IN BRIEF

Domestic crude steel output increases 6.8%

NEW DELHI

Domestic crude steel production rose by 6.8% to 8.39 million tonnes in September 2017 compared with 7.86 million tonnes in the same month last year, according to official data. "During April-September 2017, crude steel production was 49.76 million tonnes, a growth of 4.5% over the same period of the last year," the Joint Plant Committee under the Ministry of Steel said in a report. PTI

CIL's coal supply to power sector rises 6.7%

NEW DELHI

Supply of coal by Coal India Limited to the power sector in the first six months of this fiscal increased 6.7% to 204.5 million tonnes (MT) even as power producers rued over low coal stock at their plants. CIL's dispatch to the power sector in April-September 2016-17 was 191.5 MT, showed government data. In September, the fuel supply rose 17% to 32 MT against 27.4 MT in the same month of previous fiscal. PTI

LVB mops up more Casa deposits in Sept. quarter

MUMBAI

Lakshmi Vilas Bank's (LVB) consistent drive to ramp up deposits has led to a 6 percentage points spike in low-cost Casa (current account/savings account) deposits in September quarter to 19.34% which as a percentage of total deposits rose to 20.97% from 17.3% a year ago. For the quarter, Casa grew by 32.5% helping the bank improve its cost–to–income ratio to 48.27% from 51.44%. PTI

Govt. may have to foot bill for rail safety fund

As earnings fall, Railways knocks on Finance Ministry's door

Safety concerns: The public utility is willing to spend unlimited funds on safety, according to Minister of Railways Piyush Goyal.

SOMESH JHA
NEW DELHI

The Ministry of Railways may ask the Finance Ministry to fund its share of the railway safety fund this year as the public utility is staring at an earnings shortfall of at least ₹10,000 crore in 2017-18, sources said.

With earnings deficit, the Ministry of Railways may find it difficult to contribute its share towards the newly-constituted Rashtriya Rail Sanraksha Rosh (RRSK) - a dedicated fund for critical safety-related works, a Ministry official said on the condition of anonymity.

Earnings shortfall

The Indian Railways' income stood at ₹80,519 crore till September compared with ₹76,405 crore till September last year. However, the actual income was 8.45% lower than the targeted earnings till September this year. The Railways had set a target of earning ₹1.88 lakh crore in 2017-18 against ₹1.65 lakh crore in 2016-17.

"We are looking at an earnings deficit of at least ₹10,000 crore by the end of this financial year. We may demand Finance Ministry to fund the entire amount towards RRSK for current financial year in the pre-budget meeting next month," the Ministry official said. The Finance Ministry is scheduled to meet the officials of the Ministry of Railway on November 10 for pre-budget discussions to finalise the revised estimates for 2017-18 and budget estimates for 2018-19.

Safety fund

Finance Minister Arun Jaitley had announced the setting up a special safety fund with a corpus of more than ₹1 lakh crore over a period of five years in Budget 2017-18. According to the plan, while the Finance Ministry would contribute ₹15,000 crore annually towards the fund, the Ministry of Railways would fund the balance ₹5,000 crore every year.

In the first six months of the current financial year, the Indian Railways had utilised a quarter of the safety fund as it had spent ₹5,031 crore from the RRSK. Although the Railways' passenger and goods earnings had increased 4.5% and 8.4% respectively till September this year compared with the last year, its sundry earnings had declined sharply by 35.7% during this period.

Income from non-fare revenues, including land lease, advertising, PSU dividends and catering departments, form part of the sundry earnings.

Minister of Railways Piyush Goyal had said in an interview to *The Hindu* last month that the utility was willing to spend unlimited funds on safety which would be a top priority for him. "In my working, there is no budget for safety. Whatever (fund) is required we will spend," Mr. Goyal had said.

Meanwhile, the Finance Ministry advised the Ministry of Railways to prioritise deploying RRSK funds on areas that reduce chances of human error and ensure training of safety staff.

Paytm bank eyes 'more' digital wallets

To comply with new RBI norms, it will invest $500 mn in KYC infrastructure

YUTHIKA BHARGAVA
NEW DELHI

Paytm Payments Bank expects the new stricter Know Your Customer (KYC) norms, set by the Reserve Bank of India (RBI) for digital wallets, to boost customer acquisition process for its banking operations, a top company official said.

"A single KYC done by us will be valid for wallet, bank as well as other financial services," Renu Satti, MD and CEO, Paytm Payments Bank, told *The Hindu*.

"This will give us a significant edge over standalone wallets... The new guidelines will have a positive impact on our bank's KYC customer acquisition efforts. We are already meeting more people for wallet KYC, and they will now be willing to have bank accounts with us," Ms. Satti said.

