Gold demand may pick up in second half of 2016, say experts

PTI | Aug 17, 2016, 09.34 PM IST

MUMBAI: Global economic crisis will continue to drive the demand for gold and silver worldwide, with appetite for the yellow metal likely to pick up in India in the second half of 2016 on the back of festive season and Pay Commission award, industry experts said.

The demand for gold in the domestic market is expected to pick up in the second half of 2016 after a dismal first half, they said.

High unofficial imports, elevated price, imposition of excise duty and subsequent strike by jewellers had impacted gold demand in the first half.

"Demand is expected to come back and price discounts are expected to narrow from October.

"The overall demand is expected to remain around 380 to 400 tonnes for the second half of calendar year 2016 on account of increase in farmer incomes, salary arrears to Central government employees under 7th Pay Commission and festive demand," Foretell Business Solutions, Head of Bullion Research, Debajit Saha said in a statement here.

He added that gold demand remained extremely poor in the first half of the current year. Market had entered into deep discount zone, impacting official supply of gold. Discounts increased the moment government announced levy of excise duty, which prompted jewellers to go on a long strike, he said.

Announcement of excise duty and the subsequent strike lead to destocking at jewellers' end. Unanticipated increase in price of gold in early 2016 pushed domestic prices and drove demand out further, besides increasing scrap flows, the statement added.

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Sudheesh Nambiath of Thomson Reuters GFMS said gold price in India could decline and find support at Rs 29,000/10 gm and later rise towards Rs 33,500 by middle of next year.
Lack of physical demand from Asia, increased scrap selling at higher price levels and stable Indian rupee will be key factors that can help put some pressure on domestic prices, he added.

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Bank employees to protest against merger of SBI & associate banks

Mohit Behl | TNN | Aug 17, 2016, 09:21 PM IST

LUDHIANA: Members of All India Bank Employees Association (AIBEA), State Sector Bank Employees Association (SSBEA) and All India Bank Officers Association (AIBOA) along with Punjab Bank Employees Federation (PBEF) on Wednesday held a protest in front of State Bank of Patiala, Zonal Office, Miller Ganj, against State Bank of India (SBI) & its associate Banks management's proposal of scheme of amalgamation. They have also decided that they all are united in opposing the decision of merger and therefore as a symbol of protest they will work with black ribbons tied to their arms on Thursday.

Meanwhile addressing the bank employees during today's protest, President Ludhiana unit of PBEF Pawan Thakur, vice president Ashok Malhan, convener of women cell Parveen Moudgil, said that lakhs of bank employees have expressed their opposition to the Government's policies of banking reforms like privatization, consolidation, mergers, etc. by their massive strike in the past but still the management of SBI & Associate Banks are bringing some scheme of amalgamation in their next Board meeting. They also said that merger of associate Banks with SBI is not going benefit anyone as already associate Banks are part and parcel of the SBI group.

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South Indian Bank promises Rs 1 crore to Kochi Biennale

Sudha Nambudiri | TNN | Aug 17, 2016, 09.18 PM IST

KOCHI: In keeping with its status as a banking pioneer, the South Indian Bank has become the first private bank to join hands with the Kochi Biennale Foundation (KBF), pledging Rs 1 crore to support the upcoming Kochi-Muziris Biennale 2016.

A 'Memorandum of Understanding' formalising South Indian Bank's status as Corporate Social Responsibility (CSR) partner to the Foundation was signed today between its Managing Director V.G. Mathew and KBF President Bose Krishnamachari in Kochi on Wednesday. The first tranche of the donation was handed over at the event.

The third edition of India's only Biennale begins on December 12, 2016, and runs till March 29 next year. "It is a matter of pride for all of us that the Kochi-Muziris Biennale has been recognized as a highly acclaimed event internationally. The project speaks volumes of the vision and determination of its founders and patrons," Mathew said.

"It is indeed a matter of prestige for South Indian Bank to be associated with Kochi-Muziris Biennale 2016 under its CSR initiative. Based out of the cultural capital of Kerala, we have been associated with numerous cultural initiatives especially in the state of Kerala. But the scale and sweep of Biennale is of a different class altogether. We take this opportunity to wish Kochi-Muziris Biennale 2016 a grand success," he added.

"Art and culture brings together social responsibility and an aesthetic rejuvenation. I would like to welcome and thank South Indian Bank's contribution to building an aesthetic ecosystem and its generosity and patronage to encourage the KBF," Krishnamachari said.

