

Falling rupee unlikely to shore up exports

Uncertainty resulting from the Russian invasion of Ukraine and over how other currencies behave among factors keeping exporter sentiment in check



SHREYA NANDI & ASIT RANJAN MISHRA New Delhi, 7 March

India's exports are unlikely to get an immediate boost from a depreciating rupee, which touched an all-time low on Monday, driven by rising commodity prices.

The rupee fell to 76.97 against the dollar earlier in the day, settling 1.05 per cent weaker than the previous close.

Oil prices soared to their highest since 2008 on Monday at \$139 per barrel, after the US and European allies explored a Russian oil import ban, while delays in the potential return of Iranian crude oil to global markets increased supply fears. Since Russia's invasion of Ukraine on February 24, oil price has jumped 29.4 per cent and the rupee has depreciated 3.2 per cent.

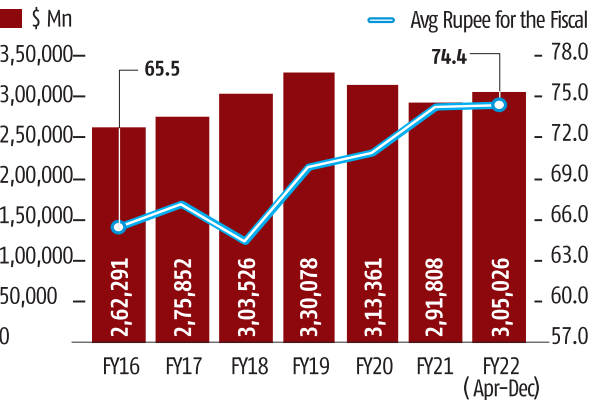
A weak rupee should theoretically bode well for exporters, but in a scenario of weak global demand and lingering volatility, exporters are not cheering the currency dip.

Ajai Sahai, director general and chief executive officer of the Federation of Indian Export Organisations, said while rupee depreciation helped exports, contrary to the general perception, it needed to be seen in a relative term and more importantly, how "our competitor's currency is behaving".

"If our competitor's currency is depreciating at a faster pace, then we may not gain in the process," he added.

An exporter said currency volatility created far more

AS THE RUPEE MOVES India's exports



Source: Bloomberg/Ministry of Commerce Compiled by BS Research Bureau

uncertainty because exporters would not know how long it would continue.

"Exporters may want to wait for the currency to depreciate further. Even if they are hedging, they are not sure what call to take — whether it will depreciate further, or the currency will stabilise. Of course, a purely depreciating currency helps," the exporter said.

India's key export items such as gems and jewellery, petroleum products, organic chemicals and automobiles, and machinery items have a significantly high import content. With rising commodity prices due to supply shortages, the cost of production for

exporters will go up, affecting their margins.

"We have a lot of import-driven exports as well. Some sectors such as petroleum, gems and jewellery, and electronics to a large extent may not gain by movement in currency due to these sectors' import intensity. But traditional sectors of India's exports such as agriculture, carpets, and textiles may gain as they have little import content," Sahai said.

However, another exporter said for traditional products such as garments, where the import content is much less, exporters operated in a buyer's market where buyers demanded heavy discounts, given the

depreciating currency, thus reducing the gains.

Madan Sabnavis, chief economist at Bank of Baroda, said normally exporters gained when the rupee depreciated if other currencies did not, which was not the case now.

"The risk factor for exporters is that when the currency is volatile, they cannot assume that the rates prevailing today will be the rates that will prevail in the future. If the currency falls further, then the exporter may be worse-off by reckoning exports at this time. It's the same problem for importers," he added.

Amid growing uncertainty due to the Russian invasion of Ukraine, exporters have started witnessing a decline in export orders from Europe. The apparel and engineering sectors have seen the trend in the past one week. Analysts say if the trend continues, it can have an impact on export demand in the coming months, considering that Europe is the largest export market for India.

Vivek Kumar, an economist at research firm QuantEco, said the Reserve Bank of India was likely to have intervened actively in recent days to prevent excessive volatility and ensure the rupee moved in line with other similar peers.

"The central bank would have to continue balancing forex intervention as gains from currency weakness in the form of export competitiveness would need to be weighed against adverse inflation impact," he added.

Investing in global stocks through IFSC

ASHLEY COUTINHO Mumbai, 7 March

International investing has been gaining prominence in the past two years as investors look to avoid single-country risk. Indian investors now have the option of investing in global stocks through the International Financial Services Centre (IFSC) at the Gujarat International Finance Tec-City, or GIFT City. Here's what investors should know before they do so:

Which entities are offering these services?

