

In this file photo, the logo for Uber appears above a trading post on the floor of the New York Stock Exchange. (AP)



India considers commissions cap for Uber, Ola

India plans to cap the commissions app-based taxi aggregators such as Uber UBER.N and home-grown Ola earn on rides to a maximum 10% of the total fare, according to a draft proposal seen by Reuters, a move industry experts warned would hit revenue and operations. Such a law would be another blow to San Francisco-based Uber after the ride-hailing firm was stripped of its licence to carry paying passengers in London on Monday for the second time in just over two years over a "pattern of failures" on safety

and security. India's federal government has proposed reducing the commission from the around 20% of the total fare charged at present, according to the 23-page document titled "central guidelines for aggregators". The government has also proposed stricter safety checks for drivers and wants to cap their working hours at 12 per day, amid fears long shifts were putting passenger safety at risk. India's road transport ministry did not respond to a request for comment outside

working hours. Uber and Ola also did not respond. The proposal could still change but industry experts say it could halve Uber and Softbank-backed Ola's revenues from rides. India accounts for an estimated 11% of Uber's global rides annually. "The 10% (commission) is not viable, it has to be something around 20%," said Joy Bandekar, a former executive at Ola, adding the system could not survive at the lower rate. (RTRS)

Small banks raising deposit rates to lure savers

Spectre of funding crunch looms over runs at China's small banks

YINGKOU, China, Nov 28, (RTRS): Bundles of yuan notes were stacked high behind the counters of branches of Yingkou Coastal Bank earlier this month, as the northeast China lender fought off a run on deposits while onsite government officials battled rumours of a funding crunch. Yingkou was the latest small bank to have its deposit-reliant funding base undermined by depositors, spooked by the funding crunch that led to the shock state-led rescue of tiny regional lender Baoshang Bank. To help repair the damage, Yingkou hiked its already high deposit interest rates. The run came just as smaller lenders' reliance on deposits for funding shot up this year after Baoshang's rescue sent interbank interest rates spiking, raising borrowing costs. Funding was already under pressure from government efforts since 2016 to de-leverage the financial system. Since August,

government-mandated cuts in lending rates to shore up a slowing economy have only exacerbated the pressure. With less income from lending and without the full suite of funding options available to much larger peers, the interest rates that China's legion of small banks may have to offer to attract deposits could further undermine their stability, analysts said. Dai Zhifeng, a banking analyst with Zhongtai Securities, said the funding difficulties risked distorting small banks' behaviour. "Lacking core competitiveness, some of them have turned to high-risk, short-sighted operations," he said, adding that a liquidity crunch was possible at some institutions. At Yingkou, "untruthful rumours about the bank's deep financial crisis spread online", the city police said, triggering a run on deposits on Nov 6 when a Reuters witness saw piles of cash

behind counters at six city-centre branches. The local government stepped in to allay concerns, placing officials at Yingkou's biggest branch to help calm depositors, and hanging notices saying the bank had sufficient assets and that its operations and management were in good standing. **Deposit** Deposits made up 58% of Yingkou's funding as of June-end. In the wake of the run, it raised its rate for one-year time deposits to 4.4% from 4.2% and kept the rate on its flagship three-month wealth management product above 5%, showed marketing materials seen by Reuters. By comparison, the popular money market fund Yu'eobao backed by e-commerce giant Alibaba Group Holding Ltd offers a 2% annualised rate, while China's benchmark rate for a one-year time deposit is 1.75%.

"I thought about the risks of smaller lenders, but an interest rate of 4%-plus on deposits was too attractive for me," said Sun Wensheng, a futures trader who deposited 420,000 yuan (\$59,772.86) with Yingkou just before the bank run. The China Banking and Insurance Regulatory Commission (CBIRC) did not immediately respond to a request for comment on the risk to small lenders from higher deposit rates. Yingkou did not respond to a request for comment. Though small, problems at China's more than 4,500 local banks matter because of their close ties to larger lenders and huge base of mom-and-pop savers. Yingkou was the second bank run in less than two weeks, following a panic at Yichuan Rural Commercial Bank in central Henan province amid a corruption investigation into a former boss.

