'non-performing' by the lender.

State Bank of India (SBI) chairman Rajnish Kumar clarified that the moratorium is applicable for all borrowers of term loans and banks would have no discretion.

He also said that a customer who wanted to continue with the EMIs for the next three months could do so.

However, it is not clear yet as to whether the customer has to apply for the moratorium on instalments or it would happen automatically. EMIs paid through the electronic clearing service are automatically debited to the customer's account.

> A customer who wishes to continue paying the instalments for the 3 months could choose to do so

The RBI has also permitted the lenders to allow borrowers of working capital facilities sanctioned in the form of cash credit or overdraft, payment of interest by three months outstanding as on March 1, 2020. "The accumulated interest for the period will be paid after the expiry of the deferment period," the RBI said.

"The three-month moratorium on all term loan instalments, along with deferment of interest on working capital, will help mitigate debt servicing burden due to COVID-19 disruption, and prevent transmission of financial stress [to] various sectors of the economy," Punjab National Bank MD and CEO S.S. Mallikarjuna Rao said.

Liquidity floodgates opened

Central bank to infuse ₹3.74 lakh cr. into banking system

SPECIAL CORRESPONDENT
MUMBAI

In a move to infuse sufficient liquidity into the banking system, the Reserve Bank of India has reduced the cash reserve ratio (CRR) requirement by 100 bps, increased the cap for liquidity available under the marginal standing facility, and will auction long-term repo of ₹1 lakh crore. These three measures will infuse ₹3.74 lakh crore into the banking system.

The cash reserve ratio – the proportion of liabilities which a bank has to set aside as cash – has been reduced from 4% to 3%. The 100 bps reduction in CRR will free up ₹1.37 lakh crore liquidity for the banks. For State Bank of India, lowering of CRR will release ₹31,000 crore.

The minimum daily requirement of maintaining CRR balance has also been reduced to 80% from 90%, effective from the first day of the reporting fortnight beginning March 28, 2020. "This is a one-time dispensation available up to June 26, 2020," the RBI said.

Banks do not earn any interest for maintaining CRR balance. With this reduction, they can deploy the liquidity in interest-earning assets.

RBI also increased liquidity available to banks under the marginal standing facility from 2% of the statutory liquidity ratio (SLR) to 3% with immediate effect. This measure will be applicable up to June 30, 2020.

"This measure should provide comfort to the banking system by allowing it to avail [itself of] an additional ₹1,37,000 crore of liquidity under the LAF window in times of stress at the reduced MSF rate announced in the MPC's resolution," the RBI said.

The monetary policy committee reduced the repo rate by 75 bps to 4.4% and consequently the MSF rate was reduced to 4.65%.

Observing that large selloffs in the domestic equity, bond and forex markets had intensified redemption pressures, the central bank decided to infuse ₹1 lakh crore through targeted long-term repo operations (TLTRO).

The RBI will conduct auctions of targeted term repos of up to three years' tenor for a total of up to ₹1 lakh crore at a floating rate, linked to the policy repo rate. "Liquidity availed under the scheme by banks has to be deployed in investment grade corporate bonds, commercial paper and non-convertible debentures over and above the outstanding level of their investments in these bonds as on March 25, 2020," the RBI said.

RBI also said investments by banks under this facility would be classified as held-to-maturity (HTM) even in excess of 25% of the total investment permitted to be included in the HTM portfolio.

'RBI policy action to help financial markets stabilise'

Rupee gains after action by the central bank

SPECIAL CORRESPONDENT
MUMBAI

The Indian financial markets which are facing heightened volatility due to the spread of the COVID-19 pandemic could stabilise with the Reserve Bank of India unveiling measures to infuse liquidity and reducing the repo rate by 75 bps to 4.4%.

"The large rate cut, the adjustment in capital conservation buffer, the moratorium on repayments and the bazooka of conventional CRR cut and unconventional liquidity measure of incentivising banks to support the CP market will all help financial markets stabilise, lead to immediate rate transmission and address the credit needs of the real economy," SBI chairman Rajnish Kumar said.


Rajnish Kumar

Zarin Daruwala, CEO, India, Standard Chartered Bank, also said that steps taken should help financial markets tide over the current situation.

"The three-year targeted long term repo operations will decongest credit channels and lower cost of credit, providing much needed relief to corporates," she said.

Mr. Kumar also said that the decision of allowing Indian banks to participate in non-deliverable forwards (NDF) market was a positive step in broadening market participants and better rate discovery. The action could help the rupee find support, given that it had come under pressure recently as foreign investors are exiting emerging economies, he said.

