

MARKET WATCH

	15-05-2017	% CHANGE
Sensex	30,322	0.44
US Dollar	64.05	0.40
Gold	28,630	0.19
Brent oil	52.09	2.96

NIFTY 50

	PRICE	CHANGE
ACC	1681.90	2.05
Adani Ports	356.20	-1.75
Ambuja Cements	258.15	-0.25
Asian Paints	1148.05	15.10
Aurobindo Pharma	613.95	-9.75
Axis Bank	500.10	-2.90
Bajaj Auto	2999.70	-5.10
Bank of Baroda	188.80	2.40
Bharti Airtel	364.15	-0.95
Bosch	24195.00	709.20
BPCL	727.85	-5.30
Cipla	569.00	1.05
Coal India	277.75	1.15
Dr Reddys Lab	2675.80	95.00
Eicher Motors	28930.60	-247.75
GAIL (India)	414.00	4.80
Grasim Ind	1172.80	23.60
HCL Tech	848.55	0.90
HDFC	1559.50	9.70
HDFC Bank	1553.40	1.75
Hero MotoCorp	3515.45	-26.05
Hindalco	198.45	7.40
Hind Unilever	983.25	3.05
Indiabulls HFL	263.80	1.00
ICICI Bank	301.80	5.25
IndusInd Bank	1416.20	4.45
Infratel	371.05	-3.65
Infosys	951.55	-12.70
Indian Oil Corp	442.10	7.20
ITC	277.95	3.00
Kotak Bank	973.30	18.65
L&T	1742.40	1.80
Lupin	1284.50	30.55
M&M	1375.65	7.80
Maurit Suzuki	6823.90	93.70
NTPC	159.75	0.90
ONGC	186.75	1.90
PowerGrid Corp	206.70	0.45
Reliance Ind	1344.10	-6.35
State Bank	301.40	3.50
Sun Pharma	654.45	-0.65
Tata Motors	431.80	1.05
Tata Motors DVR	263.80	-1.00
Tata Power	83.55	1.25
Tata Steel	456.05	19.35
TCES	2365.10	4.45
Tech Mahindra	442.60	0.35
UltraTech Cement	4437.70	33.35
Wipro	506.30	-0.75
YES Bank	1472.05	-11.05
Zee Entertainment	525.55	-0.85

EXCHANGE RATES

Indicative direct rates in rupees a unit except yen at 4 p.m. on May 15

CURRENCY	TT BUY	TT SELL
US Dollar	63.86	64.18
Euro	70.02	70.39
British Pound	82.47	82.90
Japanese Yen (100)	56.27	56.55
Chinese Yuan	9.26	9.31
Swiss Franc	63.97	64.29
Singapore Dollar	45.65	45.89
Canadian Dollar	46.89	47.14
Malaysian Ringgit	14.77	14.86

Source: Indian Bank

BULLION RATES CHENNAI

May 15 rates in rupees with previous rates in parentheses

Retail Silver (1g)	40.90	(40.70)
22 ct gold (1 g)	2,700	(2,703)

Cash is back as digital payments dip on costs

'Demand for PoS devices falls on remonetisation'

TCA SHARAD RAGHAVAN
NEW DELHI
Cash transactions are beginning to trump almost every form of digital payment alternative with April clocking a decline in volumes as well as value of transactions conducted through cards, mobile banking and the Unified Payment Interface (UPI).

The trend assumes significance six months after the Centre announced demonetisation of ₹500 and ₹1,000 notes on November 8.

The near-completion of the remonetisation process and merchants unwillingness to pay user charges also known as the Merchant Discount Rate (MDR) to banks has resulted in a slump in demand for new point of sale (PoS) devices, according to industry players.

"When the cash wasn't there, demand for our services and products shot up by about 20 times," said Praveen Dhabhai, chief operating officer, Payworld, told *The Hindu*. "But it's reducing now. There is an MDR charge that is applicable, which has to be paid to the banks, and cash is now available almost the same as before. The small merchant doesn't want to pay that MDR charge of 1% or 2%," said Mr. Dhabhai whose firm provides electronic payment solutions to merchants in semi-urban and rural India.

