

MARKET WATCH

	12-09-2017	% CHANGE
Sensex	32,159	0.87
US Dollar	64.04	-0.17
Gold	30,850	-0.48
Brent oil	54.16	0.76

NIFTY 50

ACC	PRICE	CHANGE
ACC	1851.25	53.70
Adani Ports	389.05	3.70
Ambuja Cements	288.80	3.70
Asian Paints	1256.35	18.30
Aurobindo Pharma	758.45	16.75
Axis Bank	496.50	2.60
Bajaj Auto	2935.75	6.15
Bank of Baroda	141.85	4.40
Bharti Airtel	405.20	2.25
Bosch	22110.30	53.00
BPL	533.85	21.60
Cipla	560.50	6.65
Coal India	257.55	0.50
Dr Reddys Lab	2165.75	6.25
Eicher Motors	32661.85	163.25
GAIL (India)	409.60	14.80
HCL Tech	864.05	3.35
HDFC	1798.10	16.40
HDFC Bank	1835.20	11.85
Hero MotoCorp	3918.90	-25.60
Hindalco	250.95	0.90
Hind Unilever	1249.80	29.90
Indiabulls HFL	1291.35	-6.55
ICICI Bank	291.20	0.40
IndusInd Bank	1741.90	-49.35
Bharti Infratel	370.10	0.60
Infosys	884.05	5.35
Indian Oil Corp	434.90	5.85
ITC	277.65	4.05
Kotak Bank	1021.75	15.25
L&T	1230.25	12.40
Lupin	981.85	4.55
M&M	1300.75	20.55
Mauriti Suzuki	8154.50	12.10
NTPC	170.35	-0.20
ONGC	162.30	-0.75
PowerGrid Corp	215.30	-0.30
Reliance Ind	823.75	5.85
State Bank	273.45	2.50
Sun Pharma	483.40	15.95
Tata Motors	388.25	12.95
Tata Motors DVR	222.10	7.25
Tata Power	81.00	0.40
Tata Steel	682.90	20.30
TCS	2488.45	34.00
Tech Mahindra	441.40	-0.10
UltraTech Cement	4220.25	45.65
Vedanta	330.70	1.00
Wipro	298.10	-3.05
YES Bank	1850.75	8.70
Zee Entertainment	532.45	12.15

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on September 12

CURRENCY	TT BUY	TT SELL
US Dollar	63.84	64.16
Euro	76.19	76.58
British Pound	84.74	85.18
Japanese Yen (100)	58.17	58.46
Chinese Yuan	9.77	9.82
Swiss Franc	66.57	66.94
Singapore Dollar	47.39	47.63
Canadian Dollar	52.62	52.89
Malaysian Ringgit	15.17	15.26

Source: Indian Bank

BULLION RATES CHENNAI

September 12 rates in rupees with previous rates in parentheses

Retail Silver (1g)	43.90	(44.00)
22 ct gold (1 g)	2,857	(2,874)

CPI inflation quickens to 3.36%, IIP rises 1.2%

RBI unlikely to cut interest rates in October, say economists

SPECIAL CORRESPONDENT
NEW DELHI

Retail inflation accelerated to a five-month high of 3.36% in August, spurred by sharper increases in the prices of food items particularly vegetables and fruits.

Price gains measured by the Consumer Price Index quickened from July's 2.36%, as the food and beverages segment posted a growth of 1.96% in August, compared with the 0.43% uptick in July.

Separately, industrial output as gauged by the Index of Industrial Production (IIP) witnessed a growth of 1.2% in July, rebounding from a contraction of 0.2% in June. Improvements in performance at the mining and electricity sectors buoyed the index, with expansion in the mining sector at 4.8%, up from 0.4% in June.

The electricity sector grew 6.5% in July, accelerating from 2.1% in the previous month.

Manufacturing, however, grew only 0.1%. Still, this was an improvement from June's 0.4% contraction.

'Not out of woods'
"Although the IIP has improved compared to the previous month, the level is still very low, so it cannot be taken as a symptom of a turnaround in the economy," said D.K. Srivastava, chief policy advisor at EY India. "The electricity and mining sectors are largely driven by the government's own demand. Some improvement was expected because of the government's own expenditure."