Noting the importance of forging such links, Komu said, "South Indian Bank's partnership with the Kochi Biennale Foundation comes at a time when art patronage and encouragement is needed more than ever. Their trust in us will help the Foundation do more to broaden public access to art and to ensure this homegrown Biennale continues to be considered one of the best in the world. But more than that, South Indian Bank is making a valuable cultural investment that is true to its pioneering history."

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FPIs prefer direct route over P-Notes to invest in India: PwC survey

Partha Sinha | TNN | Aug 17, 2016, 09.17 PM IST

MUMBAI: Markets regulator Sebi's recent tightening of rules governing participatory notes (P-Notes), that allowed a large number of investors to re-rout money through foreign funds, is showing results. A survey done by consultancy major PwC found that nearly three out of four foreign portfolio investors (FPIs) now prefer to invest in the Indian market through the direct FPI route rather than taking the more opaque P-Note route. Since Sebi started tightening the P-note rules, aggregate foreign investments into India have fallen from a high of nearly 56% in 2007 to about 8.8% now.

P-Notes are derivative instruments issued by FPIs to investors, mostly to circumvent Indian tax laws and regulatory oversight. Often regulators and government agencies have alleged that P-Notes were used for investing black money into the Indian market by re-routing them through foreign companies.

FPIs surveyed by PwC showed "a preference for engaging directly with the Indian market rather than through overseas derivative instruments (ODIs), also commonly referred to as P-notes," the survey noted. "Among the respondents, with definitive answers, 73% indicated that they would prefer direct access to the Indian market over ODIs," it said. About 200 FPIs across the globe had participated in the survey. "The response is clearly a reflection of Sebi's recent clampdown on P-notes or ODIs," Suresh V Swamy, partner, PwC said.

The shift about preference from the P-Note route to direct FPI route was also influenced by an easier regulatory regime for investors coming through the direct route and the government's efforts to renegotiate tax treaties with other countries to close tax loopholes.

Gautam Mehra, leader, tax & regulatory, PwC India said that investor opinion about the Indian tax and regulatory environment is slowly moving in a favourable direction. "The government has given a thrust to the establishment of a long-term, stable, predictable and non-adversarial tax regime to improve the ease of doing business in India. All these factors will benefit the climate for investing into India," Mehra said.

The survey also found that FPIs were happy with the regulator's responsiveness and India's trade and settlement process. Approximately two out of three respondents rated the regulator's responsiveness and India's current trade and settlement process as either good or great.

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'India CFO Survey 2016', conducted by Deloitte, points out that the outlook on operating profit margins looks uncertain wherein 48% of CFOs expect increase in margins while 52% expect reduction or no change in margins.

COIMBATORE: Even though 74% of CFOs (chief financial officers) are optimistic about increase in revenues in the next one year, they were almost equally divided on whether it was the right time to take risks given the uncertain global economy and growth being concentrated in certain sectors of the domestic economy, according to a survey by Deloitte.

Encouragingly, 58% of the CFOs believe their capital expenditure will increase over the next one year giving credence to the fact that there were some green shoots of recovery in the investment cycle.

More than 60% of the participants believe that they have seen an improvement in the investment climate over the past one year. Another silver lining is that almost 45% CFOs are expecting that companies would increase their headcount.

"A key element in the current economic recovery is the pace of investments and the belief that taking risks would be productive and, as such, we have not seen that sentiment being expressed by CFOs in our latest survey", said Deloitte's spokesperson from India.

"The percentage of CFOs who are positive about the current developments have however, increased from last year."

Both working capital requirements and cash holdings are expected to increase for companies over the next one year, which probably implies that they expect a higher inflation in both goods and services. On the availability of credit, the responses were mixed with a majority of CFOs saying that credit was available at a higher cost.

"This seems to be counterintuitive in a year when the borrowing cost for banks have come down. However, this could possibly be based on the belief that banks would find it hard to lend due to the impending structural constraints and increasing risk aversion in the face of the ensuing slowdown in a number of sectors," Deloitte said.

About 90% of the CFOs were optimistic about the mid-term outlook and 94% of them have expressed their confidence on the economy even in the long-term. Around 60% of the executives reported a marginal improvement in ease of doing business in India, while 35% of them have seen no change.
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