MARKET WATCH

	17-08-2017	% CHANGE
Sensex	31,795	0.08
Gold	30,050	1.00
Brent oil	50.80	0.25

NIFTY 50

	PRICE	CHANGE
ACC	1780.10	-31.10
Adani Ports	389.30	-8.25
Ambuja Cements	270.90	0.85
Asian Paints	1134.95	-6.35
Aurobindo Pharma	703.50	-10.40
Axis Bank	497.15	-2.35
Bajaj Auto	2825.85	-23.35
Bank of Baroda	148.25	1.10
Bharti Airtel	416.35	8.60
Bosch	22037.95	-271.95
BPCL	493.70	9.75
Cipla	573.20	-17.25
Coal India	246.95	9.00
Dr Reddys Lab	2011.25	6.00
Eicher Motors	30928.00	311.00
GAIL (India)	376.20	5.00
HCL Tech	871.40	6.90
HDFC	1759.25	17.50
HDFC Bank	1765.40	-15.85
Hero MotoCorp	3997.85	-24.25
Hindalco	230.30	-3.30
Hind Unilever	1177.30	-9.05
Indiabulls HFL	1200.45	-8.65
ICICI Bank	293.15	-1.80
IndusInd Bank	1628.50	-18.70
Bharti Infratel	379.35	-3.55
Infosys	1020.85	45.65
Indian OilCorp	426.30	4.00
ITC	280.00	0.80
Kotak Bank	989.00	-11.55
L&T	1134.00	-8.25
Lupin	953.95	-7.05
M&M	1367.00	-4.20
Maurti Suzuki	7582.45	-118.70
NTPC	176.80	6.70
ONGC	160.60	-0.35
PowerGrid Corp	219.45	-1.25
Reliance Ind	1567.10	1.00
State Bank	280.85	-2.25
Sun Pharma	488.25	2.55
Tata Motors	385.30	-3.95
Tata Motors DVR	228.60	-3.00
Tata Power	81.65	-0.40
Tata Steel	625.40	-5.80
TCS	2485.65	-6.70
Tech Mahindra	424.40	4.45
UltraTech Cement	3932.90	-8.40
Vedanta	304.80	7.60
Wipro	288.35	-1.60
YES Bank	1738.10	-23.75
Zee Entertainment	526.75	8.05

BULLION RATES CHENNAI

August 17 rates in rupees with previous rates in parentheses

Retail Silver (1g)	41.10	(41.30)
22 ct gold (1 g)	2,776	(2,748)

IN BRIEF

HDFC Bank cuts savings account interest rate

MUMBAI

HDFC Bank has reduced its savings account interest rate by 50 basis points to 3.5% for balances up to ₹50 lakh. The new rate will come into effect from Saturday. For balances more than ₹50 lakh, the rate is kept unchanged.

Use coal while economical, says CEA

'Low tariffs seen in renewables don't include several implicit costs that are so far being subsidised'

SPECIAL CORRESPONDENT
NEW DELHI

India should leverage its coal assets while it is still economical to do so before ramping up its renewable energy capacity, Chief Economic Adviser Arvind Subramanian said on Thursday. He added that the low tariffs seen in the renewable sector do not include several implicit costs that are, so far, being subsidised.

Mr. Subramanian also said that India should not be influenced by 'coal imperialism', with developed countries trying to influence developing countries to cut their fossil fuel consumption at a rate not in keeping with historical factors and equity.

'Properly costed'

"Renewable energy must be properly costed," Mr. Subramanian said, delivering the Darbari Seth Memorial Lecture organised by TERI.

Social risks: Costs of moving away from coal are significant as it will impact employment, says CEA Subramanian. • AFP

"There are several social costs of moving away from coal. We must be abundantly cautious about claims on behalf of renewables. Properly costed, renewables will achieve true parity in social terms with coal only in the future."

"We should maximise the use of natural assets while economics permits it, and then ramp up the free assets such as renewable sources when needed," he added. "There is a window, perhaps narrow, until renewables become truly viable, for accelerating expansion of coal, and driving up capacity utilisation sharply in thermal power generation."

Among the costs of adopting renewable energy that are not factored into the tariff currently, Mr. Subramanian included the cost of intermittent supply of power from solar and wind sources, the land acquisition costs, the upgradation of the grid to support energy from renewable sources, and the cost of stranded coal assets.

'Implicit subsidies'

"The proper estimates of the full costs of renewable energy are elusive," Mr. Subramanian said. "Recent bids are not indicative because of the implicit subsidies and the factor of strategic bidding that has entered the renewable energy space as it did with coal and spectrum auctions."

He also added that the costs of moving away from coal are also significant, since it will impact employment, and the regional economies where coal mines are located. He also said that increasingly using renewable sources would further reduce the plant load factors of coal power plants, which, in turn, could further worsen their finances and the non-performing assets problem.