Padmaja Chunduru, MD & CEO, Indian Bank said, "It [the RBI move] is a welcome and a commendable step. It will revive growth and preserve financial stability and ensure normal functioning of financial markets."

The rupee strengthened by 30 paisa on Friday to close at 74.85 per dollar.

India Inc. welcomes repo rate cut

'Current economy requires massive dose of monetary stimulus, RBI has done it'

SPECIAL CORRESPONDENT
MUMBAI

The Reserve Bank's rate cut of 75bps will bring down the cost of borrowing and the CRR cut of 100bps will help in infusing the desired liquidity requirement in the system, corporates and industry associations have said.

The three-month moratorium on EMIs will reduce the repayment pressure on the borrower during this crisis period, they felt.

"All in all, it is a very welcoming policy. The government has announced corrective measures to combat the current pandemic situation which would help in bringing financial stability into the system." Umesh Revankar, MD & CEO, Shriram Transport Finance.

Welcoming the slew of measures announced by the RBI, Sangita Reddy, president, FICCI, said, "This has been a very comprehensive set of announcements and highlights action in all the key areas that were expected."


Sangita Reddy

Extremely fragile

"The current situation in the economy and financial markets is extremely fragile. It required a massive dose of monetary stimulus to be injected at the earliest and the RBI has done just that."

Commenting on the rate cut Chandrajit Banerjee, Director General, CII, said the substantial reduction in the CRR will help banks to reduce their lending rates and aid monetary transmission.

He said given that the current lockdown is expected to have a negative impact on the cash flows of firms, the moratorium on repayments of term loans for a period of 3 months will help companies tide over this period.

Murthy Nagarajan, head, Fixed Income, Tata Asset Management, said: "This is the RBI response to the adverse macro economic situation due to coronavirus. The RBI Governor has promised more conventional and unconventional measures, in the coming days. This may see RBI cutting rates further by 50 to 75 basis points in the current financial year,"

Gautam Hari Singhania, CMD, Raymond Ltd., said, "The moves announced by the RBI are decisive and a comprehensive package to ensure stability of financial markets."

D.K. Aggarwal, president, PHD Chamber of Commerce and Industry, said, "These measures will provide adequate liquidity in the system, bring down the cost of capital and mitigate the impact of pandemic COVID-19."

Rajiv Agarwal, MD & CEO, Essar Ports, said, "RBI's move to reduce interest rates and infuse liquidity is a welcome move. More steps might be needed once the government comes out with the much-needed stimulus package to overcome the economic crisis arising from COVID 19."

SC relaxes BS-IV deadline

Delhi-NCR dealers denied relief owing to pollution

LEGAL CORRESPONDENT
NEW DELHI

In a relief to automobile dealers, the Supreme Court on Friday extended the March 31, 2020 deadline for the sale and registration of BS-IV vehicles because of the "extraordinary" situation arising out of the 21-day COVID-19 lockdown.

A Bench of Justices Arun Mishra and Deepak Gupta divided the inventory of the vehicles into two categories – vehicles sold before March 31 and not registered; and those that remain unsold with the dealers.

The court said the first category of vehicles could be registered after the lockdown was withdrawn. As for the unsold vehicles, dealers could sell 10% of the stock after the lockdown was lifted. However, dealers in Delhi-NCR have been denied the relief owing to the high levels of the pollution in the national capital.

Short sale window

The court has indicated that dealers, other than those in Delhi-NCR, would be given a short window to sell 10% of their unsold vehicles. The Bench would finalise the time frame of the window in its order, which is yet to be published. However, lawyers involved in the case said it may be 10-14 days after the lockdown was lifted. The case was heard through videoconferencing.

The FADA had filed the application for an extension of the deadline.

The FADA argued that though March 31 was the deadline, some States had started implementing the bar on the sale and registration of BS-IV vehicles as early as the last week of February. The application said invocation of Section 144 of the Cr.PC. (to prohibit the assembly of four or more people in an area) had caused the footfalls to drop.

Markets give thumbs down to RBI rate cut

Sensex yo-yoes to settle in the red

SPECIAL CORRESPONDENT
MUMBAI

After three successive sessions of gains, the benchmark Sensex ended in the red on Friday even as the Reserve Bank of India announced a slew of measures to boost the economy, including significant cuts in key rates.

The Sensex, that surged by more than 1,100 points during the morning session, pared all its gains and closed at 29,815.59, down 131.18 points or 0.44%.

