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A partial lockdown could shave 4% off the monthly GVA

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Govt must address the confusion over its directives on the partial opening up after the corona lockdowns

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Kotak Mahindra Bank to raise ₹7,500 crore through share sale

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AMERICA FIRST

Trump suspends issuing of new green cards for 60 days

KOLKATA, THURSDAY, APRIL 23, 2020

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FINANCIAL EXPRESS

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IN THE NEWS

'No conflict if state cane prices higher than govt-set SMP'

RULING OUT ANY conflict between the statutory minimum price of sugarcane fixed by the Centre and advisory price by the state government if the latter is higher, the Supreme Court said on Wednesday, reports **Indu Bhan** in **New Delhi**. It refused to refer the issue to a larger bench, a plea sought by the mills of Uttar Pradesh.

Maruti unit gets nod to operate on single shift basis

THE HARYANA GOVERNMENT on Wednesday granted permission to Maruti Suzuki India (MSI) to restart its Manesar-based manufacturing facility, reports **PTI**. But MSI said it will resume operations only when it can maintain continuous production and sell vehicles, "which is not possible at this point of time".

Maha min requests CBI to take custody of Wadhawans

MAHARASHTRA HOME MINISTER Anil Deshmukh on Wednesday said the state government has requested the CBI to take the custody of DHFL promoters Wadhawans, reports **PTI**. DHFL promoters Kapil Wadhawan and Dheeraj Wadhawan allegedly violated the lockdown norms and travelled to Mahabaleshwar earlier this month.

FACEBOOK-RJIO DEAL

RJio could be Mark's WhatsApp moment

Jio gets $5.7 bn to deleverage and a bigger tech footprint while Facebook gets a savvy partner to consolidate its India play

FE BUREAU
New Delhi, April 22

IN A DEVELOPMENT which will not only help Reliance Industries cut its debt but also enable it to emerge as a major player in the e-commerce and larger digital space, US tech major, Facebook on Wednesday announced an investment of $5.7 billion (₹43,574 crore) to buy a 9.99% stake in Jio Platforms. Jio Platforms is 100% subsidiary of RIL, created in October last year which houses all its digital ventures chief of which is Reliance Jio Infocomm, which runs mobile services. This is Facebook's biggest stake buy since its 2014 acquisition of WhatsApp for about $19 billion.

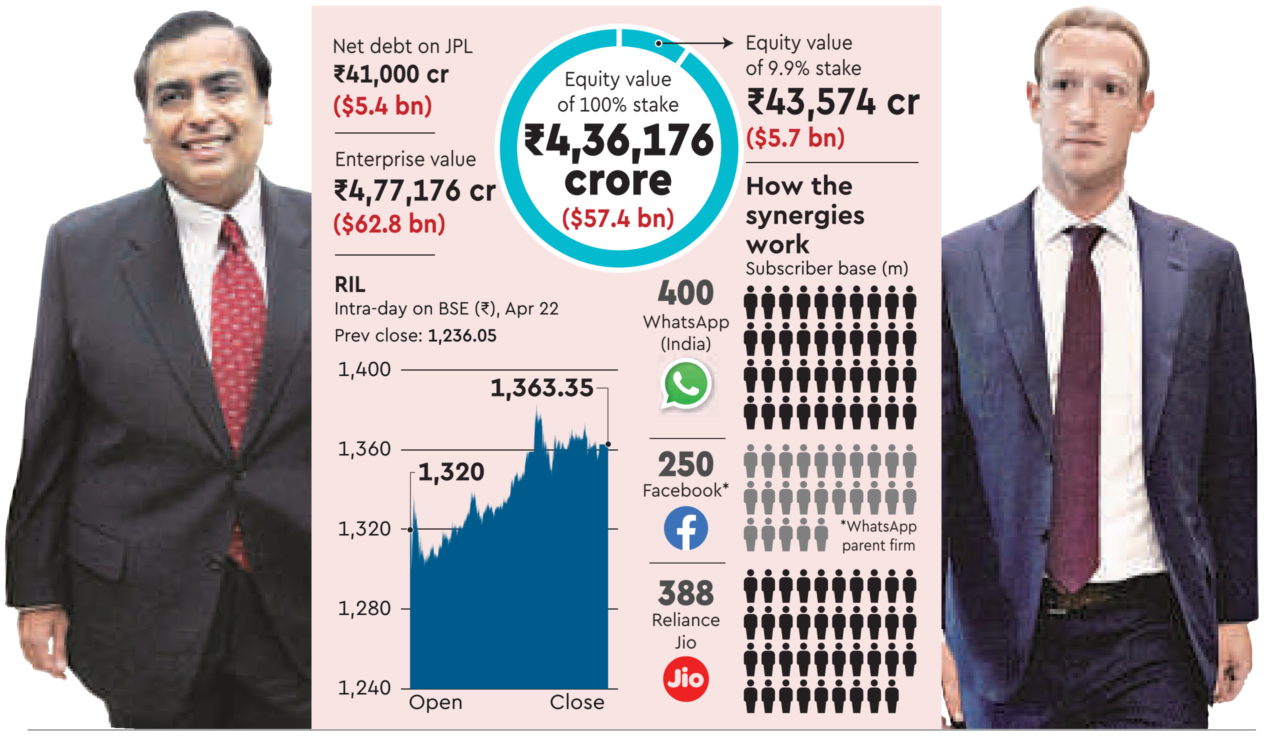
To begin with the two firms will collaborate on the e-commerce front to digitise the country's over 60 million, small and medium businesses, and 30 million neighbourhood kirana stores. The basic idea is that Jio's e-commerce app Jio Mart will get integrated with FB's messenger platform, WhatsApp to bring on-board the neighbourhood kirana stores on a digital platform. Though customers can order on the platform and choose to pay via other payment apps, over time it is expected that when WhatsApp payments business gets operationalised it will get a huge leg-up. Even Jio Money will be a beneficiary.