But in contrast to the May rescue of Inner Mongolia lender Baoshang Bank, when a takeover by the central government sent interbank lending rates sharply higher, local governments took the lead in managing both of the latest scares. The change in approach was deliberate and is now based on the specific situation of the bank in question, said an official at the Shanghai branch of the CBIRC. **Runs** In both runs, funding from other local banks was swiftly brought in to allay liquidity fears under instruction from the authorities. "The current smaller banking industry is fragile due to (its) high leverage and poor liquidity management," said another regional CBIRC official who oversees local rural banks. "Smaller banks need to be treated carefully and problems rectified as they emerge, such as corporate governance, to

avoid contagion risks." For fear of squeezing a funding lifeline, regulators have refrained from cracking down on the high-return time deposits offered by small banks. Local intervention should help contain problems and cut the cost of any rescue, said Rory Green, an economist covering China at independent investment research firm TS Lombard. "That is long-term positive for China, but will create a lot of risks when local authorities don't have enough capital and don't act quickly enough to stabilise the situation," he said. Regulators are also looking at recapitalisation, mergers and other forms of support. On Nov 18, Harbin Bank Co Ltd - a midsize lender with links to Baoshang stakeholder Tomorrow Holdings - saw its shares jump 9% after two local state-controlled groups became its key shareholders, paying an above-market price to do so.

India's economy seen growing at 4.7 pct in Sept quarter: poll

Govt seeks parliament nod for \$2.7 bln extra spending

NEW DELHI, Nov 28, (RTRS): India's economy probably expanded at its weakest pace in more than six years in the quarter to September, a Reuters poll showed, as consumer demand and private investment weakened further and a global slowdown hit exports. The median of a poll of economists showed annual growth in gross domestic product of 4.7% in the quarter, down from 5.0% in the previous three months and 7% for the corresponding period of 2018. Economic growth could dip to around 4% in the September quarter, two domestic television channels said on Wednesday, citing government sources. If the latest figure for expansion of gross domestic product is 4.7% or less, the quarter will have registered the slowest expansion in 26 quarters, since 4.3% in January-March 2013.

Boost Prime Minister Narendra Modi's government has taken several steps, including cutting corporate tax in September, to boost investments and bolster economic growth. Economists in a Reuters poll predicted the Reserve Bank of India would cut its repo rate for the sixth time in a row, by 25 basis points, to 4.90% at its Dec 3-5 meeting. "Agrarian distress and dismal income growth so far, coupled with subdued income growth expectation in urban areas, have weakened consumption demand considerably," said Devindra Pant, chief economist at Fitch arm India Ratings & Research. "Even the festive demand has failed to revive it," he said, citing data on non-food credit, auto sales and select fast moving consumer goods. On Wednesday, in a heated parliamentary debate on the economic slowdown affecting jobs, opposition parties said million of people had lost their jobs and the country faced a "economic emergency". In her reply, Finance Minister Nirmala Sitharaman said the economy faced a slowdown but no "recession" and cited several government measures to support economic growth. On Thursday, she sought parliament's approval to spend \$2.7 billion in addition to a budgeted 27.86 trillion rupees (\$388 billion) in the 2019/20 fiscal year. Economists said with persistently tight domestic credit and weak corporate profits, India's recovery could be delayed and the pick-up would remain below potential. India needs to grow at around 8% to create enough jobs for its millions of young people joining the labour force each year. The unemployment rate in October rose to 8.5%, its highest since



Nissan Motor Co Executive Vice-President Hideyuki Sakamoto speaks during a press conference at the company's headquarter on Nov 28, in Yokohama, near Tokyo. (AP)

Company taking steps toward electric age

Nissan invests \$303mn in production

YOKOHAMA, Japan, Nov 28, (AP): Nissan is investing 33 billion yen (\$303 million) in its flagship auto plant in Japan's Tochigi prefecture in a first rollout of a production system geared toward electric vehicles. Nissan Motor Co Executive Vice-President Hideyuki Sakamoto said Thursday that manufacturing methods must change because vehicles increasingly have both hybrid and electric engines and new parts for connectivity and artificial intelligence services. Sakamoto said the production changes, set to be completed next year, use robotics and sensors to decrease physical stress on assembly-line workers. They are tailored for a workforce increasingly manned by senior workers and women. Among the innovations for Nissan's so-called "intelligent factory" is a powertrain mounting system that allows at least 27 configurations to be installed in one procedure. The parts, including the battery for electric vehicles, are put together on one "pallet," or foundation unit, for easier installing into the vehicle. Another innovation involves programming a worker's craftsmanship into robotics. The moves are so finely tuned in the automated sealing process that the delicate angles and touches of a human worker are duplicated. The advantage to such a system is that a robot's work is consistent and tireless, maintaining the quality of craftsmanship, according to Nissan. "The competitiveness of an automaker lies in pro-