"And if you combine this with the fact that CPI inflation has also started to rise, the economy is still not out of the woods," Mr. Srivastava added.

With retail inflation now



Dearer vegetables: Inflation in food and beverages quickened to 1.96%. -REUTERS

edging closer to the Reserve Bank of India's upper bound for price gains, economists see reduced prospects for any immediate interest rate cut by the central bank.

"Notably, core and non-core inflation gauges have jumped in the month, driven by higher transport, housing and possibly transient impact from price changes due to the GST rollout (eg. health)," Radhika Rao, India Economist at DBS Bank, wrote in an emailed statement. "With August headline inflation on the higher end of the central bank's 2-3.5% target" for the first half of the current fiscal year, any lingering expectations for an October rate cut were likely to be doused, she wrote.

While the uptick in CPI inflation was in line with expectations, the broad-based rise in core CPI inflation was a cause for some concern, according to Aditi Nayar, principal economist at ratings agency ICRA.

However, some food price gains were likely to moderate this month relieving some inflationary pressure, Ms. Nayar wrote in an emailed note.

"Prices of various vegetables such as tomatoes and,

to a smaller extent, potatoes, have eased in month-on-month terms so far in September 2017, which would contain the uptick in food inflation in the current month," Ms. Nayar wrote. "In addition, prices of onions, while still high, have retreated from the peak recorded in late-August."

The fuel and light segment witnessed a marginal quickening: at 4.94% from 4.86% in July. The housing segment saw an acceleration in inflation to 5.58% from 4.98%.

"The staggered impact on the housing index of the CPI, of the revision in HRA (house rent allowance) of central government employees, is likely to continue to push up housing inflation further over the coming year," Ms. Nayar wrote.

While the overall primary goods category of IIP grew 2.3% in July, rebounding from a contraction of 0.2% in June, the capital goods sector continued to contract, shrinking by 1% in July following June's 6.8% contraction. Consumer durables, too, contracted in July, by 1.3%, compared with a contraction of 2.1% in June.

Weak demand
Industrial output remained weak despite the possible positives from restocking showing demand impulses still remained subdued, wrote Richa Gupta, senior economist, Deloitte.

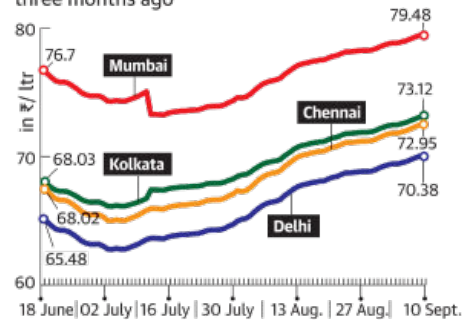
"The big ticket manufacturing sector has continued to underperform," she wrote. "Investment demand remains weak as capital goods production continued to contract." While the festival season could see some demand revival, "any meaningful recovery may take longer to take hold," Ms. Gupta added.

Accrued price

An outside excise duty component has resulted in retail petrol prices nearing levels reached when crude prices were at a high between March 2012 - June 2014. Crude prices are still trending low.

Steep rise

Petrol prices have risen -3.6-7.5% in the four metros since daily pricing was introduced three months ago