The collaboration, which is not exclusive and both the partners are free to forge alliances with other suitable players, nonetheless will offer big competition to current e-commerce players like Amazon, Flipkart, Big Basket and Grofers, etc, apart from payment firms like PhonePe, etc.

WhatsApp with its 400 million subscribers, its parent Facebook's 250 million users in the country, and Jio's 388 million users provide a perfect start to the platform. The benefit for the kirana stores is that they get digitised without having to spend anything and can extend their reach and effectively compete with the bigger, organised e-commerce players. However, a big challenge for them would be logistics like delivery for which they need to hire manpower as well offer services which matches in quality with bigger, organised players.

"Today we are announcing a $5.7-billion, or ₹43,574-crore, investment in Jio Platforms, part of Reliance Industries, making Facebook its largest minority shareholder," the company said in a statement. RIL in a separate statement said the investment by Facebook values Jio Platforms at ₹4.62 lakh crore pre-money enterprise value ($65.95 billion).

Continued on Page 11
Related reports on Page 4



In the very near future JioMart and WhatsApp will empower nearly 3 crore small India Kirana shops to digitally transact with every customer in their neighbourhood.
—**MUKESH AMBANI,** RELIANCE INDUSTRIES CHAIRMAN

We are going to become the largest minority shareholder in Jio platforms...Committing to work together on some critical projects that are going to open up lot of opportunities for commerce in India.
—**MARK ZUCKERBERG,** FACEBOOK FOUNDER & CEO

JioMart gets WhatsApp's 400-million-user edge

FE BUREAU
New Delhi, April 22

WHATSAPP'S 400 MILLION subscribers in India and its soon-to-be-launched payments app, could give JioMart the lever it needs to be able to link millions of small merchants and kiranas with customers.

The user-friendly and ubiquitous WhatsApp is the best tool that can help connect consumers with mom-and-pop stores and small merchants, facilitating deliveries of goods and services.

As Satish Meena, senior analyst at Forrester Research, pointed out JioMart has been facing issues with getting customers, both merchants and consumers and can do with a boost. "WhatsApp is a powerful tool and many small traders are already present on the messaging platform," Meena said.

For Facebook-owned Whatsapp, the use of payments apps would probably be the revenue-driver as the operations of an increasing number of kiranas become digitised.

Continued on Page 11

FB, Jio will collaborate as well as compete

FE BUREAU
New Delhi, April 22

THOUGH FACEBOOK HAS picked up a 9.9% stake in Jio Platforms and collaborating on the e-commerce front, the two players will continue to compete in other areas.

There are several duplication which will continue to exist, executives of both the companies said in a concall after the announcement of the deal. "The construct of this collaboration is not meant to be exclusive," Ajit Mohan, vice-president and managing director of Facebook India, said.

