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Govt likely to put curbs on jewellers

On Rajat Sharma's show Aap Ki Adalat on India TV, Finance Minister Arun Jaitley mentioned thrice that shops of a particular industry were open till very late in the night after Narendra Modi' s demonetisation announcement . He was obviously referring to jewellers who were selling gold by accepting withdrawn currency notes, which has continued.

According to sources, the government is likely to clamp down on jewellers and Tuesday, November 15, will be the last day for them to deposit old high-value currency notes.

The gold and jewellery route has been followed by persons with black money to convert their Rs 500 and Rs 1,000 notes at a haircut of 20-40%.

This move will halt such sales of gold at a huge premium against old currency notes, which jewellers were doing till the Income Tax (I-T) department raided them across the country on Friday and sent around 600 notices to jewellers asking the details of daily sales from November 7 to 10. The I-T department, in its notices, also asked for CCTV footages, especially of cameras near cash counters, to seek date-wise information and to check if PAN numbers or ID proofs were collected from customers.

Another strong rumour in the market is about banning import of gold till March 2017, which according to sources, is unlikely, but will not be surprised to see some restrictions on imports till end-December.

Sudheesh Nambiath, lead analyst, precious metals demand, GFMS, Thomson Reuters, said, Banning imports would send a wrong message to the industry. The government hasn't been against the industry and is only interested in streamlining the process and restrict movement of unaccounted money to gold and jewellery.

The buzz that jewellers will be asked to deposit cash till November 15 in itself will take care of the diversion of old currency notes to gold, diamonds, silver and precious stones. Banks are heavy on data currently with multiple inter-relationships on variables and running a good analytics can easily identify accounts with spurious deals. That is a more intelligent approach than banning gold import.If gold imports are restricted or banned for a few months as the buzz suggests, selling existing stock or recycled gold will be the only source for business. However, such restrictions will take premiums higher and some old idle jewellery with households may be sold in market at a premium, said an analyst.

Meanwhile, other methods of laundering black money hoarded in the banned notes are also flourishing. Some chartered accountants are using their smaller clients to launder their larger clients money. Up to 35-40% premiums are quoted for such entries by CAs. Some players have used daily wage earners to exchange Rs 4,000 and in return they were given more than their daily wages. In cities such as Surat and Ahmedabad, workers made Rs 600-1,000 for each exchange of Rs 4,000. Reports of very long queues outside banks also include such persons, said a Gujarat-based trader.

While the hawala market or unofficial foreign currency market has come to a virtual standstill, some dealers have sold dollars between Rs 85 and Rs 110 against the official rate of around Rs 67 per dollar.

India to be part of core World Bank team

For decades a borrower, India will soon sit in the core management team of the International Development Association (IDA) of the World Bank.

Axel Van Trotsenburg, vice-president, development finance at the Bank, told : "India will be one of the IDA deputies, the 14-member group of donor nations which run the key negotiations with member countries." Van also said the institution would weigh costs to consider Indian markets for raising bonds — as the institution will for the first time tap international markets to raise money — to finance low-cost aid programmes.

Set up in September 1960, IDA was at one time the biggest source of aid for India. For IDA, too, India happened to be the largest aid recipient among its 173 member-countries.

Even now, the pipeline of un-disbursed aid from the institution to India is $6.5 billion. But, since 2014, India had stopped taking fresh aid from IDA, which provides a hugely attractive line of credit, with an annual interest rate of less than one per cent and a repayment window of at least 25 years. Instead, in 2015, it provided $200 million as a donor to the IDA17 corpus, a three-year purse the institution rustles up among member-nations to finance support to poor countries.

Trotsenburg said: "India is now expected to become an active participant in the policy dialogue IDA holds with member countries." India's presence will raise the "credibility of IDA" with the borrower nations. "India is a case of an incredible journey of poverty reduction. It has produced a very successful partnership with us, and now we expect her presence on the table will sharpen our focus on the support we can provide to, especially, the fragile nations," he said.

The Bank's initiative to position India in a stronger role in its various institutions is also aimed to counter the increasing interest New Delhi and Beijing have shown to support the BRICS bank — the New Development Bank (NDB) based in Shanghai. It has long been a gripe with India and China that the World Bank and the International Monetary Fund are dominated by Western European nations and the USA.

