

CURRENCIES

US \$	Rs 68.79
UK Pound	Rs 90.04
Euro	Rs 79.68

INDICES

BSE		
Sensex	35037.64	-179.47
Midcap	15175.81	-250.14
Smallcap	15730.39	-239.82
NSE		
Nifty	10589.10	-82.30
Next 50	27771.35	-347.65
Nifty 500	9036.95	-92.30

Most active on NSE

Script	Price*	Traded value#
HDFC Bank	2127.00	1996.65
ICICI Bank	270.90	932.67
HDFC	1883.10	921.22
TCS	1844.10	902.46
DHFL	635.00	885.06

*In Rs; #In Rs crore

COMMODITIES

Gold (10 gram in Rs)		
Pure	31000	-90
Hallmark	29850	-75
Silver (kg in Rs)		
Bar	39700	-200
Portion	39800	-200
Crude*	5007	-21.00
Copper#	449.50	-4.25

*per barrel in Rs; # per kg in Rs

MONEY MARKET

	Yield (%)
Call rate	4.90
91-day T-Bill	6.47
1-year Gilt	7.24
5-year Gilt	7.98
10-year Gilt	7.93

IN BRIEF

Irdai board meet

■ **NEW DELHI:** The board of Irdai is scheduled to meet on Friday amid reports that insurance behemoth LIC may pick up a majority stake in state-run IDBI Bank. The meeting will discuss routine issues, sources said. It is understood that the Irdai board may consider hiking investment limit for a particular insurance firm beyond 15 per cent in the interest of policyholders. **PTI**

Deficit forecast

■ **HYDERABAD:** Fiscal deficit for the current financial year will be maintained at 3.3 per cent of the GDP and fiscal consolidation is according to the "commitment", a top official of the department of expenditure said. **PTI**

JSPL plan

■ **NEW DELHI:** Jindal Steel and Power (JSPL) will re-structure the liabilities of its South African business and develop a plan to make it profitable. **PTI**

BOTTOM LINERS



"I can make the deal happen! I've got a very close working relationship with whatshisname in marketing."

“It is expected in the second half of 2019

Hyundai Motor India MD and CEO **Y. K. Koo** on the launch of an electric SUV



XXCE

CALCUTTA FRIDAY 29 JUNE 2018

Rupee hits record low, recovers

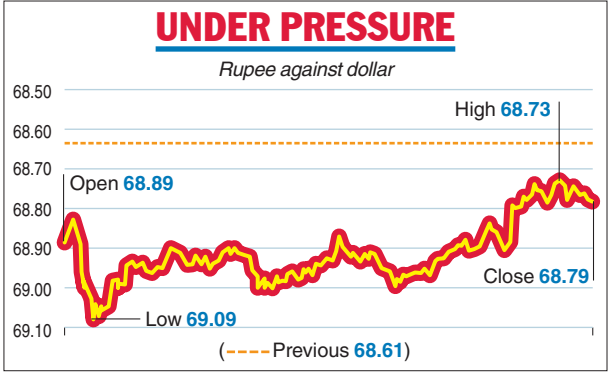
OUR SPECIAL CORRESPONDENT

Mumbai: The rupee on Thursday fell to a record intra-day low of 69.09 per dollar, but recovered on intervention from the Reserve Bank of India (RBI). Though the domestic unit ended at 68.79, experts are of the view that it is likely to remain under pressure amid firm crude oil prices, portfolio outflows and a strong dollar.

The local currency had hit a lifetime closing low of 68.82 on August 28, 2013, while the earlier record intra-day low stood at 68.86 per dollar on November 24, 2016.

The rupee, like some of the other emerging market peers, has been under pressure in recent times because of a strong dollar and the escalation of trade tussle between the US and China. It has been one of the worst performing currencies in Asia, falling around 8 per cent this year. Some of its other counterparts such as the Philippine peso and the Indonesian rupiah have fallen almost 7 per cent and over 4 per cent, respectively.

Though the current drop in the rupee's value to a record intra-day low raises memories



of what happened to the currency during the taper tantrum in 2013, observers say that this time around it has been falling in a measured pace and there is the comfort of a strong forex kitty of over \$410 billion.