This was echoed by Anshuman Thakur, head of strategy, Reliance Jio, who said, "At this point, we have identified merchant, SME commerce as something we can collaborate and we can benefit from what WhatApp already does very well... We will similarly find areas where the skill sets may be more complementary but this investment or partnership does not mean that we will not compete in the market."

The statement assumes significance because Jio has a messenger app, Jio Chat, which is on the lines of WhatsApp but with much less subscribers.

Continued on Page 11

Special Feature

Harvesting the benefits of tech at mandi

Private e-mandis, farm-to-fork startups and location tracking & geo-fencing tech platforms are helping farmers sell their produce in this peak harvesting season amidst the Covid-19 lockdown

■ eFE, P9

INDIA OPS

Oyo cuts salary, sends employees on leave

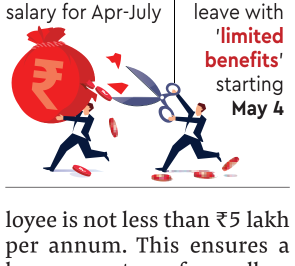
ASMITA DEY
New Delhi, April 22

OYO HOTELS & HOMES has asked all employees in India to accept a 25% reduction in their fixed compensation for April-July. This includes a section of employees who will be sent on leave "with limited benefits", effective May 4, and continue till August, according to internal documents reviewed by *FE*.

"All other benefits and terms of your contracts will remain unchanged. Also, note that this action will be planned in such a way that post the proposed pay cut, the fixed compensation for any employee is not less than ₹5 lakh per annum. This ensures a large percentage of our colleagues at lower pay scales see no impact," Rohit Kapoor, CEO, India and South Asia, told employees at a town hall.

Employees to take **25% cut** in salary for Apr-July

Some to be sent on leave with '**limited benefits**' starting **May 4**



Continued on Page 11

CASH-STRAPPED

Pvt airlines ignore govt order to not sell tickets

ANURAG KOTOKY
New Delhi, April 22

THE GOVERNMENT ORDERED airlines this week to stop selling tickets. Hardly any listened.

Four of the country's top six airlines, which together control 80% of the local market, are selling domestic flight tickets for as soon as the third week of May, searches on their websites showed. That's despite the Centre saying no decision has been made on allowing flights after the end of the nationwide lockdown on May 3, which means airlines should refrain from selling tickets until authorities give them the go ahead.

Aviation minister Hardeep Singh Puri reiterated that no commercial flights will be allowed to operate until the spread of the coronavirus has been controlled and that the lifting of restrictions will only be considered later.

Market leader IndiGo, operated by InterGlobe Aviation, is selling tickets from June 1, as is Vistara, the local affiliate of Singapore Airlines.

Continued on Page 11

TACKLING CORONAVIRUS

New ordinance: Seven-year jail for attack on health workers

FE BUREAU
New Delhi, April 22

THE CABINET ON Wednesday approved an Ordinance to make acts of violence against doctors and other medical staff a cognizable and non-bailable offence, with punishment up to seven years in jail, as the government sought to assuage fears of the health workers amid increasing reports of attacks on them. The attackers will also have to pay double the cost of the property they damage.

Briefing media after the meeting, information and broadcasting minister Prakash Javadekar said the Cabinet has approved the Ordinance to amend the Epidemic Diseases Act, 1897, and that attacks against the health workers, who are staking their lives to fight the Covid-19 pandemic, won't be tolerated. "It (the Ordinance) carries imprisonment from 6 months to 7 years if anyone is found guilty," Javadekar said. The Ordinance also stipulates stiff provisions, including fines up to ₹2 lakh.

Continued on Page 11

Work resumes at the Mahatma Gandhi Setu following relaxation of lockdown curbs in Patna on Wednesday

Mamata says Centre not helping with testing kits

RAVIK BHATTACHARYA, ATRI MITRA & SANTANU CHOWDHURY
KOLKATA, APRIL 22

WEST BENGAL CHIEF minister Mamata Banerjee Wednesday put the blame squarely on the Centre for dispatching faulty Covid-19 testing kits, and came down heavily on it for sending two teams to assess the situation on the ground.

Addressing a press conference, Banerjee said if there was a health hazard, then the state was not responsible. "They are showing an attitude they would have been happy if there were more Covid-19 cases in Bengal. Rapid test kits sent to the state have now been withdrawn because they were faulty. Thankfully, our health department ordered some kits which came very useful. If there has been a health hazard here, then we are not responsible for it. Whose fault is it? We have to conduct timely tests. If we fail to do so, then patients may die," she said.