"If India achieves its target in renewable energy (of 175 GW by 2022), the plant load factor will decline by 13 percentage points, which is significant since the PLF is already so low," Mr. Subramanian said.

"The burden of combating climate change should be consistent historically and equitably," he added.

Subsidising renewables at a time when the social costs were higher than those of coal "seems a double whammy for the government which then also has to pick up the tab for the resulting stranded assets," Mr. Subramanian observed.

Gen Re wants 'hurdles' removed

Reinsurer aims to focus on bottomline

MANOJIT SAHA
MUMBAI

Global reinsurance major Gen Re, which has received a branch licence for India operations, said there still exist a few regulatory hurdles that can be removed for the market to benefit.

The Insurance Regulatory and Development Authority of India (IRDAI) has mandated that state-run general insurer GIC Re will have the right of first refusal under which the reinsurer has the first right to accept or refuse any reinsurance contract in the country.

"We are glad that there is something now like a legal form of a branch that did not exist a couple of years ago," Winfried Heinen, chairman of the executive board of directors, General Reinsurance AG, told *The Hindu.*

"But to be frank, there are still quite some hurdles that could be removed," he said.

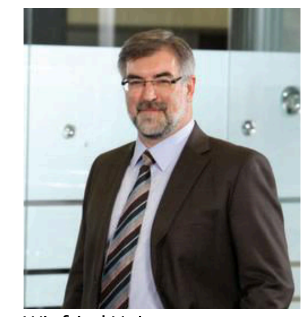
Gen Re, a member of the Berkshire Hathaway family of companies, has been in the Indian market for the past 15 years through various channels with focus primarily on life and health sector.

Open competition

"I think I am not speaking on behalf of Gen Re alone but for all international reinsurers. Reinsurers do like open competition. The more we diversify, the better we can use our capital," he said.

"Clearly there is a consensus in the international reinsurance market that minimum protectionism and low legal hurdles will benefit the market," he said. Gen Re commenced its operations through its branch in India earlier this month.

Major reinsurance firms like Swiss Re, Munich Re, Hannover Re, SCOR and RGA (Reinsurance Group of America) started their branch operations this year.



Winfried Heinen

"Indian reinsurance regulations are evolving. IRDAI has formed a committee to review the existing regulations. This is most welcome," said Venkatesh N. Chakravarty, Gen Re's India CEO.

Capital norms

Regarding regulatory mandate of having ₹100 crore initial capital to start branch operations, Mr. Heinen is of the view that branch should not have its own capital since it is part of a larger entity.

"In my opinion, since we are a branch, the branch should not have capital of its own. A branch is part of a much bigger entity," he said.

"To grow more in India, we have to bring in more capital – which we cannot use anywhere else, and that makes it more expensive to do business in India. This will be reflected in the prices we can offer to our clients, and probably this will again be reflected in the prices they offer to their clients. This inefficiency has a knock-on effect on the customers," he added.

Observing that reinsurance in life offered more opportunities in India, Mr. Heinen said focus will be on profitability from day one.

Factories Act: Centre firm on amendment

Panel opposed move to 'lift' threshold

SPECIAL CORRESPONDENT
NEW DELHI

The Centre will go ahead with its proposal to amend the Factories Act of 1948 by giving flexibility to State governments to enhance the threshold limit over which a unit will be considered a factory despite concerns flagged by a Parliamentary Standing Committee.

The proposal was discussed at a tripartite meeting chaired by Labour Minister Bandaru Dattatreya with representatives of trade unions, industries and State governments.

The Standing Committee, examining the proposed changes, however, observed in 2014 that "if the amendment is carried out more than 70% of the factory establishments in the country will be out of the purview of the Factories Act and workers will be at the mercy of employers."

The Ministry of Labour and Employment did not agree with the committee's observations and said that it had only given flexibility to State governments to fix the threshold limit and "all the factories, including the one which employs a single worker may also be brought under the purview of the act thus, in fact, increasing the total number of workers covered under the Act."

'Trump decision won't hit GES'

Firms' participation based on keenness to invest: U.S. official

ARUN S
NEW DELHI

U.S. President Donald Trump's dissolution of two business advisory bodies won't adversely impact the participation of leading American companies or top executives at the Global Entrepreneurship Summit (GES) in Hyderabad, according to a U.S. official.

Mr. Trump, on Wednesday, announced the breakup of the councils after several chief executives who were on the American Manufacturing Council quit as members and the President's Strategic and Policy Forum broke up on its own. The CEOs resigned in protest against Mr. Trump's response to the violence in Virginia.

Ivanka Trump

"Many U.S. technology companies have deep ties in India," the official, who did not wish to be identified, said. "They see India as a growth market," the official said, adding that U.S. firms, particularly in the online payments sector anticipate huge opportunities due to the Indian government's demonetisation move and the consequent push for digitisation.

