

MARKET WATCH

	03-04-2018	% CHANGE
Sensex	33,371	0.35
US Dollar	65.01	0.26
Gold	31,610	0.47
Brent oil	67.99	-0.59

NIFTY 50

	PRICE	CHANGE
Adani Ports	366.40	-3.30
Asian Paints	1152.10	1.95
Axis Bank	501.55	2.50
Bajaj Auto	2792.00	-16.95
Bajaj Finserv	5381.60	114.20
Bajaj Finance	1834.25	15.65
Bharti Airtel	402.20	7.10
BPLCL	426.25	2.85
Cipla	570.30	-5.95
Coal India	278.95	1.45
Dr Reddys Lab	2124.90	-7.20
Eicher Motors	27990.00	-298.75
GAIL (India)	329.75	4.95
Grasim Ind	1087.90	-1.35
HCL Tech	969.25	-10.25
HDFC	1825.70	-12.35
HDFC Bank	1915.90	-15.30
Hero MotoCorp	3644.95	-1.05
Hindalco	207.95	-3.30
HPL	337.75	9.25
Hind Unilever	1348.40	-2.90
Indiabulls HFL	1299.20	55.35
ICICI Bank	270.05	8.20
IndusInd Bank	1829.70	25.10
Bharti Infratel	339.15	1.50
Infosys	1140.45	3.30
Indian Oil Corp	174.15	3.70
ITC	258.50	0.25
Kotak Bank	1103.30	6.75
L&T	1330.40	-5.55
Lupin	788.50	11.40
M&M	770.10	22.05
Maurti Suzuki	9026.45	18.25
NTPC	169.35	-1.05
ONGC	177.50	-2.45
PowerGrid Corp	198.55	3.65
Reliance Ind	899.55	6.60
State Bank	250.50	4.35
Sun Pharma	510.00	2.15
Tata Motors	343.10	3.95
Tata Steel	579.70	0.90
TCS	2911.25	1.60
Tech Mahindra	615.95	-24.35
Titan	931.95	-12.15
UltraTech Cement	3951.20	-27.30
UPL	765.65	13.25
Vedanta	283.20	0.90
Wipro	283.90	-5.75
YES Bank	313.10	6.85
Zee Entertainment	581.55	2.60

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on April 03

CURRENCY	TT BUY	TT SELL
US Dollar	64.81	65.13
Euro	79.73	80.13
British Pound	91.04	91.49
Japanese Yen (100)	60.98	61.28
Chinese Yuan	10.31	10.37
Swiss Franc	67.74	68.08
Singapore Dollar	49.48	49.73
Canadian Dollar	50.34	50.59
Malaysian Ringgit	16.76	16.85

Source: Indian Bank

BULLION RATES CHENNAI

April 03 rates in rupees with previous rates in parentheses

Retail Silver (1g)	41.6	(41.3)
22 ct gold (1g)	2938	(2925)

RBI didn't audit PNB properly: CVC

CVC bats for more robust auditing system, says banks must conduct business in an ethical manner

PRESS TRUST OF INDIA
NEW DELHI

Apportioning blame to the Reserve Bank of India (RBI) over the PNB loan fraud, Central Vigilance Commissioner K.V. Chowdhary on Tuesday there had been "no apparent audit" by the central bank during the period of the scam.

Mr. Chowdhary stressed the need to put into place a more robust auditing system. "They did not do this [an audit]," the head of the probity watchdog said.

The CVC exercises superintendence over the CBI which is looking into the over ₹13,000-crore Punjab National Bank fraud case.

The RBI had the regulatory responsibility for the banking sector but any lack of integrity would be looked



Tighten norms: Preventive vigilance and operating procedures have to be strengthened, says CVC. • REUTERS

at by the Central Vigilance Commission, he added. Mr. Chowdhary said according to the RBI it had switched over from a periodic audit to a "risk-based" audit which is conducted when there is a financial risk involved.

"To determine risk, they must have some parameters.

Based on that they would have done that [auditing]. [But] there was no apparent audit by the RBI during this period [of fraud]," Mr. Chowdhary said.

Finance Minister Arun Jaitley had in February slammed regulators for failing to detect the fraud, say-

ing that unlike politicians, regulators were unaccountable. Mr. Chowdhary pointed out that the RBI issues general guidelines as a regulator and also when foreign exchange is involved.

"They are not going to see from branch to branch and bank to bank what they are supposed to do." It was primarily the responsibility of the banks to ensure that their business was conducted in a proper and ethical way, he added.

'Systemic issue'

"There is a systemic issue [here]. They [RBI] have decided instead of every year or every once in two, three or four years, they will do it [risk-based auditing]. "It is a good policy. But how they determine the risk param-

eters... and why this [fraud] did not come up are matters of detail," Mr. Chowdhary said. He, however, clarified that it was not just the PNB where an alleged fraud had taken place or that other banks were "100% correct".

