

‘Interest on Deposits & Loans To Move Up With Policy Rates’

“The policy statement reaffirmed the commitment to bring inflation further down and ensure stability in markets. In principle, the RBI from its vantage position has harmonised key measures, ensuring the economy remains cushioned to the maximum extent from the impact of inflation

Dinesh Khara | CHAIRMAN, SBI

“Rates are only marginally higher than pre-Covid and the feel-good sentiment in the economy is continuing... I do not see it having an impact on demand. The hike is aimed at the rupee and the current account deficit. Equity markets have accepted the rate increase reasonably well

Keki Mistry | VC & CEO, HDFC

“Deposit and lending rates are likely to move up in line with higher policy rates. While the economic environment continues to be highly uncertain, we expect the RBI to increase the policy rates and gradually withdraw liquidity over the next few months

Amitabh Chaudhry | MD & CEO, AXIS BANK

“The RBI has shown its resolve to preserve macro stability by reining in inflationary impulses and utilising its buffers to steady the external front. The combination of growth and macro stability should pave the way for better investor and corporate sentiment

Ashu Khullar | CEO, CITI INDIA

“This hike will help rein in inflation and stabilise the rupee in the face of geopolitical uncertainties. Credit delivery will continue to remain robust with the RBI reiterating its commitment to maintaining adequate liquidity and orderly rates through variable rate reverse repo and rate repo auctions

Zarin Daruwalla | CEO, STANCHART INDIA & S. ASIA

“The hike is in line with market expectations. India's growth story remains intact. This is supported by govt's infra push and reforms agenda, stronger balance sheets of corporates with room to leverage and grow, buoyancy in tax collections & strong fundamentals for the financial sector. Our economy remains resilient

Rajiv Sabharwal | MD & CEO, TATA CAPITAL

Central Banks Have Been Hiking Rates By 75-100Bps, 50Bps Is New Normal: Das

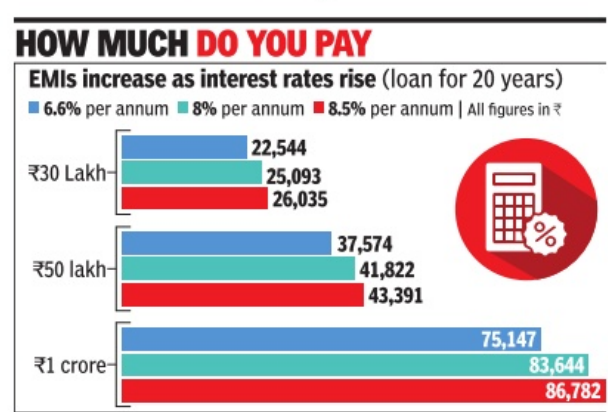
Repo rate hike to hit existing home loan borrowers harder

Increase In Rates For New Buyers Lower Than Repo's Rise

Prabhakar.Sinha @timesgroup.com

New Delhi: Increase in repo rate by 1.4 percentage points in the last three months has affected prospective home-buyers. And, it has hit existing ones even harder as they have limited elbow space to negotiate a better deal.

The RBI increased repo rate by 90 basis points (100bps = 1 percentage point) in two tranches — in May by 40bps and in June by 50bps. Many banks have also increased their rates on similar lines. Repo rate is the rate at which the central bank lends money to banks. For existing borrowers, home loan rates will increase equal to increase in repo rate as their rates are directly linked with it. But new buyers borrow at rates fixed by banks, adjusting for hike in repo rate. Increase in new home loan rates are lower than total increase in repo rates. SBI increased its rate for



the best of the customers from 6.65% per annum in April to 7.55% before the latest hike in repo rate by 50BPS on Friday. Similarly, other banks also increased rates proportional to hike in policy rates. But, many banks absorb parts of the cost associated with increase in policy rates due to competition. The cost of funds for banks is dependent on deposit rates. But,

most banks have not increased deposit rates to keep pace with increase in repo rate. According to RBI data, interest rates on term deposits of more than one year were between 5% and 5.6% in April 2022, which increased to between 5% and 5.75% in July, during which the RBI increased repo rates by 90bps. Many banks did not increase lending rates to match increase

