Goldman sees PNB

woes hurting GDP

Lowers FY19 growth forecast to 7.6%

REUTERS

Investment bank Goldman

Sachs downgraded its fore-

casts for India's economy on

Tuesday in the wake of a

more than \$2 billion fraud at

Punjab National Bank,

warning it could spark tight-

er regulation of the banking

sector that would constrain

In a note to clients, Gold-

man Sachs lowered its real

gross domestic product

(GDP) forecast for the year

to March 2019 to 7.6% from

8% earlier. Last month's dis-

closure of the fraud by PNB,

India's second-largest state-

run lender has sent bank

The case, along with a

flurry of smaller loan frauds

since reported by other

banks, has sparked con-

cerns that credit growth is

unlikely to pick up quickly

in an economy where state-

run lenders that account for

two-thirds of banking assets

are already saddled with a

a blow for the government,

which had hoped that a \$32

billion, two-year, bank re-

capitalisation programme it

unveiled last year would

help banks to begin to res-

tart lending, spurring elu-

State-run lenders account

for the bulk of the close to

\$150 billion of soured debt.

They have already seen the

amounts they must set aside

to cover bad debts grow due

to new central bank rules,

and are staring at further

loan losses as they pursue a

host of defaulters through

Goldman said it feared a

regulatory crackdown after

the huge PNB fraud, and the

the bankruptcy court.

sive job growth.

Risk of crackdown

The Goldman warning is

mountain of bad debt.

shares tumbling.

credit growth.

MARKET WATCH				
	20-03-2018	% CHANGE		
Sensex	32,997	0.22		
US Dollar	65.20	-0.05		
Gold	31,390	0.67		
Brent oil	67 32	2 52		

NIFTY 50		
Adami Banta		CHANGE
Adani Ports		
Ambuja Cements		
Asian Paints		
Aurobindo Pharma		
Axis Bank		
Bajaj Auto		
Bajaj Finance		
Bharti Airtel		
Bosch		
BPCL		
Cipla		
Coal India		
Dr Reddys Lab		
Eicher Motors	28360.45	957.40
GAIL (India)	438.50	-3.55
HCL Tech	937.20	10.70
HDFC	1800.05	25.55
HDFC Bank		
Hero MotoCorp		
Hindalco		
HPCL		
Hind Unilever		
Indiabulls HFL		
ICICI Bank		
IndusInd Bank		
Bharti Infratel		
Infosys		
Indian OilCorp		
ITC		
Kotak Bank		
L&T		
Lupin		
M&M		
Maurti Suzuki		
NTPC		
ONGC		
PowerGrid Corp		
Reliance Ind		
State Bank		
Sun Pharma		
Tata Motors		
Tata Steel		
TCS		
Tech Mahindra		
UltraTech Cement		
UPL	712.30	10.45
Vedanta		
Wipro	293.60	4.95
YES Bank		
Zee Entertainment		

EXCHANGE RA	IES			
Indicative direct rates in rupees a unit except yen at 4 p.m. on March 20				
CURRENCY	TT BUY	TT SELL		
US Dollar	64.99	65.31		
Euro	79.92	80.32		
British Pound	91.03	91.48		
Japanese Yen (100).	61.02	61.32		
Chinese Yuan	10.27	10.32		
Swiss Franc	68.14	68.48		
Singapore Dollar	49.34	49.58		
Canadian Dollar	49.74	49.99		
Malaysian Ringitt	16.58	16.68		
Source:Indian Bank				

March 20 rates in rupees with previous rates in parentheses

food policy report.

response is to increase pro-

ductivity and production. But there is a problem there.

When every one is produc-

ing more, the prices will go

down and we have seen that

in India, China and every-

where...For India, some

farmers have to move to ci-

ties and urban centres.

Those who stay behind will

be able to increase the hold-

ing and move to producing

high value food, that will

create new opportunities.

That is the 'move out, move

Mr. Fan said non-farm op-

portunities in rural areas

must also increase if farmers

have to come out of poverty.

ing that the higher the non-

farm income, the lower the

poverty rate," he said, nam-

ing food processing, input

supplies, trade and market-

ing, making construction

"We have statistics show-

up' approach," he said.

# India to take up U.S. tariffs bilaterally

Trump administration's action will invite scrutiny on whether it is WTO compatible: Minister Prabhu

SPECIAL CORRESPONDENT

India will take up the issue of the U.S. imposing tariffs on steel and aluminium imports on a bilateral level, Commerce Minister Suresh Prabhu said on Tuesday.

"We are obviously not the largest exporter of steel or aluminium to the U.S.," Mr. Prabhu said at a press conference following the conclusion of an informal mini-ministerial meeting of the WTO, which was attended by 53 countries.

"But still, as far as we are affected, we will definitely take it up with the U.S. with whom we have a huge trade surplus and we have a very good political relationship. We will take up this matter with them bilaterally."

U.S. President Donald



Parrying blows: Union Minister Suresh Prabhu and Roberto Azevedo, DG WTO, in New Delhi on Tuesday. • KAMAL NARANG

Trump recently announced a 25% import tariff on steel and a 10% tariff on aluminium.