On a bank's role in checking frauds, he said, "There should be defined timelines. The preventive vigilance mechanism has to be strengthened. The guidelines and operating procedures have to be strengthened. It has to be ensured that they are followed." On the PNB probe, he said what the CVC was doing in the case could not be disclosed now as "it is work in progress."

"There are so many issues that the CVC is examining both with reference to the PNB and RBI," he said.



Shedding jobs: On the employment front, firms reduced payroll numbers for the first time in eight months. • REUTERS

'Manufacturing PMI at five-month low'

'51.0 in March is the slowest since Oct.'

PRESS TRUST OF INDIA
NEW DELHI

India's manufacturing sector activity fell to a five-month low in March, as new business orders rose at a slower pace, and firms showed little appetite for recruitment, according to a monthly survey.

The Nikkei India Manufacturing Purchasing Managers Index (PMI) fell from 52.1 in February to a five-month low of 51.0 in March, indicating the slowest improvement in operating conditions recorded by the survey since last October.

This is the eighth consecutive month that the index remained above the 50-point mark. In PMI parlance, a print above 50 means expansion, while a score below that denotes contraction.

"India's manufacturing sector continued to grow, albeit at the weakest pace since October, reflecting weaker gains in new business and a decline in employment for the first time in eight months," said Asha-ni Dodhia, economist at IHS Markit and author of the report.

Ms. Dodhia noted that the impact of U.S. tariffs on steel

and aluminium on India is expected to be limited, as India's exports in both metals to the U.S. accounted for less than 0.4% of total merchandise exports.

Though new export orders rose during March, she said: "On a negative note, further advances in trade disputes could potentially weigh on sales to international clients."

On the employment front, firms reduced their payroll numbers for the first time in eight months, albeit at a fractional pace.

Warning signs

"PMI employment data gave warning signs in the labour market," Ms. Dodhia said, adding that "manufacturers operating in consumption and intermediate market groups signalled no appetite for recruitment".

Meanwhile, business sentiment remained weak, reflecting some concerns regarding business prospects over the next 12 months.

"Indeed, amid a slower expected pace of recovery in consumer spending, IHS Markit marginally downgraded its real GDP forecast to 7.3% for fiscal year 2017-2018," she said.

Hatsun, Zuari Cement held stakes in a unit of Deepak Kochhar's NuPower

T.N.-based firms together owned about 24% of Echanda Urja as on March 31, 2017

PIYUSH PANDEY
MUMBAI

A clutch of 17 companies from auto parts maker Matheron Sumi to Zuari Cement and several Tamil Nadu based firms – including Hatsun Agro, CavinKare, Dhandapani Cements and TRIL Infopark – together owned about 29% stake in a subsidiary of Deepak Kochhar's NuPower Renewables as of March 31, 2017, according to data available with the Registrar of Companies (RoC).

Mr. Kochhar, the husband of ICICI Bank CEO Chanda Kochhar, did not own any stake in Echanda Urja Private Ltd. – a company engaged in electric power generation, transmission and distribution – but controlled



Deepak Kochhar

the utility through his ownership of NuPower Renewables, which owned 70.95% of Echanda Urja, the RoC data show.

Chennai-based dairy firm Hastun Agro was the largest shareholder after NuPower in Echanda Urja, holding 6.11% stake, followed by Shri

Govindaraja Textiles Pvt. Ltd. with 4.65% stake, according to the 2017 filings with the RoC.

Other shareholders included Loyal Textile Mills with 2.94%, TRIL Infopark with 2.24%, Dhandapani Cements with 1.91%, Matheron Sumi with 1.64% and Zuari Cement with 1.54% stake.

The amounts invested by these 17 companies in the NuPower subsidiary were, however, unavailable.

Conflict of interest

The Central Bureau of Investigation (CBI) last month disclosed that it had started a preliminary enquiry into a ₹3,250 crore-loan given by ICICI Bank to Videocon

Group and was also probing ties between Videocon Group chairman Venugopal Dhoot and Mr. Kochhar.

Concerns about possible conflict of interest may also arise from the investments in Echanda Urja as some of the shareholder companies have credit relationships with ICICI Bank.

NuPower owned 99% of Echanda Urja as on March 31, 2015, suggesting the sale of stakes to corporate investors was done in subsequent years.

The company's equity capital stood at ₹2 crore, with turnover at ₹128 crore and net worth at ₹186 crore, as per RoC data.

Echanda Urja had total debt of ₹495 crore.

Deepak Kochhar gets I-T notice

PRESS TRUST OF INDIA
NEW DELHI

The Income Tax Department has issued a notice to Deepak Kochhar, husband of ICICI bank MD and CEO Chanda Kochhar, in connection with its tax evasion probe in the Videocon bank loan case.