in policy rates due to this reason. Instead, banks like Indian Overseas Bank increased its home loan rate to 7.05%, Central Bank of India to 7.2%, Bank of India and Bank of Maharashtra to 7.3% by July 2022 from around 6.6% in April 2022. As the home loan rate for existing borrowers had already increased by 0.9 percentage points before Friday's increase of 50bps, their EMI has risen by 11% from April. If the repo rate further increases, as expected, by another 50bps in the September review, the total increase in EMI for existing borrowers would be 15.5%, which is high for already financially overstretched homebuyers. Industry players say the hike will affect the real estate sector badly. As home loan borrowing is at flexible rates, a short-term interest rate spike will hurt homebuyers' sentiments, said Niranjan Hiranandani, MD, Hiranandani Group.

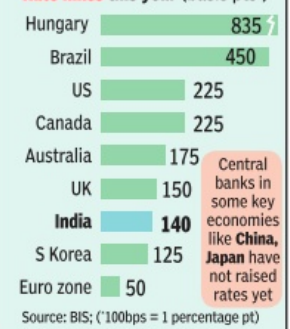
NRI ACCESS TO BILL PAYMENTS COULD BOOST DOLLAR INFLOWS

➤ The RBI has taken steps to facilitate non-residents (NRIs) to pay utility and other bills (like insurance) back home in India by enabling Bharat Bill Payment System (BBPS) to accept cross-border inward payments

➤ The RBI also permitted primary dealers to take part in forex derivative markets

➤ These two unrelated measures that are designed to provide operational flexibility could also support efforts aimed at bringing stability to the forex market

WHERE INDIA STANDS



RUPEE RISES TO 79.24/\$

➤ Reversing a two-session losing streak, the rupee appreciated by 23 paise to close at 79.24 against the dollar on Friday after the RBI hiked interest rates

➤ RBI guv Shaktikanta Das said that rupee's depreciation is more on account of the appreciation of the dollar rather than weakness in macroeconomic fundamentals of Indian eco. RBI's market interventions have helped in containing volatility, Das added

SENSEX IN THE GREEN

➤ The sensex and Nifty ended marginally higher after the RBI's rate hike

➤ Continuous foreign fund inflows into the capital markets and softening crude oil prices also helped the bourses regain momentum

➤ The sensex ended 89 pts or 0.2% higher at 58,388 after facing volatility during the fac-end of trade

RBI CRACKS DOWN ON 'CREDIT ENHANCEMENT'

➤ The RBI has cracked down on 'credit enhancement' ratings provided by agencies based on a 'letter of comfort' without any explicit guarantee by parent or group companies

➤ According to banking sources, rating agencies have been giving higher credit ratings for new firms that are part of larger groups. These entities do not have the balance sheet to be creditworthy on their own. A parent co then may write a letter to assist the subsidiary in obtaining credit financing

PNB Offers

Highest Interest rate of 5.75%*

on Deposit for tenure of 1111 days

Contact your nearest branch to open your account today

Toll Free: 1800 180 2222 or 1800 103 2222

पूना नेशनल बैंक

RBI doubles home loan limits for co-op banks

➤ Continued from page 1

RBI's rate hike comes when crude oil and international commodity prices have shown signs of softening. RBI's action, however, appears to have been influenced by the volatility in the rupee. Terming inflation above 6% as unacceptable, Das said that India's macroeconomic and financial sector stability and resilient growth gave RBI the space to take action on interest rates.

With the latest revision, RBI has hiked the repo rate by 140 basis points since May 4 — the steepest increase in over a decade. Along with the repo rate, RBI also revised the standing deposit facility (SDF) to 5.15%. The SDF is a facility where banks park their surplus liquidity with the RBI. To boost housing demand, which is likely to get dampened because of the increase in interest rate, the RBI has doubled the home loan limits for cooperative banks. The RBI has also allowed rural cooperative banks to provide loans to commercial real estate for housing projects.

RBI sticks to growth forecast, cautions on price pressure

TIMES NEWS NETWORK

New Delhi: The RBI stuck to the growth and inflation forecasts for the year but sounded a strong note of caution on the overall price situation, citing multiple factors including the evolving geopolitical developments, commodity prices and the monsoon.

