

ht business

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*SHANGHAI AND HONG KONG STOCK EXCHANGES CLOSED

short stories

ATF PRICE UP 5.5%, NON-SUBSIDISED LPG CUT BY ₹42

NEW DELHI: Aviation turbine fuel (ATF) or jet fuel price was hiked by 5.5% on Monday, while rates of non-subsidised cooking gas or LPG were cut by ₹42 per cylinder (14.2 kg). Also, rates of non-subsidised kerosene were increased by 54 paise to ₹43.18 per litre. ATF price in Delhi was raised by ₹2,245.92 per kilolitre (kl), or 5.48%, to ₹43,184.16 per kl, oil companies said. Similarly, non-subsidised cooking gas will now cost ₹517.50 in Delhi. **PTI**

Four banks cut base rate by 0.25 percentage pts

NEW DELHI: Allahabad Bank, SBBJ, Yes Bank and Kotak Mahindra Bank on Thursday announced a 0.25 percentage point reduction in base rate, a move that will bring down the cost of various kinds of loans. State Bank of India, Punjab National Bank, Bank of Baroda, Bank of India, Andhra Bank, IDBI Bank, Axis Bank and Oriental Bank of Commerce have already announced base rate cuts. **PTI**

Parag Milk Foods, Maini Precision file for IPO

NEW DELHI: Parag Milk Foods and Maini Precision Products, on Thursday filed draft papers with market regulator Sebi to float their initial public offerings (IPOs). The public issues of Parag Milk Foods and Maini Precision Products consist of fresh issue of equity shares worth ₹325 crore and ₹50 crore, respectively. **HTC**

Oil rises above \$49 on heightened Syria risks

LONDON: Brent crude rose to \$49.37 a barrel on Thursday as an emerging risk premium over the situation in Syria countered further signs of an economic slowdown in Asia and rising US inventories. Russia launched air strikes in Syria on Wednesday, and raised possibilities of Washington and Moscow running air strikes in the same region. **AFP**

Jet Airways raises nearly ₹700 crore via NCDs

NEW DELHI: Nareish Goyal-led Jet Airways has raised nearly ₹700 crore through the issue of 6,989 redeemable non-convertible debentures (NCDs) on a private placement basis. The fund-raising was approved by the airline's board on Wednesday. **PTI**

Sebi allows higher overseas investments by AIFs, VCs

NEW DELHI: The Securities and Exchange Board of India (Sebi) has allowed alternative investment funds (AIFs) and venture capital funds (VCs) to invest up to 25% of their investible funds in foreign companies having 'Indian connection'. India-based VC funds are currently permitted to invest up to 10% of their investible funds. For AIFs, there are no specific guidelines. **PTI**

Jaitley to leave for 10-day tour to US, Peru on Oct 3

NEW DELHI: Finance minister Arun Jaitley will leave for 10-day visit to the US and Peru on October 3 to attend IMF-World Bank meetings and give a lecture at the Columbia University. The Fund-Bank meetings would also be attended by RBI governor Raghuram Rajan, economic affairs secretary Shaktikanta Das and chief economic adviser Arvind Subramanian. **PTI**

Indian banks cushioned from rupee fall: S&P

NEW DELHI: Indian banks are largely cushioned from the depreciation of the rupee as they are domestically funded in local currency, and foreign currency assets and liabilities are mostly matched Standard & Poor's Ratings Services said. **PTI**

Manufacturing growth hits 7-mth low in Sept

FACTORY LINES

Weak demand drags down purchasing managers' index (PMI) to 51.2 during the month, says survey

HT Correspondent
letters@hindustantimes.com

NEW DELHI: Indian manufacturing activity slipped to a seven-month low in September on the back of slowing demand, a business survey showed on Thursday.

The Nikkei Manufacturing purchasing managers' index (PMI), compiled by Markit, fell to 51.2 in September from 52.3 in August. A reading above 50 indicates expansion.

"Despite having been supported by sustained increases in new work, growth of Indian manufacturing production in September was weighed down by a difficult economic climate," said Pollyanna De Lima, economist at Markit.

The survey highlighted further concerns on slowing growth in global economies, reflecting poor growth in the new orders sub-index, which fell to 52.0 in September from 54.5 in August, lowest since May 2014.

In a bid to boost the economy, the Reserve Bank of India on Tuesday reduced the repo rate — the rate at which the banks borrow from the RBI — by 0.50 percentage points to a four-and-a-half year low of 6.75%. It also downgraded its growth estimates for 2015-16 to 7.4% from 7.6%.

The survey showed that price pressures could remain subdued in the months ahead. The input prices sub-index fell to its lowest since February 2009, owing to falling commodity prices.