India INX Global Access IFSC (INX GA), a special purpose vehicle set up by BSE's India International Exchange, allows people to invest in more than 30,000 stocks across 33 countries and 135 exchanges in the US, Asia Pacific and Europe. One can also invest in more than 80 global portfolios of renowned international portfolio managers with a minimum of \$100. This platform, which was thrown open to investors in November last year, has so far logged 148 trades and has registered 180 users, including NRIs and resident Indians. From March 3, investors in India can also trade in select US stocks through the NSE International Exchange (NSE IFSC), a wholly owned subsidiary of the National Stock Exchange (NSE). The investment is in NSE IFSC receipts on US stocks, which will be in the form of unsecured depositary receipts (DRs). For a start, stocks of eight US entities such as Alphabet, Amazon, Tesla and Microsoft will be traded



on the exchange.

What are the benefits?

Retail investors can transact on the IFSC platforms under the liberalised remittance scheme (LRS) limits prescribed by the Reserve Bank of India (RBI). The limit currently stands at \$250,000 for each financial year. Both platforms allow investors to invest in fractional quantities and at a low cost.

NSE IFSC investors will have to hold the depository receipts in their own demat account opened in GIFT City. INX GA investors do not need to open a separate demat account and will be able to trade through a single account/login for multiple exchanges.

What are the key differences between the two platforms?

With INX GA, investors can

buy actual shares of the companies concerned. A certain number of NSE IFSC depository receipts are required to make up one underlying share. For instance, 200 DRs of Alphabet will represent one share of the underlying company. This could impact certain shareholder rights of the DR holder if an adequate number of DRs are not held.

INX GA provides liquidity at source at the level of the respective global exchanges. The performance of NSE IFSC receipts hinges on market makers who will buy shares in the US and issue receipts against them, which can add to the impact cost. For Indian tax purposes, it is not clear whether DRs can be treated as shares, which could affect taxation of profits made from the sale of DRs. NSE IFSC is currently providing the facility under a regulatory sandbox framework and is

likely to onboard a limited number of customers.

What are the costs involved?

Investors who come directly through the INX GA's website after a digital KYC process do not have to pay account opening, custody and annual charges. Investors can also invest through brokers that INX GA has tied up with, for which they will have to pay transaction charges that may vary from broker to broker. NSE IFSC investors may have to pay demat and custodian charges. In addition, they will have to pay market maker and non-market maker charges ranging from 4 to 12 cents per \$100 of transaction.

What are the trading timings?

Trading in US stock receipts on the NSE IFSC will be conducted over two calendar days beginning 8 pm on day one and extending up to 2.30 am the next day. Such a trading cycle will be considered one single business day. INX GA is operational 24 hours a day.

What are the steps to invest?

For NSE IFSC, open a trading and demat account with any of the 36 NSE IFSC registered brokers. Transfer funds from your local account to NSE IFSC's registered broker's bank account. Once the fund reflects in your broker's account, you are ready to trade. For INX GA, register your account and complete KYC. Transfer your funds with any of the banks mentioned on the website. Investors also have the option of going through their brokers.

ON SENTIMENTS

Consumer sentiments improve



MAHESH WAS

Consumer sentiments improved by a substantial 5 per cent during February 2022. This came on top of a 4 per cent improvement that sentiments had registered in January. The cumulative growth in the Indian consumer sentiment during the first two months of 2022 was, therefore, a handsome 9.2 per cent.

Sentiments continued to improve into the early days of March as well. The week ended March 6 saw the sentiments index rise by an extraordinary 4 per cent. The 30-day moving average index of consumer sentiments as of March 6 was about 1.4 per cent higher than the average for February.

The improvement in sentiments during the early months of 2022 essentially reflects an increase in the proportion of households that believe their current household income is better than it was a year ago. In December 2021, 8.3 per cent of the households believed that their income was higher than a year ago. This proportion was in single digits from April 2020 through December 2021. In January 2022, the proportion jumped to 11.4 per cent and in February, it rose further to 12.1 per cent. In the first week that ended in March, 13.1 per cent of the households believed that

their income was higher than a year ago.

Equally importantly, the proportion of households that believed their income was lower than a year ago fell from 42.6 per cent in December 2021 to 35.6 per cent by February 2022, and to 31.5 per cent in the week ended March 6. The proportion of households reporting a fall in their income compared to a year ago was the lowest in February 2022 since April 2020. Thus, there was a simultaneous increase in the proportion of households reporting a rise in income and a fall in the proportion of those reporting a decline in income.