Rising crude prices, higher current account deficit (CAD) and outflows from foreign portfolio investors (FPIs) have been some of the other factors that have acted against the rupee.

So far in this calendar year, the FPIs have sold \$7 billion in bonds and stocks amid rising US treasury yields.

India's CAD, which shows the difference between foreign exchange earned and spent, had widened to 1.9 per cent of

GDP in 2017-18 following a higher trade deficit. This is expected to expand to 2.5 per cent in the current financial year, a development that does not bode well for the currency.

Crude prices have risen to \$77 per barrel after the US asked all countries to stop importing oil from Iran. The US has said that it will impose sanctions against all importers of Iranian oil by November 4. Iran is India's third largest supplier of crude oil after Iraq and Saudi Arabia.

At the inter-bank forex market, the rupee after opening at 68.87 plunged to a record low of 69.09 against the greenback in early trades. It was at this level that the RBI intervened

through dollar sales. In a note, analysts at HDFC Bank said the central bank is estimated to have sold dollars worth about \$600-700 million through state-owned banks. They pointed out that Thursday's fall in the domestic currency was led by higher oil prices and rising trade war tensions between the US and China.

"In the near term, the rupee is likely to be under pressure as oil prices continue to remain high, capital outflows from emerging economies continue and trade war tensions keep markets jittery. We expect the dollar/rupee pair to trade in the range of 68.2-68.8 this week, with brief periods of it crossing 69 where the RBI is likely to intervene," they said.

There are a few observers who expect the rupee to even hit 70. "The current factors in play such as rising crude prices and the ongoing trade tensions between the major economies of the world is likely to add pressure on the Indian rupee and they might take it closer towards the 70-mark in the coming future," Prathamesh Mallaya, chief analyst (non-agri commodities & currencies) at Angel Commodities Broking, said.

OUR BUREAU

Mumbai/New Delhi: Moody's Investors Service had some words of comfort on Thursday amid all the worries over the rupee's slide against the dollar.

The international credit rating agency said India is among the five countries that are least vulnerable to currency pressures and the strengthening of the dollar because of its low dependence on external capital inflows.

In a report on the impact of a strong dollar on other sovereigns, Moody's said the appreciation of the greenback had led to a sharp currency depreciation or a significant decline in forex reserves in a number of emerging and frontier markets, increasing the credit risks for those with large external funding needs.

The report looked at the external exposure of 40 such countries with some of the highest levels of external debt, either in dollar terms or in relation to the size of their respective economies.

It said that some of the nations most vulnerable to a strong dollar are Argentina, Ghana, Mongolia, Pakistan, Sri Lanka, Turkey, and Zam-

Moody's offers comfort

DOLLAR BLOW

■ **Least vulnerable to a strong dollar:** India, China, Brazil, Mexico and Russia

■ **Why:** Low dependence on external capital inflows, significant build-up of foreign exchange reserves

■ **Most vulnerable:** Ghana, Mongolia, Pakistan, Sri Lanka, Turkey, Zambia

bia. However, India, China, Brazil, Mexico and Russia are among the "least vulnerable".

"Large savings channelled through the financial sector allows these economies to largely fund themselves domestically, thereby lowering exposure to volatile portfolio flows," Moody's explained.

The agency pointed out that though India's CAD has widened, driven in part by the recent rise in oil prices, it re-

Thaw in trade tiff with US

OUR SPECIAL CORRESPONDENT

New Delhi: India on Thursday indicated that it could put off an impending tariff hike on US goods if it was able to resolve differences with that country before August 4, the proposed date for the duty increase.

The improvement in India-US trade relations was evident after three days of talks between the trade officials of both the countries.

"The implementation date for the notification is August 4. We are hopeful of resolving the tariff issues before that," commerce ministry officials said.

The two sides have decided to prepare a white paper on a mutually agreeable solution to the trade differences, which would be discussed in the next meeting.

Trade differences between the United States and India are increasing and last week New Delhi raised duties on US farm products in retaliation against Trump's tariff hikes on Indian steel and aluminium.