"Input costs decreased for the second month running in September, a situation not seen since the financial crisis. This provided firms with more room for price negotiation and sell-

TWO SIDES OF THE SAME COIN

Surveys show that economic outlook is still vulnerable



■ Manufacturing growth is necessary to boost India's economy

51.2 India's manufacturing sector output in September, a 7-month low, down from 52.3 in August, according to Nikkei purchasing managers' index (PMI)

- A figure below 50 represents a contraction

REASONS FOR THE DECLINE

- Drop in new orders
- Difficult economic climate

49.8 China's manufacturing PMI in September, up from 49.7 in August, according to government data.

- China is the top global trader in goods and the world's largest consumer of most items
- Weak production data is seen not only as a barometer of its own growth but also the state of the global economy

"India remains a bright spot. China is slowing down as it rebalances away from export-led growth. Countries such as Russia and Brazil are facing serious economic difficulties. Growth in Latin American countries, in general, continues to slow sharply."

—CHRISTINE LAGARDE, MD, IMF

THE SURVEY SHOWED THAT PRICE PRESSURES COULD REMAIN SUBDUED IN THE MONTHS AHEAD

ing prices were lowered on average, improving manufacturers' competitiveness," De Lima said. "Slower rises in new business inflows have hindered firms'

ability to recruit," De Lima added.

Domestic factors are a bigger constraint to India's shift to a faster growth trajectory than global ones, a report by Crisil said.

"Weak demand and low capacity utilisation are impediments to reviving the private corporate investment cycle," said DK Joshi, chief economist, Crisil, a subsidiary of Standard and Poor's.

CUTTING EDGE

Rate cut welcome, but demand revival key to new investments

HT Correspondent
letters@hindustantimes.com

MUMBAI: The cut in interest rates has reduced borrowing costs and freed up money for companies to use in capital expenditure (capex), but barring a few sectors in manufacturing such as automobiles and tyres, companies would wait and watch for an uptick in demand to press ahead with large investments.

According to business leaders, the RBI's move to reduce the key lending rate to 6.75% from 7.25% to show effects, and the upcoming festival season when purchases of cars, consumer goods and houses typically rise, will indicate the improvement in demand sentiment.

"Today there is low demand and volumes are slow. So investment to expand manufacturing capacity is not there. The rate cut is one of the factors to stimulate demand but investment cycle will need more time," said Seshagiri Rao, joint managing director of the JSW Group, which is expanding steelmaking capacity to 18 million tonnes from 14 million tonnes, at a cost of ₹5,000 crore.

For starters, steel firms are looking to raise production prices. Automobile major Mahindra & Mahindra (M&M), which has a



■ RBI governor Raghuram Rajan during the 26th Annual Forex Assembly in Mumbai on Thursday **PTI**

total investment outlay of ₹10,000 crore — ₹7,500 crore via capex in M&M directly and ₹2,500 crore in other companies — expects to revive its plans. "The rate cut will spur investments. The scenario is changing from what it was a year back when interest rates were high and companies focused on product development alone while putting expansions on hold. Now that environment is slowly improving," said VS Parthasarathy, group CFO, M&M.

Auto companies have been seeing tepid demand in the passenger vehicle segment but with the cut in auto loans and falling commodity prices, the demand

for cars and tyres is set to go up.

The RPG Group, one of the largest tyre companies, has revived its ₹5,000-crore capex plan to expand at two of its locations and is also paring down an earlier plan to increase global presence. "The intent of the new government is good, but expectations are higher," group chairman Harsh Goenka said. "The sentiment is however improving. We had earlier planned to increase our presence overseas from 42% to 50%. Now we would like to focus more domestically," he added.

Harsh Pati Singhania, director of the JK Organisation and a distinct voice for manufacturing, said corporate capex would eventually revive but it would depend on factors such as ensuring competitiveness and ease of doing business. "Manufacturing has to be made profitable. Reduction in rates is one factor. Dealing with unfair imports is also important to make manufacturing viable," he added.

A recent India Ratings report said that capex spend in 2015-16 may range between ₹2.8 lakh crore and ₹3.0 lakh crore, after falling to ₹2.76 lakh crore in 2014-15, the lowest in five years. Of the projected spend, the top 20 companies may invest ₹1.8 lakh crore to ₹2.0 lakh crore in the current fiscal year, the report said.

Airtel under ad council's scanner for claims on 'fastest' 4G speed

HT Correspondent
letters@hindustantimes.com

NEW DELHI: Has Airtel misled consumers by claiming that its 4G network is the fastest data network? The Advertising Standards Council of India (ASCI) seems to think so. What's more, it has directed the company to prove its claim by October 7.

"If your network is faster, we will pay your mobile bills for life" is misleading by omission in the absence of appropriate disclaimers in the print, TV, hoarding advertisements itself," ASCI said in a note to Airtel, a copy of which is available with HT.

The ad contravened Chapter 1.4 of the ASCI's Code which states: "Advertisements shall neither distort facts nor mislead the consumer by means of implications or omissions. Advertisements shall not contain statements or visual presentation which directly or by implication or by omission or by ambiguity or by exaggeration are likely to mislead the consumer about the product advertised or the advertiser or about any other product or advertiser."