The monetary policy committee (MPC) headed by RBI governor Shaktikanta Das drew comfort from signs of "broadening" of economic activity to retain the GDP growth projection at 7.2%. But the inflation estimate for the current and the next quarters were reworked, although for the full year it will remain at 6.7% — well above the central bank's tolerance zone of 6%. But the projection for the current quarter has been revised downwards from 7.4% estimated in

Consumers Optimistic About Income, Spends

ONE-YEAR-AHEAD EXPECTATIONS COMPARED WITH CURRENT SITUATION	May 2022	July 2022	Change
Economic situation	6.0	7.6	↑
Employment	19.2	18.7	↓
Price Level	-71.1	-71.6	↓
Income	44.0	43.3	↓
Spending	66.7	68.3	↑
Consumer Confidence Index	113.0	113.3	↑

June to 7.1% now. On the other hand, for the December quarter, it has been revised upwards to 6.4%, from 6.2%, estimated earlier: "With inflation expected to remain above the

upper threshold in Q2 & Q3, the MPC stressed that sustained high inflation could destabilise inflation expectations and harm growth in the medium term," Das said.

'IN AN OCEAN OF HIGH TURBULENCE, Indian economy is an island of stability'

RBI governor Shaktikanta Das made it clear that while India is an outlier in growth and has a resilient banking system, it has to raise rates to keep inflation in check...

ON THE STATE OF THE ECONOMY

In an ocean of high turbulence and uncertainty, Indian economy is an island of macroeconomic and financial stability with resilient economic growth. This is despite two black swan events... There are signs that inflation has peaked, and it is expected to moderate in Q4, but inflation remains uncomfortably high therefore, monetary policy has to act. The focus is on a safe and soft landing of the economy, and it is once again a 'whatever it takes' approach for the RBI

ON RATE HIKES BEING STEEP

Inflation remains at unacceptably high levels. Central banks have been hiking rates by 75-100bps (100bps = 1 percentage point), today, a 50bps hike has become the new normal. The impact of a hike on consumer demand is factored in, and a balanced call is taken based on prevailing and expected growth-inflation dynamics

EXCHANGE RATE

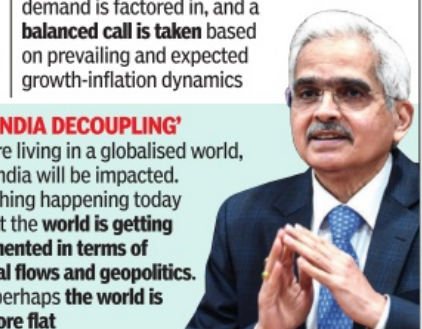
The impact of exchange rate on inflation is a factor. But it per se is not a factor for the MPC to deliberate upon or base its decision on exchange rate

TAIWAN TENSIONS

It will be too premature to call it a black swan event. India's trade with Taiwan is minuscule and capital flows are very low. Therefore, India is not going to be impacted

'NO INDIA DECOUPLING'

We are living in a globalised world, and India will be impacted. One thing happening today is that the world is getting fragmented in terms of capital flows and geopolitics. And perhaps the world is no more flat



Zomato rejects EY's market valuation report

Bengaluru: Zomato said on Friday its board has rejected EY's valuation report that reduced its share prices for buying quick commerce firm Blinkit. The board has decided to keep the preferential price at Rs 70.7.

Zomato bought Blinkit for Rs 4,447 crore in an all-stock deal that was approved by 97% of shareholders in June. In a filing to BSE, the company said it obtained a fresh report in July from EY using different valuation methodologies via net asset value and comparable trading multiples.

The new report, it said, was not an addendum to the original report and had no bearing or relevance on the issue price of the shares. TNN

Ranganath chairman of Catamaran Ventures

TIMES NEWS NETWORK

Bengaluru: NR Narayana Murthy's Catamaran Ventures has appointed MD Ranganath as its chairman. He was previously president, and he now replaces Murthy, who has been designated chairman emeritus.