Another meeting will be held next month in the US. "A delegation will visit anytime after the middle of next month to finalise the list of identified products on which a certain kind of announcement would be made by political leaders of both the sides," they said.

India has plans to increase customs duty on 29 products, including pulses and iron and steel products, imported from the US as a retaliatory action against the tariff hike by Washington. The duty hike

NUMBER WATCH

Year ended March (in \$ billion)	2017	2018
Export	42.2	47.8
Import	22.3	26.6
Trade balance	19.9	21.2

would come into effect from August 4.

India is pressing for an exemption from the high duty imposed by the US on certain steel and aluminium products, resumption of export benefits to certain domestic products under the Generalised System of Preferences (GSP), greater market access for agriculture, automobile, auto components and engineering products.

As many as 3,500 Indian products from sectors such as chemicals and engineering get duty free access to the US market under the GSP, which was introduced in 1976.

On the other hand, the US is demanding greater market access for its farm and manufacturing products.

Sources said the Indian side informed them about the huge potential to increase trade in areas such as oil and gas and civil aircraft.

India and the US are having two track discussions to increase trade in the short and medium term, and to identify long-term trade potentials.

Bid to raise offtake of raw jute

A STAFF REPORTER

Calcutta: The Jute Corporation of India is set to increase the number of its purchase centres and will offer incentives to co-operative societies in a bid to boost the procurement of raw jute under the minimum support price operation.

"During the last crop year (July-June) 2017-18, JCI has procured 6.08 lakh quintals of raw jute under MSP operation. It is expected that this year, the quantity of raw jute procured under MSP will increase compared to that of last year," said JCI chairman and managing director K.V.R. Murthy.

The key area of concern for the industry last year was having an adequate number of procurement centres. Even in locations where such centres were in operation, not all were yielding adequate sourcing calling into question the need to run all the centres. Murthy, however, said this year, all centres will remain in operation and more number of centres will open to facilitate MSP procurement.

Outsourcing

"In the ensuing crop year, JCI is preparing MSP operation through its 141 own departmental purchase centres (DPC) and is planning to add another 62 centres and run them through engagement of outsourced agency like co-operative societies, the self help groups, etc," said Murthy. "We will buy maximum 25 quintals of raw jute from one farmer subject to a maximum of 50 quintal in the crop season," he added.

Hunt for Iran oil alternatives

OUR SPECIAL CORRESPONDENT

New Delhi: The oil ministry has asked state-owned refiners to prepare an alternative plan to meet the energy demand of the country if crude imports from Iran are cut to zero because of US sanctions.

"We have asked refiners to be prepared for any eventuality as the situation is still evolving. There could be drastic reduction or there could be no import at all," oil ministry officials said.

The ministry held a meeting with refiners on Thursday and urged them to scout for alternatives to Iran oil.

The US state department has asked India and China, the two major consumers of Iran oil, to cut imports from Tehran to zero by November 4 or face sanctions on the companies engaged in such trade, making it clear that there would be no waivers to anyone.

Though New Delhi has reiterated its stand that it abides by UN sanctions and not the dictates of any country, it is usually mindful of US sanctions as it is the top

CRUDE CONCERN

■ **The deadline:** US asks India to cut oil imports from Iran to zero by Nov. 4 or firms will face sanctions



■ **The alternatives:** Saudi Arabia, Kuwait, Latin America, US

■ **The implications:** Margins of oil firms may be hit as Tehran offers the best commercial terms

export destination for India with goods worth \$47.9 billion sold in 2017-18.

India has asked oil firms to explore alternative payment channels for Iran oil if it is forced to follow the US ultimatum.

The oil ministry will follow them up with meetings with the external affairs ministry next week. "Clarity will emerge in a week's time," an official said.

During the earlier string of sanctions against Iran, after initially warning India

Insurance merger adviser

OUR SPECIAL CORRESPONDENT

New Delhi: The government has invited bids from consultants to advise on the proposed merger of the three state-owned general insurance companies.