"What the U.S. has raised, whether it is WTO compati-

ble or not, whether it is violating some rules or not, is something the country will have to individually look into," Mr. Prabhu added. "This is a unilateral action [by] the

SPECIAL CORRESPONDENT

crease their share to 50% in

five years, Uday Kotak, vice-

chairman and managing di-

rector, Kotak Mahindra Bank

be a US\$ 10 trillion economy

by 2030. I believe that over

the next five years, private

sector banks can increase

their market share from 30%

to 50%. We see immense op-

portunity and we will work

to disproportionately in-

crease Kotak's share of the fi-

nancial services pie," Mr. Ko-

"India has the potential to

said on Tuesday.

U.S., and any trade related action is subjected to scrutiny on whether it is WTO compatible or not."

WTO Director General Roberto Azevedo also expressed his concerns about the actions taken by the US, warning that this could lead to escalation and retaliatory tariffs being imposed by other countries.

'Potential for escalation' "The WTO does not as an institution take a stance, but I have said publicly that I am very concerned [about the U.S.' decision]," Mr. Azevedo said. "And I think the institution itself could say the same because such measures, for whatever reason, have a very real potential for escalation

because of the possibility of

responses from other partn-

'Private banks' market share

to increase to 50% in 5 years'

ers with trade restrictive measures as well, and that is something we should avoid."

"This is what we heard today, with many countries saying they are concerned by this and highlighting the potential for escalation," he added. "We have to proceed very carefully and try to work within the framework of the WTO." He also urged member countries to follow up verbal commitments to multhrough tilateral trade action.

"Members committed to continuing negotiations on various issues including on the ones where we made no progress under the Doha round," Mr. Azevedo said. "But... just pledging support for the system is not enough. We need to match words with deeds."

mountain of soured debt, could increase Indian banks' provisioning burden and so slow credit growth.

"Markets and investors are questioning whether the problem is more systemic," Goldman analysts wrote, referring to the PNB fraud, adding that markets feared the fraud would likely offset some of the positive effects of the bank recapitalisation and hit overall credit, investment and GDP growth.

India regained its status as the world's fastest growing major economy in the October-December quarter, as it grew 7.2%, its fastest in five quarters.

Goldman, which forecasts the Indian economy to grow 6.6% in the current fiscal year ending in March, said it retained its 2019/20 growth forecast at 8.3%.

Goldman said its analysts believe PNB was likely to take the hit of the entire \$2 billion, wiping off more than a quarter of its net worth.

It also said the average haircuts on impaired loans Indian banks would need to take could be 60-65 % over the next two years, higher than the 50% it had assumed earlier, meaning overall provisions would rise. The PNB fraud prompted

the government to ask banks to scan all bad loans above 500 million rupees for any sign of wrongdoing.

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## New telecom policy almost ready: Sinha

'Will be brought in next House session'

PRESS TRUST OF INDIA NEW DELHI

Union Minister Manoj Sinha said on Tuesday that the new telecom policy (NTP) was almost ready and would be brought in the next session of Parliament after Ca-'The new telecom policy

is almost ready, and, this month, we will place it on the Department's website for public comments. We will bring it in the next session of Parliament," the telecom minister said on the sidelines of 'Deen Dayal SPARSH Yojana' award cere-

**Growth roadmap** The NTP 2018, being crafted by the Department of Tele-

+ 'Move out, move up approach

could ease India's farm crisis'

Farmers must shift to cities or climb value chain: IFPRI chief

Indian telecom sector, which has been reeling under severe financial stress. The Telecom Regulatory

com, is expected to present

a growth roadmap for the

Authority of India had earlier suggested that the sector should be able to address global requirements and attract investments of about \$100 billion by 2022 under the new policy. The regulator had also re-

commended that NTP 2018 should facilitate ease of doing business through simplification of licensing and regulatory frameworks, rationalisation of taxes, levies and related compliances and facilitating availability of resources, including

### Kotak will work to raise its share of financial services: MD Public sector banks, which control 70% of the loan and deposit market, would see their share eroding as private sector banks could in-

**Uday Kotak** 

tak told the media.

The private sector lender, which had in March last year unveiled '811', an OTP-based authentication process for opening bank accounts, said the move helped the bank to gain customers in a rapid pace - from 8 million to 12 million as on end December.

said that the Unified Payments Interface would be a game changer and the number of transactions would hit the one-billion mark by December-end, from 172 million now. 'Platform for innovation'

Nandan Nilekani, the

chief architect of Aadhaar,

"When we started the Aadhaar project the primary goal was to enable direct benefit transfers and today India runs the world's largest direct benefit transfer programme. But... it is about creating a platform, a platform that can be used for innovation and that is how it led to the creation of e-KYC," Mr. Nilekani said.

# Govt. scraps export duty

PRESS TRUST OF INDIA

day scrapped export duty boost shipments, as the country is all set to produce record 29.5 million tonnes (MT) of the sweetener in the current 2017-18 marketing season. Export duty on sugar was 20%.