Catamaran has also appointed Deepak Padaki as president. Till recently, Padaki was EVP, group head of strategy and M&A, and chief risk officer in Infosys. Catamaran manages over \$1 billion in assets, and has made investments across sectors including e-commerce, technology, financial services, consum-

er goods, healthcare and education. It counts Reddit, Udemy, NSE and Aon among its portfolio companies. It was the major partner in Prione, the joint venture with Amazon that operated Cloudtail, the largest seller on the Amazon marketplace that was shut down over the past year following government restrictions. In a company release, Murthy said Ranganath has helped the firm grow faster and emerge stronger as a key player in the market over the last few years. On Padaki, he said Catamaran will benefit from his experience and leadership.



'Illegal deposits found with former Axis MF execs'

TIMES NEWS NETWORK

Mumbai: Searches by the income tax department have found unaccounted deposits worth Rs 55 crore and other investments from two former employees of Axis MF, Viresh Joshi and Deepak Agarwal, a release from the finance ministry said on Friday.

I-T sleuths also found evidence of routing of illegal money from front-running by these two entities to foreign tax havens through hawala channels, the release added. According to the release, the I-T department on July 28 carried out a "search and seizure operation" on a former fund manager (Agarwal) and a chief dealer of equities (Joshi) of (Axis MF), along with

"related share brokers, middlemen and entry operators". The operation covered more than 25 places, "spread across Mumbai, Ahmedabad, Vadodara, Bhuj and Kolkata". During the search operation, the I-T department found various "incriminating evidence", including documents and digital data, which were seized. "This evidence gathered during the search including sworn statements recorded from various persons have revealed the modus operandi," the release said. In mid-May, after internal investigations by Axis MF showed that the two were involved in illegal transactions, both were sacked and the fund house alerted Sebi. The regulator too is probing the activities of the duo.

‘Chip plant will create another Silicon Valley’

Vedanta Chairman Anil Agarwal Says India Can't Keep Importing, Must Manufacture

Shilpa Phadnis & Sujit John | TNN

Bengaluru: Anil Agarwal, chairman of the \$30-billion Vedanta Group, was in Bengaluru on Friday to address an alumni event at IIM, and to meet Karnataka chief minister Basavaraj Bommai. The latter meeting was a closed-door one, and went on for an hour-and-a-half. The CM's office did not disclose what transpired. But a major discussion was presumably on Vedanta and Taiwanese semiconductor giant Foxconn's plan, announced in February, to invest in a \$20-billion semiconductor and display glass facility in India. Many states are vying for it. In an exclusive interaction with TOI prior to the CM's meet, Agarwal provided some indication of what he would discuss, what a semiconductor plant will entail, the India opportunities, and his views on Vedanta's copper plant in Thoothukudi that has been shut since 2018 following local protests.

At the end of the month, we will pin down the location. We're just waiting for the report to come.

Vedanta and Foxconn representatives met the Maharashtra government recently. How do you see Karnataka's position on this development?

Karnataka is favourably positioned. But they have not come out with a policy, like Maharashtra government has. What's the subsidy what is the location, what is the water position! Karnataka is very eager, but we are waiting for the policy. Governments get scared because subsidies are large. They wonder whether they have the resources or not. But trust me,

Modiji is very keen for the plant to come up before the election. Once we get the approvals, in two years we can start production. We may not go for the 28nm chip, we may go for 45nm, which is the bulk of the demand today. 28nm is still in the innovation stage.

You announced recently that you are looking to sell the Sterile facility in Thoothukudi. These are national assets. We are open. The first focus is that this company must run. Many want to buy this company. We're talking to them. In my journey, I fail in businesses, but never stop. I'm transparent. Everybody told me don't get the NGT (National

We are on a very fast track — first is to identify the location. We have an independent committee that is going to all the states. We need to be in close proximity to universities, infrastructure, water.

Anil Agarwal Chairman | VEDANTA GROUP

You're betting big on semiconductors. There was news that you might finalise a semiconductor manufacturing site in India soon. What's the progress?