There was a proposal in Budget 2018 to merge National Insurance Company, Oriental Insurance Company and United India Insurance Company.

"The companies will invite expressions of interest (EOI) from companies/firms interested to provide consultancy services for the merger of the three firms into one strong single entity, creating enterprise value and shareholders worth for better listing," a public notice said.

As on March 31, 2017, PSU general insurers had more than 200 products with a total premium of Rs 41,461 crore and a market share of around 35 per cent.

The combined net worth of the three companies is Rs 9,243 crore with a total employee strength of around 44,000 spread over 6,000 offices.

The consultant is expected to advise on organisational restructuring, rationalisation of human resources and the management of operational, regulatory and compliance issues.

The consultant will handhold the three companies through the merger process till the new organisation is formed and set in place. The last date for submission of bids is July 16.

The process of merger is likely to be completed during the current fiscal.

Sriram quits as SBI MD

OUR SPECIAL CORRESPONDENT

Mumbai: B. Sriram, managing director of the State Bank of India (SBI), is understood to have resigned from the country's largest bank. The resignation comes after his appointment as the CEO of IDBI Bank.

More than a week ago, the Centre had given Sriram additional charge of the post of managing director & CEO of IDBI Bank for a period of three months. He replaced Mahesh Kumar Jain, who has taken over as the deputy governor of the Reserve Bank of India.

It is now learnt that Sriram has tendered his resignation from the board of the SBI and this has been forwarded to the Appointments Committee of the Cabinet (ACC), headed by Prime Minister Narendra Modi, for acceptance. This could not be independently confirmed as officials of the SBI were not available for comment.

The resignation comes at a time there are reports of the Life Insurance Corporation (LIC) acquiring a controlling stake in IDBI Bank.

While the LIC holds a little over 10 per cent in IDBI Bank, it may acquire more than 40 per cent from the central government, thus heralding its entry into banking.

The buzz is that LIC may make IDBI Bank a subsidiary on the lines of its housing finance and mutual fund businesses. The move has, however, been questioned by a few



ROLE REJIG: Sriram

experts who ask why policy holders money should be put in a lender that has one of the highest bad loans in the domestic banking system.

IDBI Bank's gross non-performing assets stood at Rs 55,588 crore as on March 31, 2018, while the percentage of gross NPAs to gross advances stood at 27.95 per cent during the same period.

B. Sriram, a post graduate in physics from St. Stephen's College, New Delhi and an AIMA diploma holder in management, joined the SBI as probationary officer in 1981 and has held various important assignments in the bank.

Bad bank report

State Bank chairman Rajnish Kumar, who is a member of the panel formed to give recommendations for setting up a state-run bad bank, on Thursday said they will soon submit the report to the finance ministry. "We have crossed the deadline but 99 per cent of the work is over. After giving some finishing touches, it will be presented," Kumar said.

Green signal for HDFC mutual IPO

New Delhi: HDFC Asset Management Company, the country's largest mutual fund firm, has received Sebi's go-ahead to float an initial public offer.

The company had filed draft papers with the Securities and Exchange Board of India (Sebi) in March and received its "observations" on June 22, according to the latest update with the market watchdog.

Sebi's observations are necessary for any company to launch public issues such as a rights issue, an initial public offer (IPO) and a follow-on public offer (FPO).

HDFC AMC operates as a joint venture between Housing Development Finance Corporation (HDFC) and Standard Life Investments.

Going by the draft papers, the proposed IPO offers up to 2.54 crore equity shares of the fund house through an offer for sale of 85.92 lakh shares by HDFC and up to 1.68 crore shares by Standard Life.

The offer comprises a net offer to the public of up to 2.21 crore equity shares, a reservation of up to 3.20 lakh shares for purchase by HDFC AMC employees.

Besides, 24 lakh shares have been reserved for HDFC shareholders.

Earlier, the regulator had kept HDFC AMC's proposed IPO in abeyance "for examination of past violations".

HDFC Asset Management Company, which has a total assets under management of more than Rs 3 lakh crore at the end of March, may become the second AMC to hit the markets after Reliance Nippon Life AMC.