There is a similar increase in the proportion of households that believe their income would improve in the year ahead and a fall in those that believe it would worsen in a year. The former increased from 8.1 per cent in December 2021 to 9.1 per cent in January 2022 and then further to 11.9 per cent in February. The jump in February is particularly high and is, perhaps, the best sign of consumer optimism. The proportion of households that believe their income would worsen has fallen from 42.3 per cent in December 2021 to 36.5 per cent in February 2022.

This change for the better in the perception of households regarding their current and prospective income is expected to play a significant role in the revival of the Indian economy. It is expected to increase household spending and contribute towards an acceleration of the

private final consumption expenditure component of the gross domestic product. An improvement in the propensity of households to spend on non-essentials is already visible.

In February 2022, 9.1 per cent of the households said that it was a better time to buy consumer durables compared to a year ago. This is a big increase compared to the position in December 2021 when a mere 5.9 per cent of the households were positive on spending on consumer durables, or in January 2022, when the proportion was 7.4 per cent.

A change in the propensity to buy consumer durables is, perhaps, the most important indicator of an economy changing direction. In the current context in India, the steady improvement in the proportion of households considering this to be a better time to buy consumer durables is an important sign of an economic turnaround being under way.

The proportion of households stating that this is a better time to buy consumer durables compared to a year ago has been rising steadily for eight months since June 2021. This rising trend compares very well with the preceding eight months when this proportion was initially declining gradually and then sharply. The recovery in the propensity to buy consumer durables has been sustained, and it is different from the smart but short-lived recovery from the first wave.

While households are optimistic regarding their own

future and their willingness to indulge in non-essentials, they are not equally gung-ho on the economic and business prospects in the short or medium term. This is somewhat surprising. It would be logical to expect first, an improvement in expectations of the economic environment and then an improvement in expectations of their own wellbeing.

In January and February 2022, only 8.8 per cent of the households expected the financial and business conditions in India to improve over the next 12 months. And, a similar proportion expected the conditions to improve over the next five years.

There was a slight and partial improvement in the week that ended on March 6. The proportion of households that expect the financial and business conditions to improve in the coming 12 months increased to 9.8 per cent. But, the proportion that believes the conditions will worsen is high and has risen. In February, 41.4 per cent of the households believed that the conditions would worsen over a year. This is high. In the first week of March, this proportion went up to 42.3 per cent.

Also, in the first week of March, the proportion of households that believe the financial and business conditions would improve over the next five years dropped a bit, to 8.4 per cent.

A takeaway can be that the recent rise in consumer sentiments can be strengthened by policy interventions that improve the prospects of a quicker economic recovery.

The writer is MD & CEO, CMIE Pvt Ltd

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Satin Creditcare Network Limited invites Expression of Interest from eligible ARC's for the proposed sale of certain stressed Financial Assets. The sale shall be on "As is where is and what is where is" basis and "Without recourse basis". Eligible prospective investors are requested to intimate their willingness to participate by way of an "Expression of Interest". Kindly refer to the Company's website - https://www.satincreditcare.com for the list of stressed Financial Assets and the detailed terms and conditions for sale.

For Satin Creditcare Network Limited Sd/-
March 7, 2022 (Vipul Sharma)
Gurugram Tel: 0124 - 4715 400; Extn: 7101

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E-TENDER FOR HIRING OF STORAGE TANK AT COCHIN PORT AND MANGALORE PORT
TENDER NO: MM/181/E25038 dated 07.03.2022
FACT invites Online Bids (TWO PART) for Hiring of Class A Storage Tanks at Cochin Port and Mangalore Port through https://eprocure.gov.in. for a period of TWO years. Any change/Extensions to this tender will be informed only through our website/ CPP e-procurement portal and will not be published in newspapers.
Due date/time for submission of bids is 22.03.2022/ 3.00 PM Sd/-
Udyogamandal 07-03-2022 SM (Materials)T&S-C

TENDER CARE

— Advertorial

NMDC RECEIVES MINISTRY OF STEEL'S OFFICIAL LANGUAGE AWARD

NMDC received 1st prize in the Ispat Rajbhasha Award for 2018-19 and 2020-21 and the Ispat Rajbhasha Prerna Award for 2019-20 in the meeting of the Hindi Salahakar Committee of the Ministry of Steel held in Madurai on 3rd March 2022. The Union Minister of Steel, Ram Chandra Prasad Singh, presented the accolades to Sumit Deb, Chairman and Managing Director, NMDC. He appreciated the efforts of all the Steel PSEs in putting into practice the official language of India and congratulated NMDC for winning the awards. On this occasion, Sumit Deb said, "I take pride in NMDC's contribution in implementing and celebrating the Official language. At NMDC, we foster original writing in Hindi on technical subjects and encourage the use of this language in daily interactions."