She said "canards are being spread Bengal is not conducting enough tests".

But she held the Centre accountable for sending only 2,500 kits against 14,000 sought by the state.

Continued on Page 11

Sample testing shift: In Maha, private labs overtake govt facilities

KAUNAIN SHERIFF M
New Delhi, April 22

DAYS AFTER THE Supreme Court cleared the decks for private labs to conduct testing for Covid-19, Maharashtra has become the first state where the number of samples tested at private facilities has overtaken those at government labs — by nearly double on Tuesday alone.

With 5,221 cases so far, the highest in any state, Maharashtra has emerged as ground zero of the outbreak in the country, and officials have identified largescale testing as a key tool to isolate and contain the spread.

On Tuesday, private labs tested 4,211 samples while government facilities totalled 2,255 in the state.

Overall, according to official figures available Wednesday morning, Maharashtra has tested 82,304 samples so far, of which 41794, or 50.78%, have been done in private labs.

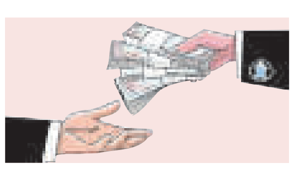
Continued on Page 11

CONTINGENCY MECHANISM

Voda Idea gets ₹1,530 cr from Vodafone Plc

FE BUREAU
New Delhi, April 22

VODAFONE PLC ON Wednesday said it has accelerated a payment of $200 million (about ₹1,530 crore) to Vodafone Idea, due in September 2020, under the terms of the 'contingent liability mechanism'. This is not any fresh equity infusion in the company but part of contingent liability mechanism entered between Vodafone and Idea Cellular at the time of merger, wherein Vodafone Group needed to pay for adjusted gross revenue dues if the amount paid exceeded that of Idea Cellular.



Vodafone Group said following the Supreme Court decision on the definition of adjusted gross revenue (AGR) in October 2019, India's telecom operators became liable for licence fees, penalties and interest dating back over 14 years.

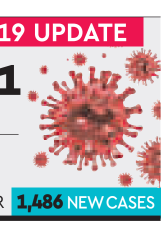
Continued on Page 11

COVID-19 UPDATE

20,471 TOTAL CASES

652 DEATHS SO FAR

1,486 NEW CASES



RELIEF PACKAGE 2.0

Govt takes longer to shape larger response

FE BUREAU
New Delhi, April 22

THE GOVERNMENT ON Wednesday held another meeting of the Cabinet but the wait for a much-anticipated relief package to prevent large-scale job losses and rebuild the economy, devastated by the Covid-19 pandemic and a nationwide lockdown, just got longer.

Briefing media after the Cabinet meeting, information and broadcasting minister Prakash Javadekar said the economic package will be announced as and when it's ready.

Official sources indicate that the next round of package will include components proposed by various wings of the government and will have an impressive size. The delay is because of some aspects of the package are still being fine-tuned and their expenditure implications are assessed against the diminishing tax and other resources due to the deep economic slump.

The government had last announced a ₹1.7 lakh crore relief package (with extra budgetary outlay of ₹75,000 crore) for the poor and the vulnerable on March 26.

Continued on Page 11

Countries like China, Vietnam, Indonesia and Malaysia declared fiscal packages up to **3% of GDP** by the first week of April

- Javadekar says economic package will be announced as and **when it's ready**
- Niti Aayog has projected need for **₹10-lakh-crore** fiscal stimulus
- Govt's total fiscal intervention could be to about **3-4% of GDP** (or ₹6-8 lakh crore)

PM Modi to interact with CMs on Apr 27

PRIME MINISTER Narendra Modi will interact with chief ministers via video conferencing on April 27 morning, official sources said on Wednesday, reports **PTI**. This will be the third video conference of the Prime Minister with the chief ministers after the Covid outbreak.

Ministry official tests positive

THE MINISTRY of civil aviation on Wednesday said one of its employees who attended office on April 15 has tested positive for Covid-19,, reports **PTI**. All colleagues, who came in contact with the employee, have been asked to go into self-isolation as a precautionary measure, it said.

Emergency response of ₹15k cr for Covid

THE CABINET on Wednesday okayed ₹15,000 crore for 'India Covid-19 Emergency Response and Health System Preparedness Package' for containing the spread of the virus through development of dedicated treatment facilities and setting up laboratories, among others, reports **PTI**.

