

« STOCK MARKETS

EXPERT SPEAK...



After two successive positive weeks, the benchmark indices were seen witnessing profit taking at the higher levels and lost nearly two & half percent in the end. Tracking mixed cues from multiple events on both domestic and global front, volatility remained quite high which kept the uneasiness intact among the traders throughout the week.

The coming week would be crucial one to watch for, as central bank will be coming out with monetary policy review on August 5, 2014 amid hopes of a rate cut to boost manufacturing. Traders would also be watching HSBC India Services PMI data, which is scheduled to be released on August 5, 2014. Meanwhile, the much delayed Insurance Bill, the NDA government's first major reform initiative proposing to raise the FDI cap in the sector to 49%, will also be tabled. And, the prevailing earning season will keep the traders on their toes as well.

On the benchmark front, we expect this negativity to extend amid volatility; however, 7400-7450 zone still holds crucial support in the CNX Nifty index. We have been continuously advising traders to maintain extra caution in their positions especially in cash segment as we generally see steeper decline in them during the corrective phase of index. Also, we are not seeing any particular sector performing well these days so one should keep the stock specific view and trade with strict risk management rules.

—Jayant Manglik, President, Retail distribution, Religare Securities



Nifty started the August expiry with an almost 2% cut on the 1st day. July Nifty rollovers stood at ~67.6%, marginally higher than last 6-month average percentage rollover. However, contract-wise rolls were lower at ~1.41cr as against ~1.47cr/1.60cr shares in June/May expiry. Historically, August has proved to be a trend changer month globally. Nifty has made a double top formation, thereby, limiting scope of a big movement on a higher side unless the resistance level has been taken out convincingly (close for two or more days above the previous peak).

—Amar Ambani, Head of Research, India Infoline



Markets sold off in the second half of Friday to close 1.5% lower. Weak global markets and continuing geo-political tensions rode over the positive core sector growth data released in India yesterday. For the week, benchmark indices lost about 2.5% and have ended at a near two-week low. Lower inflation in EU, expectations of earlier-than-expected rise in US interest rates, default by Argentina and some lower-than-expected quarterly results in India soured sentiments. In the short term, quarterly results, geo-political factors and the progress of monsoons will take most of the attention of the market.

—Dipen Shah, Head, Private Client Group Research, Kotak Securities

MSME Minister Assures MRAI Of Resolving Issues

By A Business Reporter

“Metal Scrap is a mine above earth and any wastage of scrap or impediments in recycling is a crime against future generations. The Metals Recycling industry performs a vital social and environmental function by conserving natural resources and provides employment to millions of people all around the world. It is estimated that the global recycling industry directly employs more than 2 million people, annually processes over 500 million tons of commodities and has a turnover exceeding \$500 billion, said Ikbal Nathani, President, Metal Recycling Association Of India (MRAI) at the Annual Conference of Metal Recycling Association of India, in Mumbai on Friday.

Recyclers collect products that have reached the end of their useful lives and then transform them into valuable secondary raw materials that can be fed back into the manufacturing process. If it were not for the metals recycling industry, a substantial proportion of these end-of-life goods would be consigned to landfills and the valuable materials they contained would be lost to the production cycle forever.

Using the opportunity, Nathani presented the association's views, challenges and expectations to the Chief Guest, Union Minister for Micro, Small and Medium Enterprises, Kalraj Mishra. Stressing on the challenges faced by the association, Nathani said an import duty of 2.5 to 5% has been imposed on metal scrap, while the export duty which stand at 15% play a deterrent role. The FTA (Foreign Trade Agreement) signed by India with various countries too harms the interest of the association. The SAD (Special additional duty) and Cenvat (Central Value Added Tax) issues are yet to be resolved. Also there is lack of domestic laws and legislation and no support from the Central and State Governments to promote the metal recycling industry. The Association sought abolishing of all duties on imported metal scrap, reviewing of FTAs, SAD and Cenvat.

“The Metal recycling provides raw material to various small and big industries. The rise of small and medium industries, which employ the



«Ikbal Nathani, President, Metal Recycling Association Of India and the Union Minister for Micro, Small and Medium Enterprises, Kalraj Mishra lighting the lamp to inaugurate the Annual Conference of Metal Recycling Association of India, in Mumbai on 1st August 2014.

maximum number of people is useful to all. There should be some co-ordination between the government agencies. We wish to have one platform solutions to the problems of the industry,” said Union Minister for Micro, Small and Medium Enterprises, Kalraj Mishra.