World Bank President Jim Yong Kim had recently been quoted as saying: "There is plenty of room for New Development Bank and the AIIB (the Asian Infrastructure Investment Bank). It is good that new institutions are providing a challenge for groups like us. We have to now redefine our specific advantages and get better at what we are doing."

Within IDA, the executive directors representing the interests of member-countries decide, along with the President, on key policy issues.

The management of each programme is handled by a smaller group. This group is referred to as the IDA group of deputies, comprising the donor nations.

While the donors were separate from the borrowers, India joins China as one of the few nations that have transitioned from the latter to the former group.

Former executive director to the World Bank C M Vasudev said the role of IDA had decreased over the years. "The size of bilateral aid chalked up by the traditional donors now outweighs it but it is an important change for India."

Trotsenburg said IDA hoped to leverage India's reputation to extend its outreach with the fragile nations — the group of countries whose economy has been shattered by war and internal strife. He said their numbers were rapidly climbing and qualified for grants from the institution.

IDA has recently earned a triple AAA+ by the rating agencies. It aims to use the rating to borrow at low cost from the international capital markets to finance up to a third of its purse of $75 billion for IDA18 replenishment. On whether some of that borrowing could be from India, he said: "We shall go wherever we find the spread is the best."

Both IFC and Asian Development Bank raise some of their money from the Indian debt markets. The first round of fund raising for IDA is slated to begin from the more developed bond markets abroad.

Aditi Ashok wins Women's Indian Open

Teen golf sensation Aditi Ashok (pictured) scripted history on Sunday as she became the first Indian woman to win a Ladies European Tour title by clinching the Hero Women's Indian Open.

The 18-year-old shot an even par-72 in the final round to win the title.

Carrying a two-stroke overnight lead, the teenager took her total score to three-under 213, one stroke clear of Brittany Lincicome of the US and Spaniard Belen Mozo who finished tied second.

Aditi's round included birdies on the par-four second and 10th holes and bogeys on the seventh, 13th and 17th. She became richer by Euro 54,988.20.

The Rio Olympian golfer needed at least a birdie on the final hole to avoid a three-way tie. But she held her nerve to secure her 13th birdie of the tournament on the par-5 18th to make history.

The Indian, who had impressed at the Olympics, had carded 3 under 69 on the second day to grab the sole lead at the DLF Golf and Country Club.

Aditi, who started her day yesterday in tied ninth position, had an indifferent front nine.

She carded a birdie on the 2nd hole. However, a dropped shot on the 6th and miss-hit into the water on the 9th, which resulted in a double bogey, added to her woes.

But the 18-year-old rookie was unfazed by the initial setbacks and fired five birdies in her back nine to finish with a total score of 141 after the second round.

China SUV maker begins upscale climb with luxury brand

Great Wall Motor Co said it would introduce a new premium brand to target the high-end market, joining Zhejiang Geely Holding Group among Chinese automakers seeking to upgrade from offering cheap, utilitarian cars.

The SUV maker led by billionaire Chairman Wei Jianjun plans to unveil its upscale WEY brand on November 16, the same week as the opening of the Guangzhou Auto Show, according to a statement from the Baoding, China-based company. The automaker said it would release details about its model line-up and marketing schedule when they're finalised.

Wei has built Great Wall into China's biggest SUV maker by offering Chinese consumers spacious models with a higher ride and at cheaper prices than sedans made by foreign brands like Volkswagen and Buick. That strategy helped propel the company to a 33 per cent sales surge last month and has positioned Great Wall for a record year in deliveries.

"It's time for established local Chinese automakers to go upscale given that they have the technology and product reserves they didn't have in the past," said Yale Zhang, a managing director at researcher Autoforesight Shanghai Co. "With a new brand, Great Wall will be able to market higher priced models to consumers that it would have otherwise found difficult to attract using existing brands."

Great Wall's H6, the most popular SUV in China this year, starts at 88,800 yuan ($13,000), less than half the price of the VW Passat sedan. The automaker's board secretary Xu Hui didn't immediately return a call seeking comment.

Great Wall fell 1.9 per cent to HK$7.19 in Hong Kong on Friday, the lowest level since July 19, compared with the 1.3 per cent decline in the benchmark Hang Seng Index.