APY OUTREACH PROGRAM JOINTLY CONDUCTED BY PFRDA AND MAHARASHTRA GRAMIN BANK

With a view to expanding the coverage of Atal Pension Yojana, an APY Outreach Program was conducted by Maharashtra Gramin Bank in collaboration with PFRDA on 04.03.2022 at Aurangabad. Ashish Kumar, CGM, PFRDA and Ashish Dongare, AGM, PFRDA were the Chief Guest for the program and Milind Gharad, Chairman, MGB chaired the program. Ashish Kumar, in his key note address emphasised on the need of Pension to secure the old age income security in our country. He also congratulated all the bankers for their excellent performance despite the challenges poised by the pandemic. Ashish Dongare, in his address mentioned about the huge scope for pension coverage in the region and appealed all bankers to continue the good work till the saturation of APY coverage. He also deliberated on the features and benefits of the scheme along with the performance of bank.

INDIAN BANK CONDUCTS SPORTS MEET IN THE SPIRIT OF INTERNATIONAL WOMEN'S DAY

As part of Azadi Ka Amrit Mahotsav and International Women's Day celebrations, Indian Bank conducted sports meet at Chennai on 06.03.2022. The women staff members participated across multiple sports like Badminton, Table Tennis, etc. and the top management of the Bank encouraged them. S.L.Jain, MD&CEO along with EDs, V.V. Shenoy, Imran Amin Siddiqui and Ashwani Kumar and their spouses awarded the medal to the winners. Other executives, staff and their family members were also present during the occasion.

TN CHIEF MINISTER LAYS FOUNDATION STONE OF INDIA'S FIRST INTERNATIONAL FURNITURE PARK AT THOOTHUKUDI

Tamil Nadu Chief Minister MK Stalin on Monday laid the foundation stone for India's first international furniture park at Thoothukudi in Tamil Nadu. At the event, 33 companies signed the Memorandum of Understanding with an investment of ₹4,755 crore, generating employment for 17,476 people. This includes ₹2,845 crore investments in Furniture Park. The 1,156 acres park will be set up in Meelavattan and South Veerapandiapuram in the Thoothukudi district.

JNPT EXPRESSES GRATITUDE TO ALL THE VOLUNTARY RETIRED EMPLOYEES FOR THEIR RELENTLESS SERVICE

Jawaharlal Nehru Port Trust (JNPT), India's premier container port, had introduced a scheme for all JNPT employees called Special Voluntary Retirement Scheme (SVRS) 2021. Under this scheme, 460 employees of JNPT got voluntarily retired on February 28, 2022. The farewell event was conducted for four days February 21, 22, 23, and 28. Expressing gratitude towards the employees, Sanjay Sethi, IAS, Chairman, JNPT, said, "JNPT will always be thankful for the relentless work of the employees. All the milestones that JNPT has achieved are because of the dedicated work of employees like you. Your contribution to the growth and development of JNPT will always be remembered, and you all will always be a

UCO BANK STRENGTHENS FINTECH PARTNERSHIP WITH FISDOM THROUGH ADDITION OF DEMAT AND TRADING ACCOUNT SERVICES

UCO Bank, in partnership with Fisdom, extends the facilities of Instant & paperless Demat account and stock-broking services, Pension Fund & E-Tax filing through its Mobile Banking Channel. With the extended product & service suite, UCO Bank customers can avail a robust 3-in-1 Wealth Management experience. These facilities will be offered through UCO Bank's Mobile Banking application UCO mBanking Plus (an All in One power packed App for all Banking needs). UCO Bank customers will now be able to learn about, invest in, track the performance of and redeem from a variety of instruments. This initiative of UCO Bank offers customers a uniquely trustworthy, robust and Truly Digital Wealth Management experience at a single destination. On the occasion, Soma Sankara Prasad, MD & CEO, UCO Bank, said, "We have always taken pride in our value system and actions that places the customer at the centre. This initiative is yet another step in the same direction. We continue to take efforts to be the preferred Banker for all financial needs of our customers. The partnership with Fisdom has helped us develop and deliver a truly digital wealth management experience to our customers."