“We wish to make India a manufacturing hub and the problems of the metal recycling industry which provides raw material to MSME will surely be looked into, he added.

Suman Kaushik, Adviser, Planning Commission of India too assured the gathering that she would take the matter up with the Planning Commission. “The resources are scarce and the government should make use of this option to help the industry. The government is concerned of the metal sector as there is a lack of exploration facilities,” she added.

Environmental benefits of Metals Recycling:

- Energy saved using recycled material versus virgin ore
- 74% for iron and steel scrap
- 95% for aluminum scrap
- 85% for copper scrap
- Recycling 1 Tonne of steel saves
- 1.2 tonnes of Iron Ore
- 0.7 tonnes of Coal
- 0.5 tonnes of Limestone
- Recycling 1 Tonne of Aluminum saves
- 8 tonnes of Bauxite ore
- 14 megawatt hours of electricity
- Reduction in CO2 emissions by using scrap
- 58% for iron and steel scrap
- 92% for aluminum scrap
- 65% for copper scrap

Competition In Power Distribution Has Benefited Mumbaikars



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« INDUSTRY VIEW

The consumers of today are conscious about their preferences and needs. They play a significant role in driving and demanding greater competition in the market. Increasingly, competition in the market is being well accepted and in fact encouraged by society owing to the benefits that consumers are seeing. A top-of-the-mind example is the telecom sector that has demonstrated rapid growth over the past decade on account of regulatory liberalisation, structural reforms and sheer competition. The Indian telecom industry is characterised by intense competition that has resulted into competitive pricing and doorstep services for its consumers.

The Indian power distribution sector also exhibits great potential for competition to aid improvements, to the benefit of consumers, and the open access in power transmission in the Electricity Act 2003 recog-

nised this potential. According to the Act, open access means the non-discriminatory provision for the use of transmission lines or distribution system or associated facilities with such lines or system by any licensee or consumer or a person engaged in generation in accordance with the regulations specified by the appropriate commission. This arguably is one of the key milestones brought about in the power sector of the country. However, it is only the city of Mumbai that has adopted elements of this provision to give consumers the benefits of competition.

The concept of competition leading to reduced prices and improved customer services has time and again proved to be accurate. The multiple licensee distribution model of Mumbai serves as the good example of this. Competition in Mumbai's power sector has enabled the consumers to choose their power distributor while simultaneously availing competitive prices. Tata Power has delivered to its consumers, the benefit of choice, competitive prices, enhanced services and international best practices. Tata Power's consumers below 300 units category enjoy lowest tariff in the city.

This model of multiple licensee distribution has undoubtedly lead to increased transparency in systems, regular redressal of grievances and timely flow of key information, thus leading to improved performance of the sector. Tata Power has redefined customer service in the city of Mumbai. The Company has 25 Customer Relations Centres across the city that offer prompt and easy payment of electricity bills and along with assisting those people wanting to switch to Tata Power as their preferred

power supplier. Known for prompt attention to customer queries and a friendly atmosphere, these customer relations centres intend to deliver a whole new experience to the consumers. With the introduction of a plethora of payment options including Suvidha outlets, ITZ cash card payments, advance bill payment options, online payments, over the counter payments in all ICICI branches, drop box payments, payments at all Customer Relation Centers, etc, payment of the electricity bills is no longer a hassle for Tata Power customers as they can choose their preferred mode and make their payments as per their convenience.

Competition has also helped to drive investment in infrastructure. Tata Power has been undertaking steady network expansion within the city with a focus on 11 clusters to deliver services to consumers at cheaper prices. Tata Power has successfully expanded its network and developed infrastructure to provide power supply to more than 5000 consumers in Ambujwadi, Malad who have received electricity supply to their homes for the first time.

While it is visible that privatisation of electricity distribution has benefited consumers of Mumbai in a significant way, it is time now that the rest of the states also adapt to a consumer centric distribution model. Ultimately, the question that needs to be answered is whether one is making the sector conducive for the customers to be able to derive the maximum value out of the arrangement. Mumbai has shown the country the way forward in power distribution which benefits consumers while ensuring the viability of the sector.