"We have advised the advertiser to withdraw or to modify appropriately the said advertisement before October 7, 2015, or seek a review of the decision. If you continue to see the advertisement after the due date kindly bring the same to our notice," the ASCI's note to Airtel states.

"Our advertising campaign revolves around the 4G promise of fastest internet speeds and features a set of claims that are based on rigorous test conditions," an Airtel spokesperson told HT.

Airtel said it was engaging with the ASCI to resolve the problem.

face to face

ARVIND SUBRAMANIAN, chief economic adviser

'We are away from price pressures, but we have to remain vigilant'

Mahua Venkatesh
mahua.venkatesh@hindustantimes.com

NEW DELHI: Chief economic adviser Arvind Subramanian is about to complete a year in office. Subramanian, who took charge on October 16 last year, had said in his first economic survey (2013-14) that India was in a sweet spot. He still believes the same, though there has been a change in the external environment, Subramanian told HT in an interview. Excerpts.

The RBI has lowered its growth projections for the current fiscal year. What is your view?

Yes. I am not saying this to punt this question, but broad macroeconomic indicators are quite favourable. Indirect tax revenues are up, number of stalled projects has come down, public investments are high. So there are genuinely some good signs in the economy and some indicators which are not as robust. We need to see more data to draw any conclusions. In the medium term, the growth potential is clearly 8-10%.

Any challenges that have emerged in the last one year, since the time you took over?

Global markets, external environment is challenging today. But there is also an opportunity. Commodity prices have come down. That would push infrastructure growth significantly. Broadly speaking, we are considered to be in a much better position, with better



prospects.

You spoke about deflation, recently. WPI is in a negative zone. Any concern?

What I meant was that we are in a disinflationary territory. We are far away from the price pressures. We have to be vigilant. But importantly, there has been significant moderation in inflation.

Do you think the pace of reforms could be faster?

It is a difficult question to answer as its depends on what you are expecting. The government has a reform agenda — GST (goods and services tax), improving the ease of doing business, public investments, recapitalisation of banks, addressing the discom problems — all were on the agenda and all are being taken up very seriously by the government, all these need to be implemented. On GST, the finance minister has made it very clear that it will be

taken up. So some people expect something, some others expect something else. It is a perception issue.

There is a rising sense of impatience...

I don't know how this is being said. India's rank has moved up 16 notches (in the Global Competitiveness Report by the World Economic Forum). India has topped the list (by FT) as far as FDI destinations is concerned. So data indicates something else.

India has emerged as the most preferred FDI destination, which sectors are benefiting the most?

I haven't examined in detail the sectoral break up of FDI. I'm a little reluctant always to say FDI here is better than FDI there, growth here is better than growth there. We should focus lot more domestic and foreign investment, we should focus on growth.



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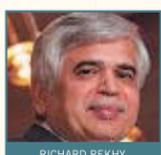
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BHAGAT SINGH
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Mobile: 919810526884,
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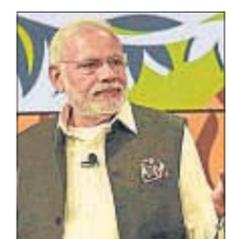
PM's couture gives fabric a much-needed push

Mahua Venkatesh
mahua.venkatesh@hindustantimes.com

NEW DELHI: As Prime Minister Narendra Modi walked around in Tesla's plant guided by CEO Elon Musk, and later when he appeared for the Facebook event, one aspect was apparent — Modi discarded the bandhgala suit for khakis, a linen shirt and a pistachio green waist jacket.

And for handspun and hand-woven cloth khadi — the symbol of India's independence movement — there could not have been a better brand push.

The Khadi and Village Industries Commission (KVIC) is sewing a radical



■ Modi at Google headquarters in California. **PTI FILE**

brand overhaul plan, including a foray into denims that will pitch it against storied American giants such as Levis and Lee.

Soon, KVIC will also foray

into the upholstery and home furnishing segment.

"Khadi as a whole will get a big push. We want it to reach the younger people and we are putting in place a more aggressive marketing strategy," Kalraj Mishra, minister for micro small and medium enterprises (MSME), told HT. "The demand for khadi has risen significantly in the last one year and we are taking all steps to further boost sale within India and outside. We are looking to even get into other segments, including home furnishing," said Arun Kumar Jha, CEO, KVIC.

A contemporary line of linen clothing ranging from shirts to trousers are also

being stitched as the state-owned-outfit prepares to take on established leaders such as Fabindia and Lakshita.

In a recent radio address — Mann Ki Baat — Modi had urged every Indian to include khadi in their shopping list for the current festive season. The KVIC has also decided to sell its products directly to the youth through mobile retail vans, which would regularly visit colleges and universities. Besides, the ministry of micro, small and medium enterprises would also aggressively launch an ad campaign.

KVIC has also tied up with the National Institute of Fashion Technology (NIFT).