In addition, Mr. Dhabhai pointed out while merchants are moving away from card transactions due to the MDR charge, other payment systems like Aadhaar-enabled payments, UPI and Bharat QR are all relatively unpopular in smaller towns.

The RBI's database shows that Immediate Payment Service (IMPS) transactions contracted 3.4% in volume and 0.5% in value in April 2017 compared with the previous

On the wane
Six months after the withdrawal of currency notes, remonetisation is triggering a slump in digital payments

Change % in volume*

	IMPS	UPI	Cards	Prepaid payment instruments	Mobile banking
Dec. 2016	45.9	566.7	51.3	48.8	-2.9
Jan. 2017	18.2	110	-14.6	-0.6	-7.5
Feb. 2017	-4.3	0	-20	-10.2	-13.4
March 2017	12.9	47.6	8.2	14.8	8.2
April 2017	-3.4	11.3	-3.6	-0.9	-2

Change % in value*

	IMPS	UPI	Cards	Prepaid payment instruments	Mobile banking
Dec. 2016	33	677.8	48.2	61.4	9.7
Jan. 2017	13.7	1371	-7.9	-1.4	-11.7
Feb. 2017	-1.8	14.5	-18.6	-11	-10.5
March 2017	17.1	25.8	6.3	15	38.9
April 2017	-0.5	-7.9	-1.1	3.9	-32.6

* in comparison with immediately previous month

month. In contrast, December saw a growth of 46% and 33% in the volume and value of IMPS transactions.

Similarly, the volume of UPI transactions grew only about 11% in April, down from 47% in March. The value of these transactions contracted 8% in April as opposed to a growth of 25% in March. Card transactions contracted 3.6% in volume and 1.1% in value over the same period.

E-wallets see growth

E-wallets were the only commonly-used mode of electronic payments that witnessed a growth (4%) in the value of transactions in April and players in the space are optimistic that this trend may stick. "Since demonetisation, the number of transactions per user has gone up more than three times and we have noticed a healthy surge in the average number of use-cases per customer," a Paytm spokesperson told *The Hindu*. "Our current growth rate and transactions

volumes are also way higher than the earlier average."

"We have seen a steady growth in transactions," said Daman Soni, Head - Growth at MobiKwik. "Additionally our loyalty programme, Supercash, has helped increase our transacting users by 17%."

Overall, financial technology experts say that the government could take more steps to encourage the shift to digital payments but do admit that the attraction of cash is very tough to combat.

"What is clear is that from the government's side, the foot is not off the pedal," said Vivek Belgavi, partner and fintech leader, PwC India.

"A lot of the interventions are going to be on the merchants' side. So, some of the concerns like MDR will likely be addressed in some additional steps by the government. It's tough to beat the anonymity and convenience of cash and that challenge will remain. So as cash returns, people will use it," Mr. Belgavi said.

Virus scare spurs banks into action

SBI increases surveillance, deploys security patches and strengthens firewalls

MANOJIT SAHA
MUMBAI

Banks and financial institutions in the country went on a war footing on Monday to upgrade their software systems, particularly their anti-virus packages, in the wake of the ransomware virus, WannaCry, which affected computers in 150 countries across the globe.

However, financial systems have not been impacted so far, bankers said.

"Generally, as compared to many other sectors, the security in the financial sector is higher," said Mrutyunjay Mahapatra, deputy managing director and chief information officer, State Bank of India (SBI), in an interaction with *The Hindu*. "We have not seen any financial sector companies or banks getting impacted anywhere in the world," he said. Bankers said vulnerable



Safety net: Bankers say vulnerable systems, through which the malware generally comes in, is a closed loop.

systems, through which the malware generally comes in, is a closed loop. The core banking system (CBS), for example, is a closed loop. This means that the manner in which it connects to the front end, the network and the end-point servers are all in the banks' control.