US state files suit against China

MISSOURI HAS become the first US State to sue China, alleging that it suppressed information, arrested whistle-blowers and denied the contagious nature of the novel coronavirus that led to the loss of life and caused "irreparable damage" to countries globally, reports **PTI**.

Economy

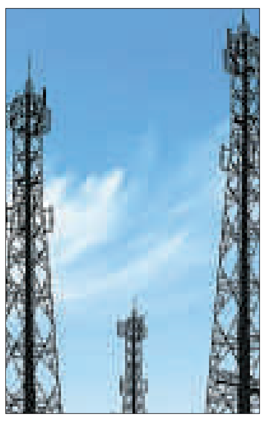
THURSDAY, APRIL 23, 2020

FERTILISER SUBSIDY

Prakash Javadekar, Union minister

CCEA has given approval for fixation of nutrient-based subsidy rates for phosphatic and potassic fertilisers for 2020-21. Expected expenditure for release of subsidy on P&K fertilisers will be ₹22,186.55 crore.

Quick View



Trai consultation paper on SUC math

TRAI ON WEDNESDAY issued a discussion paper on the method and calculation for applying spectrum usage charges (SUC) in cases involving sharing of radiowaves. The telecom department had urged the regulator to give recommendations on whether incremental 0.5% in SUC rate in cases of sharing of spectrum should be applied only on specific band in which sharing is taking place, or to the overall weighted average rate of SUC, which is derived from all bands.

Mobile, PC as essential goods!

THE MINISTRY OF ELECTRONICS and IT (MeitY) has suggested allowing sale of mobile phones, laptops, desktops, storage devices and other related products by including them in the "essential goods" category, according to a source. Including mobile phones in the essential category will allow e-commerce companies as well as retail stores to sell such devices during the lockdown.

Airlifting China medical cargo

INDIA WILL AIRLIFT 220 tonne of essential medical cargo from China over next three days, Civil Aviation Minister Hardeep Singh Puri said on Wednesday. Air India, has lifted about 300 tonnes of essential medical cargo so far this month through the China-India aerobridge.

Facility extended for exporters

THE GOVERNMENT HAS extended the alternate mechanism facility for exporters to claim IGST refunds in cases of mismatch in invoice number in GST returns and shipping bill filed with customs till December 31, 2019.

Guidelines for crew change

THE GOVERNMENT HAS come out with guidelines for change of crew at Indian ports, a move that will put an end to hardships faced by stuck seafarers and pave way for them to return to their homes. Under the standard operating procedure, any seafarer would be allowed sign-on at the port of embarkation only after test for COVID-19 is found negative

Major ports told to defer rentals

NOTING A DROP in export-import cargo due to supply chain disruptions on account of the pandemic, the government has asked 12 major ports to defer the lease rentals and licence fees-related charges for April, May and June. They have been asked to waive rentals in proportion to the cargo drop and not to levy penalties.

Companies may get EPF relief for April as well

SURYA SARATHI RAY
New Delhi, April 22

THE FACILITY GIVEN to employers registered with the Employees' Provident Fund Organisation (EPFO) to defer their statutory provident fund contributions for the wage month of March by a month may be extended for another 30 days. Firms may also be given a similar 30-day relief for depositing April EPF funds, the worst-affected month for business and the industry due to Covid-19.

The proposal, which has potential to provide around ₹30,000-crore liquidity — ₹15,000-crore dues for each wage month of March and April — in the hands of employers, is under discussion in the Ministry of Labour and Employment, sources said.

However, when contacted, central provident fund commissioner Sunil Barthwal said, "We will wait till May 3 for further announcement, since filing of electronic challan-cum-return (ECR) date for April is up to May 15."

Around 6.6 lakh establishments contributed to the EPFO in the last one year. Firms cumulatively contributed ₹1,47,503 crore in 2018-19 towards EPFO. The cumulative contribution in 2019-20 went up to ₹1,63,176 crore (revised estimate) which is likely to go up further to ₹1,81,709 crore (BE) in 2020-21.

The proposal has potential to provide around ₹30,000-crore liquidity — ₹15,000-crore dues for each wage month of March and April — in the hands of employers

The due date for depositing statutory contributions, aggregating one-fourth of one employee's monthly wages, towards provident fund, to be deposited by an employer, falls within the first 15 days of the next month. The contribution for the wage month of March, due by April 15, has been already extended to May 15.