Under the new rules, existing wallet users have to convert to the full KYC format by the year-end, following which, these wallets will cease to exist. Many industry players had said the norms may have a negative impact on the industry as they would take away the ease and convenience of using such a mode of payment.

Ms Satti said the company was "aggressively" converting minimum KYC customers to full KYC wallets for which it would hire additional 10,000 people and invest $500 million.

"We will be investing $500 million into KYC operations to build the most dominant KYC-compliant wallet and payments bank in the country," she said, adding the firm currently had a workforce of 10,000 people who aggressively reach out to customers for their KYC.

Digital push: The bank will build the most dominant KYC-compliant wallet and payments bank, says Ms. Satti • AP

"We are also hiring an additional 10,000 to scale our operations. We are getting ready with more than one lakh banking outlets and KYC points to expand our network across the country," Ms Satti said.

'Higher costs'

To a question on the longevity of digital wallets in the context of modes such as UPI, she said while wallets were a great instrument for personal remittances, "it will be challenging for standalone wallets as this will have higher customer acquisition costs.

"The Paytm Wallet is being complemented with the Paytm Payments Bank account. This will enable our customers earn interest on their deposits in the bank account," she said.

'Banks may add extra ₹40,000 cr. bad loans'

Axis Bank's new NPAs signal unease

PRESS TRUST OF INDIA
NEW DELHI

The banking sector fears accretion of more than ₹40,000 crore of bad loans to its books following recent classification of eight consortium accounts of Axis Bank as non-performing assets (NPA) by the RBI.

The central bank has directed certain reclassifications in the private sector lender's asset classification and provisioning as at March 2017, subsequent to the annual Risk Based Supervision (RBS) exercise conducted for 2016-17.

As a result, Axis Bank had to reclassify nine standard accounts into NPAs. Of these, eight accounts are part of consortium lending, according to the bank.

As at June 2017, Axis Bank claimed, these nine accounts were classified as standard assets across most consortium banks, with only about 6% of their outstanding classified as NPA.

According to estimates, total outstanding loans for these accounts at the end of June 2017 were about ₹42,000 crore. "It is going to have an impact on all the consortium lenders. Banks have to reconcile these accounts as NPA sooner or later. Reclassification by others may happen over two quarters," Suresh Ganapathy of Macquarie Capital Securities said.

Post-Deepavali, air purifier firms bet big

Expect Delhi-NCR to lead market

PRESS TRUST OF INDIA
NEW DELHI

In the wake of rising pollution after Deepavali, air purifier makers are looking at doubling the sales of such products, especially in the northern region.

Although, makers such as Eureka Forbes, Panasonic, Sharp, Blueair and Groupe SEB are expecting a good sales growth in leading tier I cities, they are expecting Delhi / NCR region to lead the market this season. "In addition to the rise in disposable income and with air pollution being a constant talking point throughout the year, air purifiers have witnessed a huge acceptance and increase in sales across during winter especially around Diwali," Blueair country head–India Arvind Chabra told PTI.

He said due to these factors, the firm was expecting about 200% traction in air purifier business this season compared to last year. "We are expecting major sales from north India region, with markets like Delhi–NCR, Lucknow, Kanpur and Punjab taking the driver seat," Panasonic India business head purifiers and SHA Syed Moonis Alvi said.

Eureka Forbes MD and CEO Marzin R Shroff said the demand for air purifiers had been on the rise across country with almost 100% month–on–month growth.

Maruti is top passenger car exporter from India

In the first half of fiscal, MSI shipped 57,300 units followed by Volkswagen India with 50,410 vehicles

PRESS TRUST OF INDIA
NEW DELHI

Maruti Suzuki India has become the largest passenger cars exporter from India in the first half of the ongoing fiscal, dethroning Hyundai Motor India Ltd. which has now been pushed to the fourth spot behind Volkswagen and General Motors.

In the April-September period this fiscal, Maruti Suzuki India (MSI) exported 57,300 units of passenger cars, a rise of 6% from the 54,008 units in the year-earlier period, according to the latest data by Society of Indian Automobile Manufacturers (SIAM).

The long-running number one exporter, Hyundai Motor India Ltd. (HMIL) saw a sharp decline of 29.25% to 44,585 units compared with the 63,014 units in the year-earlier period.

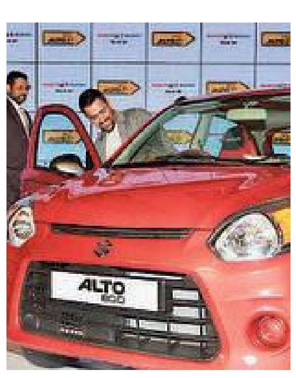
Hyundai slips

The company is now behind Volkswagen and General Motors India in terms of export of passenger cars from India.