"However, we cannot take things easy," said Mr. Mahapatra.

He said wherever the end-points are exposed to the Web, such as mobile and Internet banking, SBI has been 'extra cautious'.

Additional alerts

"Also, we place additional alerts at our firewalls, which are essentially barriers between the outside world and our servers. Wherever Windows machines are

there, we are working with Microsoft to deploy patches in a centralised manner," he said. SBI is updating its anti-virus systems and other related software systems.

"We are also updating anti-malware definitions. We have a system from where we can centrally update the definitions of anti-malware. So, increased surveillance, deployment of patches (software updates) and watching the firewalls—these are our three strategies."

However, there is no impact on automated teller machines, SBI said. "ATM [network] is a [highly] closed loop [system] and one mitigating factor is that, generally, the malwares are large files while ATMs are connected with a very small bandwidth. The Indian banking sector is largely un-impacted; nothing has been reported so far," Mr. Mahapatra added.

April trade deficit widens to \$13.2 bn, highest since Nov. '14

Data shows surge in gold and oil imports, among others

SPECIAL CORRESPONDENT
NEW DELHI

The country's goods trade deficit in April, the first month of FY'18, widened to \$13.2 billion – the highest since the \$16.2 billion clocked in November 2014, data released on Monday by the Commerce Ministry showed.

This was due to goods imports in April recording a historic 49.07% year-on-year growth to \$37.9 billion – following a surge in gold, oil, coal, chemicals, pearls and precious stones, machinery, transport equipment and electronics imports – and outpacing exports despite shipments rising for the eighth consecutive month. Goods exports in April

were worth \$24.6 billion but its growth slowed down on a month-on-month basis to 19.8% as against the 27.12% growth in March. Non-petroleum and non-gems and jewellery exports in April increased 17.06% to \$177.18 billion. The growth in exports is positive for all major economies – USA (4.74%), European Union (0.16%) and Japan (13.3%) – barring China (where it shrunk -1.56%) for February 2017 over the corresponding period of the previous year as per latest WTO statistics, the Ministry said.

Gold imports

In India, gold imports continued to surge when it jumped 211.35% in April to

\$3.8 billion. In March, the imports of the yellow metal had risen 328.9% to \$4.1 billion while in February it had increased by 147.6% to \$3.4 billion. Oil imports in April rose 30.12% to \$7.3 billion.

According to G.K. Gupta, president, Federation of Indian Export Organisations, double digit growth in exports in April showed Indian economy's capability to recover from the challenging times. Rise in imports of oil and pearls and precious/semi-precious stones augur well for exports of petroleum products and gems and jewellery as such imports are inputs for the exports. However, the reasons for increasing electronic imports needs to be analysed.

Sura Chawla sells stake in CSB

K.T. JAGANNATHAN
CHENNAI

Non-resident Indian Sura Chansri Chawla is reported to have struck a deal with the Bhansalis of Enam group to sell the entire remaining part his stake in Thrissur-based Catholic Syrian Bank Ltd. (CSB).

The sale is said to have been done at a price of about ₹160 a share. Sources said the NRI has sold close to 5% of his holding. When contacted, former chairman of the bank S. Santhanakrishnan confirmed the development. However, he said he would not hazard a guess on the price. Sources said that the sale price of ₹160 would set the benchmark for Fairfax, which was reported to be contemplating a stake in the bank.

Equity indices touch new highs

Lower inflation, expectation of rate cut drive sentiment

SPECIAL CORRESPONDENT
MUMBAI

The benchmark equity indices closed at record highs on Monday as investor sentiment received a boost with the fall in inflation numbers thereby stoking speculation that the Reserve Bank of India (RBI) would cut rates in the coming months.

The 30-share Sensex rose 133.97 points to 30,322.12. On the BSE, almost 1,500 stocks advanced, as against 1,299 declines on Monday. The broader Nifty of the NSE advanced 44.5 points to 9,445.4.