The ministry's directive on granting the grace period to employers for filing the ECR for the wage month March, however, comes with a caveat. Only those entities which have paid March wages to their employees will be able to avail of the benefit. They will have to declare the date of disbursement of wages for the month in the ECR for March.

"The employers disbursing the wage for March 2020 not only get relief of extension of due date for payment of EPF dues for March 2020, but also avoid liability of interest and penalty, if they remit before May 15, 2020," an official statement, issued on April 15, said.

Aimed at preventing disruption in employment, the relaxation is an incentive to employers for wage payment to employees during the pandemic.

The Employees' Provident Fund & Miscellaneous Provisions Act, 1952 makes it mandatory for factories and other establishments having 20 or more employees earning less than ₹15,000 monthly wage to join the EPF scheme.

EPFO: ₹3,600 cr withdrawn in two weeks

THE EMPLOYEES PROVIDENT Fund Organisation (EPFO) on Wednesday said it has settled 10.02 lakh EPF withdrawal requests worth ₹3,601 crore in the previous fortnight. Among the settled claims, 6.06 lakh amounting to ₹1,954 crore were Covid-19 claims.

"Despite only one-third staff being able to work due to lockdown, 90% of Covid-19 claims have been settled in three working days, setting new standards of service delivery," the retirement fund body said.

Under the Pradhan Mantri Garib Kalyan Yojana, launched on March 26, a provision exists for withdrawal from one's provident fund accumulation to fight the pandemic.

Subsequently, through an urgent notification, a new provision was introduced in the EPF scheme, under which subscribers are allowed to avail of non-refundable withdrawal of up to three months' wages and dearness allowance, or up to 75% of the amount standing to member's credit in the EPF account, whichever is less.

FE BUREAU

No conflict if state cane prices higher than minimum fixed by Centre, rules apex court

INDU BHAN
New Delhi, April 22

RULING OUT ANY conflict between the statutory minimum price (SMP) of sugarcane fixed by the Centre and the advisory price by the state government if the latter is higher, a five-Judge Constitution Bench of the Supreme Court on Wednesday refused to refer the issue to a larger Bench, as sought by sugar mills of Uttar Pradesh.

Since 2009-10, the SMP has been replaced with fair and remunerative price (FRP) and some states like Uttar Pradesh continue to announce state-advised prices which are higher than FRPs.

Settling the issue, the Bench led by Justice Arun Mishra said there is no conflict till the time the price fixed by the state government is higher than the central government. "There is no conflict between the two decisions of this court – Tika Ramji and UP Coop. Cane Unions Federations – therefore, there is no necessity to refer the matter to the larger Bench consisting of seven Judges," the SC stated while terming the view taken by another five-judge Bench in the case, UP Cooperative Cane Unions Federation vs West UP Sugar Mills Association, as the "correct view."

Syed Shahid Husain Rizvi, who appeared for Bajaj Hindustan, said, "The issue has been settled now once and for all. The sugar industry has no way but to accept the SC judgment. However, there is no financial liability on sugar mills as of now as all the dues have been cleared so far."

According to the SC, by virtue of Entries 33 and 34 of List III of Seventh Schedule, both the Centre as well as the state government have the power to fix the price of sugarcane. "The central government having exercised the power and fixed the 'minimum price,' the state government cannot fix the 'minimum price' of sugarcane. However, at the same time, it is always open for the state government to fix the "advised price" which is always higher than the "minimum price", in view of the relevant provisions of the Sugarcane (Control) Order, 1966, which has been issued in exercise of powers under Section 16 of the U.P. Sugarcane (Regulation of Supply and Purchase) Act, 1953," the Constitution Bench said in its order.

Rejecting the stand of the sugar mills, the top court said Section 16 of the 1953 Act, which confers power on the state government to fix the remunerative/advised price at which sugarcane can be bought or sold, is not repugnant to Section 3(2)(c) of the Essential Commodities Act 1955 and Clause 3 of the Sugarcane (Control) Order as "the price which is fixed by the central government is the "minimum price" and the price which is fixed by the state government is the "advised price" which is always higher than the "minimum price" fixed by the central government and, therefore, there is no conflict.