My biggest priority is that India must reduce its imports. India imports 94% of electronics. The basic raw material for this is semiconductor and display glass. Both we import, spending about \$16 billion. We (Vedanta) are in the glass business, we make optical fibre. We also make display glass in Japan, Korea, Taiwan, we are the fourth largest in the world. So, it was natural that everybody wanted to be our partner in semiconductor manufacturing. We chose Foxconn because it's a \$200 billion company, a very entrepreneurial company.

We are on a very fast track — first is to identify the location. We have an independent committee that is going to all the states. We need to be in close proximity to universities, infrastructure, water. This is like creating yet another Silicon Valley — it will be a cluster. A lot of companies will come up around the plant that will use our semiconductor and glass, because they will be so much cheaper than importing. So, states must have the vision that it won't be just a semiconductor plant, that it will be a 20-year plan.

The project is about \$20 billion, but we will start with \$10 billion to make the display glass and the semiconductor, both in the same location.

they will get 10 times the return. And they should be clear with the Cabinet approval, cannot change the policy when the next government comes. People don't want to go to Andhra because they change their policy.

How much subsidy are you looking at?

Around 60% (of total cost). Some are coming from the Centre and some from the state. Taiwan provided 90% subsidy, today everybody — US, China — wants to take over Taiwan only because they have semiconductor. I have no doubt India will be in position to get there. But everybody has to be together, focus on one thing, get the right people in place. It's also very important to be in proximity to universities. Because so much research is required in this business. If you look at all the semiconductor businesses in Taiwan, they are in proximity to universities.

What does Vedanta bring to the JV with Foxconn?

We bring 60% of the equity, they bring 40%. We will bring all the display glass. We have very good chemistry. We already supply glass to Foxconn. We want to build even better glass in India. We want to start a very big R&D centre that can do that. We want to supply to other countries also from here.

What is the deployment timeframe for your investment?

We are on a very fast track — first is to identify the location. We have an independent committee that is going to all the states. We need to be in close proximity to universities, infrastructure, water. This is like creating yet another Silicon Valley — it will be a cluster. A lot of companies will come up around the plant that will use our semiconductor and glass, because they will be so much cheaper than importing. So, states must have the vision that it won't be just a semiconductor plant, that it will be a 20-year plan.

IT/BT MINISTER VISITS MBRDI FACILITY



CN Ashwath Narayan, Karnataka minister of higher education and IT/BT, checks out an 1886 Benz Patent Motorwagon at Mercedes-Benz Research and Development India (MBRDI)'s newest facility in Bengaluru on Thursday. The 1886 Motorwagon is widely regarded as the world's first practical automobile, a self-propelled vehicle for carrying people, and the first car put into series production. The new MBRDI campus, spread across 484,036 sqft in Brigade Tech Gardens in Whitefield and which became operational several months ago, can seat about 3,200 employees. MBRDI employs more than 6,500 people, most of who sit out of its older facility in Whitefield. Led by MD & CEO Manu Saale, MBRDI is the largest R&D centre for the Mercedes-Benz Group outside of Germany.

Canara Bank, IISc sign MoU for student loans without collateral

Bengaluru: Canara Bank and Indian Institute of Science (IISc) signed a memorandum of understanding (MoU) under which students can avail education loans without collaterals, with 100% finance on the project cost with flexible repayment period of up to 15 years.

Students will have the option to avail the loan either from their place of domicile or from the place where they got admission in IISc. TNN

Titan revenue rises by 199% in June qtr at ₹8,649 crore

TIMES NEWS NETWORK

Bengaluru: Jewellery & watches major Titan recorded its second-best quarterly revenue in the first quarter of 2022-23, buoyed by a strong festive demand.

Total income for the quarter was Rs 8,649 crore, a growth of 199%, compared to Rs 2,890 crore in Q1 FY22 (excluding bullion sale). The company also recorded one of the highest profits of Rs 1,066 crore (before taxes) for the quarter, in comparison to Rs 82 crore in Q1 FY22.

The jewellery business registered an income of Rs 7,600 crore, compared to Rs 2,467 crore (excluding bullion sale), a growth of 208% riding on good Akshaya Tritiya sales and a better studied mix. Watches & Wearables business reported its best quarterly income of Rs 785 crore, with 169% growth. The eyecare business grew 173% to Rs 183 crore.