A notification issued by the Central Board of Excise and Customs said that it had been decided to reduce export duty on raw sugar, white or refined sugar from 20% to nil. Earlier, the government had doubled import duty on sugar to 100% to check shipments. Sugar output is estimated to rise sharply to 29.5 MT in the 2017-18 marketing year (October-September) from 20.3 MT in the previous year.

# on sugar

The government on Tues-

#### Website: www.pngrb.gov.in 14.03.2018 Public Notice No: Infra/NGPL/133/FEL/LBPL/01/18 The Petroleum and Natural Gas Regulatory Board has received Expression of Interest (EoI) in terms of Regulation

Petroleum & Natural Gas Regulatory Board

1st Floor, World Trade Centre, New Delhi-110 001 Tel. No.: 011-23457700, Fax No. 011-23709151

4(1) of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 from the proposed Consortium of M/s. Focus Energy Limited (Lead Technical Member) and M/s. Granda Service Private Limited to lay, build, operate or expand Natural Gas Pipeline from Langtala, Jaisalmer (Rajasthan) to Bhilwara

The details of the aforesaid proposed project as submitted by the entity in the format as per schedule "A" of the aforesaid Regulations and the map depicting the route proposed by the entity for laying, building, operating or expanding Natural Gas Pipeline are available at the website of the PNGRB: www.pngrb.gov.in under the scrolling window **'what's new'.** 

In terms of Regulation 5(1) of the aforesaid Regulations, the Board announces commencement of the public consultation process and solicits views in writing from any person or entity on the said Eol, within 30 days of publication of this public notice in the newspaper. The views may be submitted in the prescribed format (available on PNGRB's website) to the Secretary, PNGRB either through e-mail at secretary@pngrb.gov.in or through post at aforesaid address.

davp 33112/11/0003/1718

Additional Adviser (AK)

Petroleum & Natural Gas Regulatory Board 1st Floor, World Trade Centre, New Delhi-110 001 Tel. No.: 011-23457700, Fax No. 011-23709151 Website: www.pngrb.gov.in





The Petroleum and Natural Gas Regulatory Board has received Expression of Interest (EoI) in terms of Regulation 4(1) of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 from M/s. H-Energy Private Limited to lay, build, operate or expand Natural Gas Pipeline from Kukrahati, East Midnapore District, West Bengal to Itinda, North 24 Parganas District, West Bengal

The details of the aforesaid proposed project as submitted by the entity in the format as per schedule "A" of the aforesaid Regulations and the map depicting the route proposed by the entity for laying, building, operating or expanding Natural Gas Pipeline are available at the website of the PNGRB: www. pngrb.gov.in under the scrolling window 'what's new'.

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Additional Adviser (AK)



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materials for urban centres etc. as such non-farm opportunities that are possible in rural areas, where farmers could work part-time or sea-Mr. Fan, who grew up in

China said the Chinese transformation was based



have implications for farmers' futures, says Fan. • REUTERS

out and move up' but there is more resistance to this approach in India.

Resistance in India

"Policy makers in India do not appreciate this much, it appears to me. They want to keep people in rural areas. This is not fair to them as they would continue to struggle. The policies should facilitate move out and move up," he said. He said India has been investing in rural and urban projects separately, but investment in the linkage between urban and rural economy is inadequate.

Talking about the future of agriculture, he said as urban people get prosperous they will demand better, more nutritious food in the future. This would encourage agriculture that is now grain focused, to shift to vegetables, fruits, good dairy products and meat.

"It is a great opportunity for small holders. Some agriculture entrepreneurs may come to rural areas from cities and use GPS, drones, laser technology etc. to pro-

on this approach of 'move duce healthier food in more efficient ways, from relatively smaller holdings," said Mr. Pointing out that the ow-

nership of future agriculture technologies will have implications for the future of farmers, Mr. Fan said India must increase its investment in research. "Indian agriculture scientists must work hard to develop and own new technologies. The country should own them rather than multinationals, so that your farmers will benefit. You should invest more in this research," he said. According to Mr. Fan, the spread of the Internet has led to a "lot of misinformation on GMOs" in countries

liked India and China, and

the "governments and the

researchers have the respon-

sibility to spread accurate in-

formation" to help farmers. Mr. Fan said anti-globalism could be detrimental to food security and countries such as India and China must continue to argue for "free and fair trade" and the free movement of people around the world.

### 'More time to link Aadhaar with policies'

SPECIAL CORRESPONDENT HYDERABAD

Insurance regulator IRDAI on Tuesday said the date for linking existing insurance policies to Aadhaar, in the backdrop of the Supreme Court order of March 13, is being extended till the court pronounces judgment in the case. However, for new poli-

cies, the policy holder will be allowed six months from the date of commencement of account-based relationship to submit the Aadhaar number and PAN/ Form 60 to the insurer. A circular from Member

(Life) Nilesh Sathe said in the absence of Aadhaar, the policy holder should submit any of the "officially valid document," as mentioned in the Prevention of Money-laundering (Maintenance of Records) Rules.

davp 33112/11/0002/1718

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