It is only in a case where the "advised price" fixed by the state government is lower than the "minimum price" fixed by the central government, the provisions of the central enactments will prevail and the "minimum price" fixed by the central government would prevail. So long as the "advised price" fixed by the state government is higher than the "minimum price" fixed by the Central government, the same cannot be said to be void under Article 254 of the Constitution," the SC said.

A batch of petitions filed by sugar mills had sought the apex court's clarification on whether the state government has the power to fix a minimum price for sugarcane, when the Centre had already fixed the price. Mills stated that there cannot be two minimum prices, one fixed by the Centre and the other fixed by the state government, and the power to regulate the distribution, sale or purchase of cane under Section 16 of the 1953 Act does not include the power to fix a price.

Rising under-recoveries: ONGC eyes lower field service rates

ANUPAM CHATTERJEE
New Delhi, April 22

GRAPPLING WITH UNDER-RECOVERIES stemming from low crude prices, ONGC is eyeing potential opportunities to reduce future operational expenses by hiring exploration service contractors at lower rates. The company, sources said, has not yet announced any tender for such services, but is keeping a close track on the movement of oil prices and waiting for the opportune moment.

Before the pandemic, lease rates of rigs and other oil field services had rebounded after continuously falling since FY16, as global oil service firms depleted their capacity for further margin cuts. In 2017, rates for deep-water rigs were 65% below 2014 levels. As noted recently by Care Ratings, ONGC had hired offshore rigs at around $30,000-$35,000 in FY16 — when a sharp downward trend in crude oil was witnessed — which were 65%-70% lower than a year ago.

The company, sources said, is yet to announce any tender for such services, but is keeping a close track of the movement of oil prices

However, experts pointed out that lower exploration and production activities in the Gulf might lead to global service contractors bid at lower rates if current market conditions prevail in the near future.

In FY19, ONGC paid ₹10,042 crore on service contracts of rigs, vessels and helicopters, 11.5% lower compared with FY18. The scope of cost saving on this front will apply mostly on its offshore wells, which produce ONGC's 70% oil output. For its onshore wells, the cost of such field services are already very low.

If ONGC's production growth remains flat at 24 million tonne (MT), it is likely to face under-recoveries of $1.8 billion in FY21, provided the Indian basket of crude averages at $25/barrel in the year. The company's per-barrel production cost is in the range of $35-$40. Even facing under-recoveries, it is difficult for ONGC to reduce production as most of the company's existing fields are ageing, and capping these wells now would make reviving production an onerous task.

The company is also facing under-recoveries from its gas business, after the government recently slashed the price of domestic gas by 26% to $2.39 per million British thermal units (mmBtu), whereas the firm's output cost is around $3.8-$6.6/mmBtu.

According to ONGC, the firm is set to "adopt a balanced approach towards capital spending," and has been carrying out "detailed review of activities to look for opportunities to optimise operating costs to preserve liquidity".

Implementation of DA hike may be postponed

FE BUREAU
New Delhi, April 22

WITH TAX REVENUES down to a trickle because of lockdown, the Centre seems to have decided to delay the implementation of its recent decision of raising dearness allowance (DA) for 1.13 crore government employees and pensioners. On March 13, the Cabinet had given its approval to increase the DA by 4% to 21%, which would have cost the exchequer an additional ₹14,510 crore in FY21.

Changes in DA are to come into effect retrospectively from January 1, 2020. The April salary, which is due to be paid in a week's time, was supposed to be based on revised DA, along with arrears for three months (January-March).

However, the finance ministry is yet to notify the changes in DA. In normal circumstances, it would have been notified by now, an official said.

Stationed rightly

Railway porters stand in queues maintaining social distancing at the Kalupur station in Ahmedabad on Wednesday to collect free ration kits from railway officials. Express photo by Javed Raja

Wheat production set to surpass rice for first time

FE BUREAU
New Delhi, April 22

THE COUNTRY'S WHEAT production is set to surpass the rice output for the first time this year, according to feedback the Centre has received from the states. The food ministry has been informed by wheat-growing states that production of the rabi-grown cereal may be 118.41 million tonne, 11.5% higher than the estimate of the agriculture ministry. Due to unseasonal rains and hailstorms in March, there were concerns over the wheat crop.

According to the second advance estimates for crop year 2019-20 (July-June), the rice output is seen at 117.47 million tonne and wheat at 106.21 million tonne. The estimates, released by the agriculture ministry in February, also pegged the food grain output at record 291.95 million tonne.