Officials said the notice had been issued under Section 131 (power regarding discovery, production of evidence) of the I-T Act, to Deepak Kochhar in his capacity as the managing director of NuPower Renewables. He had been asked to furnish details of his personal finances, Income Tax Returns (ITRs) for the last few years and business transactions with the firm apart from other financial details of the company.

Jio Payments Bank begins operations

SPECIAL CORRESPONDENT
MUMBAI

Mukesh Ambani-led Jio Payments Bank Limited has commenced operations as a payments bank with effect from April 3, 2018, the Reserve Bank of India (RBI) said in a statement. The RBI had issued licence to the bank under section 22 (1) of the Banking Regulation Act, 1949 to carry on the business of payments bank in India.

Reliance Industries Limited (RIL) was one of the 11 applicants which was issued in-principal approval for setting up a payments bank in August 2015.

RIL shares rose 0.68% on the BSE to close at ₹898.80 in a stable Mumbai market on Tuesday.

Bharti Airtel was the first to begin payments bank services in November 2016.

Air cargo traffic to grow 60% in 5 years, says ICRA

'Infrastructure bottlenecks retarding the sector's growth'

JAGRITI CHANDRA
NEW DELHI

Air cargo traffic in India is expected to grow close to 60% in the next five years to 4.7 million tonnes but infrastructure bottlenecks remain a major constraint to the growth in the sector, a report said on Tuesday.

The country needs to upgrade its air cargo handling capacity to deal with the growth in traffic, rating agency ICRA said in a note.

Combined capacity
Airports currently have a combined capacity to handle 4.63 million tonnes of cargo per annum. Cargo traffic in India crossed 2.98 million tonnes in FY2017 and reached 2.5 million tonnes in the first nine months of



FY2018. "Cargo handling capacity at airports would need to be upgraded by around 2 million tonnes over the next five years," ICRA said.

It also highlighted that lack of sufficient cargo handling infrastructure at tier 2 and 3 cities, congestion at major cargo terminals in the metros and lack of dedicated

facilities for cargo operators had resulted in delays and increased transaction costs.

"High dwell time [time from cargo arrival to custom clearance] leads to significant transaction costs and operating expense for the air cargo operators. One way to achieve lower dwell time to match with global standards is air freight stations, which can help decongest airports," Harsh Jagnani, ICRA's sector head for corporate ratings said.

Despite healthy growth in traffic, cargo handled at all airports in India in 2017 was 3.3 million tonnes, which was significantly lower than cargo handled at the world's busiest airport in Hong Kong, which is said to have handled 4.9 million tonnes.

All eyes on RBI's inflation forecast: analysts

Central bank expected to hold rates in April 5 policy review meeting

MANOJIT SAHA
MUMBAI

The six-member monetary policy committee (MPC) of Reserve Bank of India (RBI) is likely to maintain status quo on interest rates for the fourth straight policy review due on April 5, even though February retail inflation figures were the lowest in four months.

Consumer price inflation in February slowed to 4.44% on the back of lower food prices, as compared with 5.1% in January. The central bank last reduced interest rates in August when the repo rate was lowered by 25 basis points to 6%.

"The key focus for investors at this week's RBI meeting is not the policy rate – because another pause is virtually assured – but the tone of its policy statement, and how the six-member MPC



Will it, won't it: DSP ML says it expects RBI to cut rates by 25 bps in August, assuming a normal monsoon. • REUTERS

votes," said Su Sian Lim, senior economist, APAC BNP Paribas.

'One vote for increase'
Only one MPC member, Michael Debabrata Patra, voted for an increase in the policy rate of 25 bps in the December policy meeting while others voted for a pause.

In a note, Ms. Lim argued it would be imprudent of the MPC to ease up on its warnings on upside inflationary risks. "Although inflation has been cooling, upside risks emanate from higher state employee allowances as well as higher minimum support prices for crops," she said.

In December, RBI had es-

timated retail inflation at 5.1%, factoring in the rise in house rent allowance of the seventh pay commission. The RBI has a mandate of keeping retail inflation at 4%, allowing for 2 percentage points on either side.

Economists at DSP Merrill Lynch, however, argued the RBI would continue with its balance tone of February policy. DSP Merrill Lynch estimates 4.6% inflation for the Jan.-March quarter – 60 bps below RBI's – assuming March inflation at 4.05%.

"Will the RBI MPC agree that inflation is peaking?" the economists asked. They also said RBI may commit to providing timely, durable liquidity to reassure the government securities market.

DSP Merrill Lynch said it continued to expect a 25 bps rate cut in the August policy, assuming normal monsoons.

FRONTLINE
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THE HINDU GROUP

AN EMPIRE IN DECLINE

The by-election results from the Hindi heartland are the latest signal that the mood is turning among voters who pitched the BJP into power and the aura of invincibility around Narendra Modi and his regime is fading.

Ebbing away

Now on stands. Issue Date: April 13, 2018

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