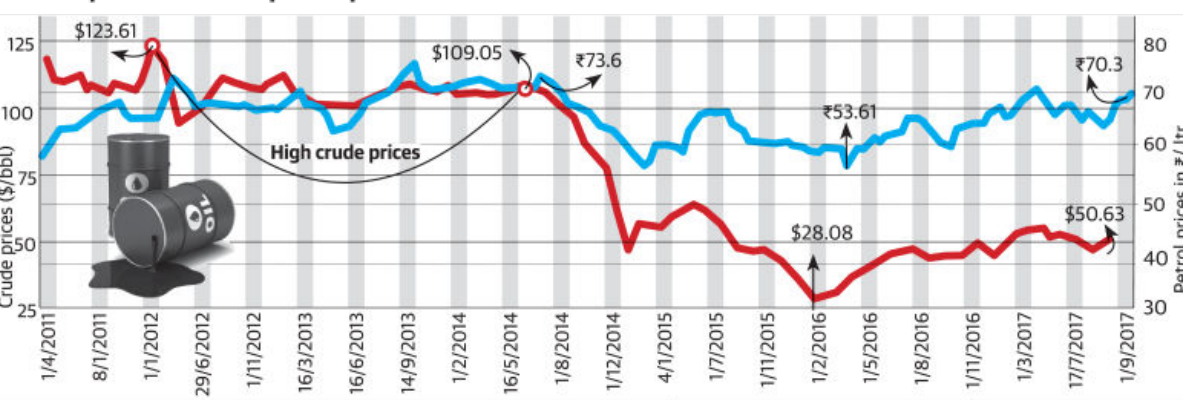


IOC's retail petrol price build up in Delhi in ₹

12 Sept. 2017	April 2011
Price charged to dealers (excluding VAT & Excise Duty)	30.72
Excise duty	21.48
Dealer Commission	3.24
VAT (@27% for Delhi)	14.96
Total	70.38

• Excise duty per litre of petrol sold by IOC outlets in Delhi amounted to 30.5% of the retail price of one litre of petrol
• In April 2011, when retail petrol price was ₹58.37, excise duty was only 25.3%

Crude prices vs retail petrol prices



Retail petrol prices take effect after a lag following changes in crude price (India basket) SOURCE: PETROLEUM PLANNING & ANALYSIS CELL COMPILED BY: SRINIVASAN RAMANI

BSNL towers hived off as 'separate company'

Cabinet approval to monetise infra

SPECIAL CORRESPONDENT
NEW DELHI

The Union Cabinet on Tuesday approved hiving off the mobile towers of state-run telecom firm Bharat Sanchar Nigam Limited (BSNL) into a separate company.

There are 4,42,000 mobile towers in the country of which BSNL owns about 66,000.

"The Union Cabinet chaired by the Prime Minister Narendra Modi has given its approval for hiving off mobile tower assets of BSNL into a separate company," an official statement said.

Boosting revenue
An independent, dedicated tower company of BSNL with a focused approach will lead to increasing of ex-



BSNL towers hived off as 'separate company'

ternal tenancies and sequentially higher revenue for the new company, the government added in the statement.

"This approval authorises BSNL to monetise its telecom tower infrastructure with the formation of a separate subsidiary company," the statement said.

'Stringent action to prevent data misuse'

Centre eyeing 'precision governance'

SPECIAL CORRESPONDENT
NEW DELHI

Pitching for use of big data analytics for inclusive growth, IT Minister Ravi Shankar Prasad on Tuesday said any unauthorised use of data would be dealt with an "iron-hand to ensure that nothing comes in the way of making data analytics a national movement."

"The government is committed to making the best use of big data in establishing rule of precision governance. While doing so, every care would be taken to strictly ensure that privacy rights of individuals are protected," Mr. Prasad said at the inauguration of a 24-hour Hackathon, wherein participants will use government data plat-



Ravi Shankar Prasad

form to make applications and infographics on themes such as Drinking Water and Sanitation, Transport, Education and Crime and Health.

IT Secretary Ajay Prakash Sawhney said, "There is big gap between data being available and data being utilized. I believe we have serious opportunities available."

Banks need \$65 billion extra capital by FY19, says Fitch

'Most lenders do not expect haircuts to exceed 60%'

SPECIAL CORRESPONDENT
MUMBAI

Indian banks will need about \$65 billion additional capital to meet the new Basel-III norms that will be fully implemented by end March 2019, rating agency Fitch said on Tuesday.

While capital needs have fallen from the ratings agency's earlier estimate of \$90 billion due to asset rationalisation and weaker-than-expected loan growth, state-run banks which accounted for 95% of the estimated capital requirement, have limited options to raise the capital, Fitch said.

Low investor confidence
"Prospects for internal capital generation are weak and low investor confidence impedes access to the equity capital market. State banks



The Centre will have to pump in more than double to raise loan growth. -REUTERS

are likely to be dependent on the state to meet core capital requirements," the rating agency said.