Like the Korean and Japanese carmakers before them, Chinese automakers are attempting to move upscale and shed a reputation for cheap rides. Some start-ups are trying to leapfrog the process altogether, with NextEV Inc and Beijing CH-Auto Technology Co both attempting to start sales with luxury sports cars before unveiling mass market models.

At Geely, billionaire founder Li Shufu last month ushered in a brand called Lynk & Co. The new marque, marketed as more premium than the namesake Geely brand, will be built on technology jointly developed with Volvo Cars.

While Geely can tout its partnership with Volvo to win customers, Great Wall faces a tougher task trying to move upscale, according to Steve Man, a Hong Kong-based analyst with Bloomberg Intelligence.

"It may be a taller order for Great Wall's marketing team," said Man. "The automaker has yet to realise the potential of the Haval H8 and H9 SUVs, which have higher price points than its popular H6."

Hedging loss of Rs 3510 crore drags down Tata Motors profit

A high hedging loss of Rs 3,510 crore took away gains from the higher volumes in Jaguar Land Rover (JLR) and led to a lower than expected profit of Rs 848 crore (consolidated) for Tata Motors in the September quarter.

The performance, however, is better compared to a corresponding loss of Rs 1,740 crore last year.

A Thomson Reuters data based on analysts poll was expecting Rs 2,744-crore profit for the quarter. A dent of Rs 187 crore came on account of adverse commodity derivatives impact.

Consolidated revenue rose seven per cent to Rs 67,000 crore. JLR retail volumes (including China JV) grew 29 per cent to 142,459 units during the quarter, helped by improved retail sales in key regions like North America (39 per cent), Europe (31 per cent), UK (28 per cent) and China (49 per cent).

JLR posted a profit after tax of £244 million (Rs 2,065 crore) against a loss of £92 mn in the year-ago quarter.

At the standalone level (India operations) too, the double digit growth in both cars and light commercial vehicles during the last quarter was more than offset by the decline of about 16 per cent in volume of medium & heavy commercial vehicles.

Accordingly, the standalone loss for the quarter more than doubled to Rs 631 crore from a loss of Rs 289 crore.

Standalone revenue for the quarter declined marginally to Rs 11,406 crore from Rs 11,794 crore last year

Agriculture mandi comes to halt due to liquidity crisis

Trade in mandis or Agriculture Produce Market Committees (APMC) in many parts of the country has come to a standstill because of spiralling effects of demonetisation move. Farmers, who're used to accepting money only in the form of cash, resist money in any other form and traders don't have cash with them to buy farm products. It is only in those mandis that are computerised and where payment is made electronically, is trade going on smoothly.

According to traders, it would take a few weeks before the situation is back to normal when farmers start accepting electronic fund transfer or accept cheque payment.

There are about 200 mandis that are integrated with the electronic national agriculture market. However, trade on the electronic platform is very small.

Rajesh Agrawal, former chairman of The Soybean Processors Association of India (SOPA), said: "APMCs in Madhya Pradesh were closed following the demonitisation move. These are set to open gradually, but it'll take a while before trade becomes normal and farmers bring their produce as usual."

Madhya Pradesh Chief Minister Shivraj Singh Chouhan had to intervene to convince farmers that traders would transfer money into their bank accounts. In MP, such electronic payment would be easy as farmers in the state were registered for the wheat procurement programme four years ago and procurement money was deposited in their accounts.

CRISIL downgrades Tata Teleservices' loans

Rating agency CRISIL has cut the rating for loans given by banks to Tata Teleservices Ltd (TTSL) from 'A' to 'A-', owing to lower than expected improvement in the financial risk profile.

The ratings outlook on banks' loans worth Rs 15,000 crore is negative. The rating downgrade reflects expectation of a subdued business risk profile, considering the heightened competition in the telecom sector.

The ratings, however, continue to reflect the ongoing financial support demonstrated by the Tata group, to Tata Tele, CRISIL said on Monday.

The rating strength is offset by a highly leveraged capital structure, modest operating profit margin and weak market position, leading to losses.

The Tata group operates its mobile telecommunication business through TTSL and TTSL's associate.