Profit booking

Jayant Manglik, president, retail distribution, Religare Securities, attributed the rise to the latest inflation numbers but added that the upside on Monday was capped due to profit book-



Sensex rose 133.97 points to end the day at 30,322.12.

ing though the outlook remains favourable for equities.

"We feel odds are higher that the prevailing up trend will continue with intermediate corrective phases in index. Stocks, on the other hand, are trading mixed mainly in response to the earnings announcements. So, we suggest continuing

SBI may merge credit card JVs

PRESS TRUST OF INDIA
MUMBAI

State Bank of India (SBI) may look at merging the two companies of its credit card joint venture SBI Card after the exit of GE Capital.

SBI Card is a joint venture between SBI and GE Capital, wherein SBI owns 60% and the balance is being held by GE Capital, which has announced its plans to exit as part of its global business revamp.

SBI Card is operated through joint-venture companies – SBI Card & Payment Services, which focuses on the marketing and distribution of the credit cards, and GE Capital Business Processes Management Services, which handles the backend technology and processing needs of SBI Card.

with the approach of focusing on stock selection and managing them during volatile times," said Mr. Manglik.

While retail inflation has fallen to a multi-year low of 2.99% in April, from 3.89%, inflation based on the wholesale price index slipped to a four-month low of 3.85% in April. This has led to speculation that the central bank may cut rates in the coming months.

Meanwhile, the gains in the benchmark Sensex were led by Tata Steel, which surged 4.35%. The board of the company will be meeting on Tuesday to announce its quarterly numbers.

Lupin, ICICI Bank, Asian Paints, ONGC, State Bank of India and ITC were among the top gainers in the Sensex pack, surging 1-3% each.

Iran sets new conditions for gas block

Seeks thrice the price that ONGC Videsh is willing to pay for gas from Farzad-B

PRESS TRUST OF INDIA
NEW DELHI

In fresh conditions, Iran wants India to pay more than triple the gas price for award of the coveted Farzad-B natural gas block to ONGC Videsh (OVL).

Iran wants India to buy all of the natural gas to be produced from the Persian Gulf block at a price equivalent to the rate Qatar charges for selling liquefied natural gas (LNG) to India under a long-term deal.

Qatar, as per a revised formula agreed upon in December 2015, sells 7.5 million tonnes a year of LNG to Petronet LNG Ltd. – India's biggest gas importer – at a price of \$7-plus per million British thermal unit.



Playing hardball: Iran's stance on gas pricing has pushed the timeline on concluding the deal to September. •REUTERS

ment said. When oil prices move up, rates of LNG from Qatar would also rise.

Sources said that since the lifting of western sanctions, Iran is playing hardball over award of the field which was discovered by OVL – the overseas arm of state-owned Oil and Natural Gas Corporation (ONGC).

OVL has recently submitted a \$5.5 billion master development plan for bringing the gas in Farzad-B to

production.

Iran allows all the cost sunk in by an operator to be recovered from sale of oil or gas. For this reason, it wants OVL to reduce the cost of development as well as pay a higher gas price.

The two nations were initially targeting concluding a deal on Farzad-B field development by November 2016 but later mutually agreed to push the timeline to February 2017.

Now, the deal is being targeted to be wrapped up by September after the two sides agree on a price and a rate of return for OVL's investments.

\$80 million cost

Farzad-B was discovered by OVL in the Farsi block about 10 years ago. The project has so far cost the OVL-led consortium, which includes Oil India Ltd. and Indian Oil Corp., over \$80 million.

Iran was initially unhappy with the \$10 billion plan submitted by OVL for development of the 12.5 trillion cubic feet reserves in Farzad-B field and an accompanying plant to liquefy the gas for transportation in ships.

It felt the \$5 billion cost OVL and its partners have put up for developing the field was on the higher side and wanted it to be reduced. OVL will earn a fixed rate of return and get to recover all the investment it has made in the field development.

THE HINDU GROUP

GEAR UP FOR THE MAHARASHTRIAN DERBY.

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