The GES, which aims to help "connect American entrepreneurs and investors with international counterparts", is a U.S. government initiative. The event will be held in South Asia for the first time when it takes place in Hyderabad, from November 28-30. Ivanka Trump, Mr. Trump's daughter and Advisor to the President, will be heading the U.S. delegation.

Several U.S. companies plan to increase investments in India, the official said, adding the U.S. government was in the process of approaching top firms to ensure their participation in the GES 2017.

Raymond buys Ansell's stake in JV

To improve focus on KamaSutra brand

SPECIAL CORRESPONDENT
MUMBAI

Raymond Group has acquired Ansell's 50% stake in J.K.Ansell Pvt. Ltd., a joint venture that owns the KamaSutra brand of condoms, for ₹19.3 crore.

With this transaction, the sexual wellness and personal care business will continue to remain in J.K. Ansell which will become a wholly owned subsidiary of J.K. Investo Trade (India) Ltd. (JKIT), a Raymond Group Company, according to a statement. As per the proposed deal, JKIT will sell its stake in the gloves business to Pacific Dunlop Holdings (Singapore) Pte. Ltd. (Ansell Group Company) for ₹11.3 crore. This acquisition will pave the way for Raymond to further scale up the FMCG business and unlock the potential of KamaSutra brand globally.

Raymond announced the formation of its FMCG group last year with a vision to be a player of choice amongst the new India, offering premium products for personal and home care categories.

Gautam Hari Singhania, CMD, Raymond Limited said: "As a part of our Raymond Re-Imagined journey, scaling up and creating a strong FMCG business is an important driver of value creation for the group. This acquisition gives us the full ownership of Brand KamaSutra that strengthens our FMCG portfolio and is a step towards value creation."

Realty sector eyes $10 bn private equity

'Banks not funding affordable housing'

LALATENDU MISHRA
MUMBAI

Real estate developers are eyeing $10 billion in private equity funding to kick-start the investment cycle to augment funding for affordable housing projects, a thrust area of the government, a top industry official said.

"Under the current environment, we do need private investment to provide housing for all by 2022," said Niranjan Hiranandani, president of the Maharashtra chapter of realty body NAREDCO . "As banks are not lending, the sector needs private equity funding to the tune of $10 billion a year to kick-start the momentum and to respond to the new opportunities arising out of affordable housing," he said.

Niranjan Hiranandani

A large part of the funds would be sourced from abroad, he added.

Pension funds

"We are eyeing investment from pension funds from Canada and Europe." The national realty body is organising Real Estate & Infrastructure Investors' Summit 2017 in Mumbai next week.

BMW to focus on premium cars in India

Segment forms about 1.4% of total market offering room for growth: India chief

K.T. JAGANNATHAN
K. BHARAT KUMAR
CHENNAI

Growing the premium car market will remain a top priority for German auto major BMW in India, according to a top official.

With the premium car segment accounting for just 1.2% to 1.4% of the total car market, India, according to Vikram Pawah, president BMW India Pvt. Ltd., offers enough headroom for growth.

In a free-wheeling interview here on Thursday, Mr. Pawah said BMW grew 11.7% in the first six months of 2017 despite uncertainties caused by demonetisation and the rollout of Goods and Services Tax (GST).

Asserting that "it is impossible to control uncertainties,'' Mr. Pawah said BMW would remain focussed on its basic proposition of being the leader and benchmarking whatever it did. Celebrating 10 years of its production in India, BMW had lined up for introduction "some class-defining products" to lure more Indians to own and experience world class cars. It set the stage for segment expansion with the new 5 Series vehicles.

Eyeing leadership: For BMW, the 5 Series has been a critical component of its India game plan.

'Good response'

Mr. Pawah claimed the new 5 Series offered 'never heard of things' such as gesture control and remote parking in the premium segment. Declining to divulge the numbers, he said response for new cars 'is fantastic'. For BMW, 5 Series has been a critical component of its India game plan.

Of the 66,000 vehicles sold by BMW thus far since it set up production base 10 summers ago, 5 Series accounted for about 19,000 units. The new 5 Series comes at a time when competition is hotting up in this space from peers.

Mr. Pawah indicated that the new 6 GT would be a part of the 2018 launch list in India and would be slotted in between the 5 and 7 Series. BMW would be creating another value proposition with the introduction of new X3 Series in India next year, he added. The new X 3 Series is developed on new CLAR modular platform, which is claimed to be very light.

To a question, he said expanding the dealer network from 41 to 50 and driving BMW mobile studios around 50 'emerging cities' were part its larger exercise to develop the premium car segment in the country. "The next wave of customers will come from these emerging cities," he added.

To a query on BMW Motorrad, he said it had been selling 11 products, imported in completely-built units. "We are setting up the foundation for the business in India," he added. On its collaboration with TVS Motors, he said the jointly developed products were currently exported. The domestic sale of the would happen next year, he added.