Fitch said the government will have to pump in more than double, even on a bare minimum basis and excluding buffers, to raise loan growth, address weak provision cover, and aid in effect-

ive bad loan resolution. The gross non-performing loan ratio has reached 9.7% in FY17, up from 7.8% in FY16.

The government is committed to investing only another \$3 billion in fresh equity for 21 State banks over FY18 and FY19, having already provided most of the originally budgeted \$11 billion. On cases that have filed for bankruptcy, Fitch said most banks do not expect haircuts to exceed 60%.

"However, those loss assumptions may look optimistic considering the first resolution of corporate debt under the government's new insolvency code produced a recovery rate of just 6%. Banks argue this cannot be extrapolated to the other exposures, which they say are backed by more productive assets," it said.

Bandhan appoints lead managers

SPECIAL CORRESPONDENT
KOLKATA

Bandhan Bank has appointed Goldman Sachs Group Inc., JP Morgan Chase & Co., Axis Bank, JM Financial and Kotak Mahindra Bank as lead managers to manage its proposed initial public offering (IPO).

The lender said that the appointment had been cleared by the bank's board, although the size of the share sale, its timing and all other related aspects had not yet been finalised.

The final decision on the IPO would be subject to obtaining all regulatory approvals. The bank had posted ₹1,111.95 crore net profit for 2017-18.

It reported a 35% rise in its net profit for the quarter ended June 30, 2017.

Carmakers face electric reality as combustion engine outlook dims

China's fossil-fuel vehicle ban idea leverages a push for zero emissions motoring

REUTERS
FRANKFURT

European car bosses gathering for the Frankfurt auto show are beginning to address the realities of mass vehicle electrification, and its consequences for jobs and profit, their minds focused by government pledges to outlaw the combustion engine.

As the latest such announcement by China added momentum to a push for zero-emissions motoring, Daimler, Volkswagen and PSA Group gave details about their electric programmes that could give policymakers some pause.

Planned electric Mercedes models will initially be just half as profitable as conventional alternatives, Daimler warned, forcing the group to find savings by outsourcing



Plugged in: BMW board member Ian Robertson presents the new BMW i3s during the Frankfurt Motor Show. -REUTERS

more component manufacturing, which may in turn threaten German jobs.

"In-house production is almost irrelevant to the consumer," Daimler boss Dieter Zetsche told reporters on the eve of the Frankfurt auto show, in the midst of a German election campaign in

which automotive jobs have loomed large.

The company set a target of saving 4 billion euros (\$4.8 billion) by 2025 to help fund the cost of its electric cars.

Volkswagen (VW), for its part, said it was seeking new global supplier contracts to source 50 billion euros (\$60

billion) of electric car content including batteries, which are not yet manufactured competitively in Europe. "A company like Volkswagen must lead, not follow," Chief Executive Matthias Mueller told reporters.

Tightening noose

Tesla Inc. shares jumped nearly 6% on Monday after a Chinese minister said it was a question of when, not if, Beijing bans fossil-fuel cars, tightening the noose around the combustion engine. France and Britain have promised its outright abolition by 2040.

But PSA, the maker of Peugeots and Citroens, said it was concerned about the risks if consumers were left behind in the rush, and a new generation of battery cars does not sell.

THE HINDU IN SCHOOL

THE HINDU GROUP

PICK UP AN ENGAGING WEEKEND ADDICTION FOR YOUR CHILDREN

THE HINDU WEEKEND TABLOID

NOW AVAILABLE AT YOUR DOORSTEP

INTRODUCE YOUR CHILDREN TO AN EXCITING NEW WEEKEND PAPER

Designed for 11 to 17 year olds, this 48-page special has DIY science & craft activities, interactive puzzles, quizzes, painting sections and general knowledge packaged in an engaging way.

First issue on September 24, 2017

LAUNCH OFFER

Annual subscription (52 Issues):

₹ 1300 ~~₹ 899~~

For subscriptions, give a missed call to 90255 12000 or visit www.thehindu.com/thseweekend