During the first half of the fiscal, Volkswagen India exported 50,410 units, recording a growth of 16.92%.

It is now the second-largest exporter of passenger cars from India behind MSI.

Last year, it had exported 43,114 units during the same period. Interestingly, General Motors (GM), which had, on May 18 this year, decided to stop selling its vehicles in India after struggling for more than two decades to make a mark, is now the third-biggest exporter of passenger cars from the country.



Last year, Maruti Suzuki exported 54,008 units.

GM posts growth

In the first half of the fiscal, GM exported 45,222 units as against 30,613 units in the year-earlier period, a growth of 47.72%.

The company exports vehicles from its manufacturing plant at Talegaon in Maharashtra.

It had sold its first plant at Halol in Gujarat to MG Motor India, an arm of China's SAIC.

Another U.S. auto major, Ford, also posted impressive growth in exports of passenger cars from India during the period.

The company's overseas shipments stood at 42,412 units as against 31,467 units in the same period last fiscal, rising 34.78%.

Nissan Motor India, which was the third-biggest exporter last year, saw its overseas shipments during the first half of the fiscal decline by 37.11% to 30,872 units, from 49,091 units in the same period last fiscal.

Nissan now occupies the sixth spot.

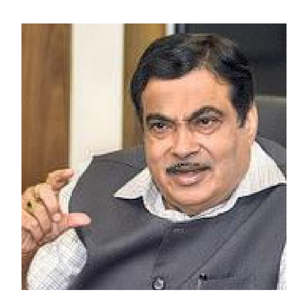
Blueprint for modernisation of ports ready, says Gadkari

PRESS TRUST OF INDIA
NEW DELHI

Shipping Minister Nitin Gadkari said a blueprint for 142 expansion projects had been finalised to modernise 12 major ports and develop new harbours at a cost of about ₹90,000 crore.

These 12 ports, under the administrative control of the Centre, saw a growth of 3.24% in cargo to 326.4 million tonne (mt) in the April-September period this fiscal as against 316.1 mt in the corresponding period last fiscal.

"A master plan for modernisation of the 12 ports, besides development of new ports, has been finalised. These ports are growth catalysts of modern India."



Nitin Gadkari

A total of 142 expansion projects worth more than ₹90,000 crore have been identified for these ports and timely delivery of projects will give the much needed boost to the economy, Mr. Gadkari added. "Out of 142 identified expansion projects, 57 projects are under implementation and one has been completed."

The April-September figures of cargo at 12 major ports show the highest year-on-year growth was registered by Cochin Port (19.62%), followed by Kolkata, New Mangalore and Paradip (12% each). The growth at Cochin Port was mainly due to increase in traffic of petroleum, oil and lubricants (27.8%).

'Economy could rebound in July-Sept.'

GVA to grow at 6.3%, says Nomura

PRESS TRUST OF INDIA
NEW DELHI

The economy is expected to see a rebound in the July–September quarter of this year with a GVA (Gross Value Added) growth rate of 6.3%, says a Nomura report.

Nomura's proprietary indices suggest growth bottomed out in the second quarter and a recovery is underway in the third quarter, largely because consumption and investment indicators have improved in the third quarter.

"We expect GVA (which is the value of goods and services produced in an economy) growth to rise to 6.3% year–on– year in the third quarter from 5.6% in the second quarter, largely in line with the Reserve Bank of India's Q3 forecast of 6.4%," Nomura said in a research note. The July–September quarter saw strengthening of consumption–related indicators.

Rural consumption indicators such as tractor and two–wheeler sales picked up sharply ahead of the festive season, despite weak monsoon, likely reflecting improving cash levels with remonetisation.

Moreover, urban consumption indicators such as passenger vehicle sales and consumer credit also improved in the September quarter relative to June quarter.

It, however, said the recovery in the country's economic activity will not be linear and could consolidate before moving higher.

'Rates may not change'

For this financial year Nomura expects a GVA growth of 6.4%, slightly lower than RBI's forecast of 6.7%, partly because it expects the government to cut spending due to fiscal constraints. On RBI's monetary policy stance, the report said with incremental growth momentum headed higher, core inflation above 4% and fiscal risks on the horizon, we expect rates to stay unchanged in the base case (75% probability).

Earlier, the RBI kept the benchmark rate unchanged on fears of rising inflation while lowering growth forecast to 6.7% for current fiscal. It raised inflation forecast to 4.2%-4.6% in the remainder of this fiscal.