The broader Nifty settled at 8,660.25, up by a marginal 18.80 points or 0.22%.

Market participants were of the view that investors were disappointed since the central bank refrained from making any projections related to growth or inflation thereby raising more concerns on the potential hit to the economy due to COVID-19.

Interestingly, foreign portfolio investors were net buyers, but at a paltry ₹356 crore, on Friday.

The fall in the benchmark came even as most of the leading Asian equity indices rose.

Tata Motors to turn passenger vehicles unit into a subsidiary

Assets to be transferred; central functions to remain at TML

SPECIAL CORRESPONDENT
MUMBAI

The board of Tata Motors Ltd. (TML) has given in-principle approval to turn the company's Passenger Vehicle (PV) business (including electric vehicles) into a subsidiary by transferring relevant assets, intellectual property rights and employees directly related to the PV business, for it to be fully functional on a standalone basis through a slump sale.

The move is aimed at securing strategic alliances for access to products, architectures and capital, TML says. • REUTERS

However, certain shared services and central functions will be retained at TML to deliver cost efficiencies for the entire group.

The proposed transfer shall be implemented through a scheme of arrangement, which will be tabled for approval to the TML Board over the next few weeks.

One-year timeline

Implementation of the scheme will be subject to regulatory and statutory approvals as applicable, including approval of shareholders and creditors. "We expect the transfer process to be completed in the next one year," TML said in a statement.

"The PV business landscape is seeing rapid transformation in the form of tightening emission norms, push towards electrification, enhanced disruptions from autonomous and connected technologies," it said.

"Additionally, India continues to remain an attractive market for global OEMs, while the aspiration levels of the Indian consumer continue to rise requiring stepped up investments in contemporary products in a competitive market," it added.

Over the last few years, the PV business has implemented a turnaround and launched a slew of products like Tiago, Tigor, Nexon, Hexa, Harrier, Altroz and Nexon EV.

The company said the move towards subsidiarisation of the PV business is the first step in securing mutually beneficial strategic alliances that provide access to products, architectures, powertrains, new-age technologies and capital.

Along with this move, TML has announced the appointment of Shailesh Chandra, president, EV and Corporate Strategy, as president, PV business, including EVs, with effect from April 1, 2020.

He will be assuming responsibility for the PV business from Mayank Pareek who will be superannuating from Tata Motors at the end of February 2021.

"Mr. Chandra's appointment at the start of the new financial year gives him the opportunity to shape the organisation as we ready to operate as a subsidiary once the necessary approvals are in place," the statement added. TML shares closed with a loss of 0.21% at ₹70.65 on the BSE.

Moody's cuts India GDP growth forecast to 2.5%

Global economy may contract by 0.5%

SPECIAL CORRESPONDENT
NEW DELHI

Moody's Investors Service has slashed its GDP growth forecast for India to 2.5% in 2020 – a sharp drop from the earlier projection of 5.3% – due to the impact of the COVID-19 pandemic and the resultant lockdown.

The ratings agency expects the country's economy to recover in 2021, estimating a growth rate of 5.8%, but warned that uncertainty regarding the virus' spread and containment made it difficult to fully assess the economic toll of the crisis. India grew at 5% in 2019.

Globally, the world economy was facing an 'unprecedented shock' and the G20 countries were likely to see an overall contraction of GDP by 0.5%, according to Moody's Global Macro Outlook 2020-21, released on Friday.

World is now in recession: IMF

Virus-hit developing nations need dollops of funding

AGENCE FRANCE-PRESSE
WASHINGTON

The COVID-19 pandemic has driven the global economy into a downturn that will require massive funding to help developing nations, IMF chief Kristalina Georgieva said Friday.

"It is clear that we have entered a recession" that will be worse than the one in 2009, following the global financial crisis, she said.

With the worldwide economic "sudden stop," Ms. Georgieva said the fund's estimate "for the overall financial needs of emerging markets is $2.5 trillion."

But she warned the estimate "is on the lower end."

Governments in emerging markets, which have suffered an exodus of capital of more than $83 billion in recent weeks, can cover much of that, but "clearly the domestic resources are insufficient" and many already have high debt loads.

Over 80 countries, mostly with low incomes, have already requested emergency aid from the International Monetary Fund, she said.

"We do know that their own reserves and domestic resources will not be sufficient," she said, adding the fund is aiming to beef up its response "to do more, do it better, do it faster than ever before." She also welcomed the $2.2 trillion economic package approved by the U.S. Senate, saying "it is absolutely necessary to cushion the world's largest economy against an abrupt drop in economic activities."