duction, as well as design and technology development," Sakamoto told reporters. Auto production methods have remained basically the same since the early 1900s. But vehicles are becoming more complex, as driver-support technology, hybrid systems and various kinds of batteries must be fitted in, depending on the vehicle, Sakamoto said. The production methods will be later rolled out in Nissan's plants in Japan and elsewhere around the world but details are undecided. Yokohama-based Nissan, which makes the Leaf electric car, March subcompact and Infiniti luxury models, is eager to relay a message of innovation as it battles a serious risk to its reputation amid plunging profits and sales. Nissan's former chairman Carlos Ghosn is awaiting trial on various financial misconduct allegations. Nissan has acknowledged failings in its corporate governance. Its new chief executive is taking office next week. Ghosn's successor Hiroto Saikawa also stepped down, acknowledging financial misconduct. All other major global automakers are working on smart, connected and electric vehicles. But Nissan has a head start in many of the innovations, especially electric vehicles, thanks largely to Ghosn. Ghosn says he is innocent and accuses others in Nissan of colluding to get rid of him to block a fuller integration with its alliance partner Renault SA of France.

August 2016, according to the Centre for Monitoring Indian Economy (CMIE), though the government estimates that urban unemployment declined. Some economists, however, said economic growth could pick up in

the second half of the current fiscal year, after the government took steps to support real estate and non-bank finance companies. "The economic slowdown has bottomed out in the September quarter," said N.R. Bhanumurthy, an

economist at the National Institute of Public Finance and Policy, a Delhi-based government think tank. "With easing of credit and pick up in festival demand, economic growth is expected to pick up from October onward."

Co pouring money into custom silicon

Amazon cloud unit readies 'powerful' data center chip

NEW YORK, Nov 28, (RTRS): Amazon.com Inc's cloud computing unit has designed a second, more powerful generation of data center processor chip, two sources familiar with the matter told Reuters, the latest sign that the company is pouring money into custom silicon for its fastest-growing business. The new Amazon Web Services chip uses technology from Softbank Group Corp-owned Arm Holdings, the sources said. One of the sources familiar with the matter said it will be at least 20% faster than Amazon's first Arm-based chip, named Graviton, which was released last year as a low-cost option for easier computing tasks. If Amazon Web Services' chip efforts are successful, it could lessen the unit's reliance on Intel Corp and Advanced Micro Devices Inc for server chips.

Services An Amazon spokesman declined to comment on future products or services. Arm declined to comment. In cloud computing, businesses rent out servers from Amazon instead of running their own data centers. Analysts expect Amazon's cloud unit to generate \$34.9 billion in sales in 2019, according to IBES data from Refinitiv. Cloud computing has become big business for data center chip makers. Intel controls more than 90% of the server processor market, with AMD controlling most of the remainder. Intel's data center group generated almost half of the company's overall operating profit last year. And most server chips go to the cloud. In 2018, almost 65% of Intel's data center chip sales were from cloud and communications service providers, its executives have said. Chip designers using Arm technology want to challenge Intel's dominance. Arm chips power mobile phones today. But several companies aim to make them suitable for data centers, including startups run by former executives from Intel and Apple Inc. Amazon's first Arm chip did not appear to have an impact on Intel's data center business, which continued to grow over the past year, said Bernstein analyst Stacy Rasgon. But he said major technology companies, who

spend billions each year with Intel and AMD with few alternatives, have the resources to make more powerful Arm chips. "Arm by itself I'm not worried about, but Arm in the hands of an Amazon or a Google who could potentially invest in it, that becomes potentially more problematic" for Intel, Rasgon said. Amazon's Arm effort appears to be making progress, one of the sources said. The new chip's speed gain "sends a message to the market" that Amazon is serious about investing in Arm-based chips, the person said. Both sources familiar with the matter said the new chip is not expected to be as powerful as Intel's "Cascade Lake" or AMD's "Rome" chips. Though less powerful, Arm chips are cheaper and consume less electricity than Intel's top-end chips. Intel's most powerful chips can cost several thousand dollars, while barebones Arm-based server chips can cost less than \$1,000. In a data center that houses tens of thousands of servers, chip buyers often focus on a mix of factors - speed, chip size, power consumption and cooling costs - called the "total cost of ownership." That is where Arm-based offerings hope to one day compete with Intel. **Technology** Amazon's first Graviton chip used Arm's older Cortex A72 technology. The forthcoming Amazon chip is expected to use newer Arm technology, most likely Arm's Neoverse N1 technology, one of the sources familiar with the matter told Reuters. Another source familiar with the matter said the chip is expected to have at least 32 cores versus the Graviton's 16. The new chip will also use a technology called a "fabric" that will allow it to connect with other chips to speed up tasks like image recognition, one of the people familiar with the matter said. To take advantage of the new chip, cloud customers likely will need to use software written for Arm-based chips, which is less common than software for Intel and AMD chips. "The hardware is only part of the equation," the second source familiar with the matter told Reuters.