Backed by the bumper production, the states have geared up plan to purchase 40.7 million tonne of wheat this year for the central Pool, the food ministry said in a statement.

The procurement which has commenced from April 15 will continue until June 30 in most of the states except Bihar, where it is slated to continue till July 15 due to late harvest. Punjab and Gujarat have fixed the procurement schedule till May-end.

The rabi rice procurement has also been fixed at a record level of 11.29 million tonne, out of which more than half will be from Telangana as the state has decided to buy the entire 6.2 million tonne of winter-grown crop from farmers.

More Sebi steps to help firms tide over Covid-19 challenges

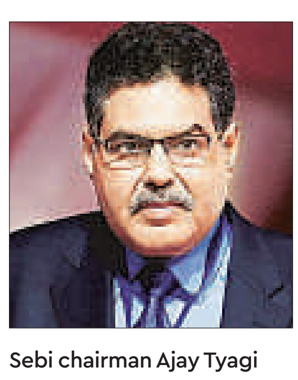
PRESS TRUST OF INDIA
New Delhi, April 22

SEBI WILL LOOK into issues being faced by corporates due to Covid-19 and consider more steps to help them tide over the challenges as part of its continuing efforts to make it easier to do business even in such difficult times, the regulatory body's chairman Ajay Tyagi told representatives of the India Inc on Wednesday.

In a conference call with the apex industry body CII (Confederation of Indian Industry), Tyagi apprised the industry leaders of various steps already taken by the Securities and Exchange Board of India (Sebi) and promised to look into various issues raised by them.

Sources said CII appreciated a number of proactive efforts being taken by Sebi, which, in turn, promised to consider more steps to help the industry tide over the challenges posed by Covid-19 and the nationwide lockdown.

CII president Vikram Kirloskar, president-designate Uday Kotak and director general Chandrajit Banerjee were among the industrialists who attended the conference call, while Tyagi was joined by other senior officials from Sebi.



Sebi chairman Ajay Tyagi

Several issues concerning the industry in light of the lockdown were discussed in the meeting.

Raising of capital by corporates, holding annual general meetings, disclosure requirements, buybacks of securities, matters concerning mutual funds were some of the major issues discussed in the meeting, according to an official privy to the development.

The conference call helped both the Sebi and the CII understand the concerns, the official said.

Sebi has taken several proactive measures in easing the burden of corporates in regulatory compliance by introducing relaxations like extension of date for filings to be made to stock exchanges like quarterly and annual financial results, corporate governance report, shareholding pattern, etc, for listed entities.

The regulator has also granted a one-time relaxation in its primary market fund-raising norms to make it easier for companies to raise capital amid the Covid-19 pandemic.

Rights issues are now considered successful if the minimum subscription received is 75%, as opposed to 90% earlier.

Further, in case of fast track issues, the eligibility criteria of average market capitalisation of public shareholding of the issuer has been relaxed to ₹100 crore from 1250 crore earlier.

Limit network testing for fixed line services to 180 days, says Trai

PRESS TRUST OF INDIA
New Delhi, April 22

TELECOM COMPANIES PLANNING to launch fixed-line services should not be allowed to conduct network test for more than six months and they must not charge any fee from users during the trial period, regulator Trai said in a recommendation to the government on Wednesday.

The recommendation from the Telecom Regulatory Authority of India (Trai) follows a series of references from the Department of Telecom (DoT) following concerns raised by some of the service providers over subscribers enrolment by Reliance Jio for mobile services during the trial phase.

Trai had earlier issued recommendations for network testing norms before commercial launch of services, but the DoT in July 2019 had asked the regulator for recommendations around wireline services also.

Trai has suggested that there should be a limit of 90 days on the test phase involving users. However, if the telecom service providers (TSP) fail to conclude network testing due to valid reasons, it may make a representation to the DoT seeking additional time giving detailed justification, which may be decided by the licence issuing authority on a case-to-case basis.

"The requisite norms to be followed for extension of timeline for network testing may be formulated by the licensor. The total time period for network testing provided to the TSP shall not exceed 180 days," Trai said.

Trai has recommended no restriction on the time limit, if the network testing is conducted using wireline telephone test connections given to employees and business partners for test purpose only.

According to the recommendation, a telecom operator should not be allowed to enrol more than 5% test users of its installed network capacity in service areas and only after giving 15 days prior information to the DoT and Trai.

CURBING VIRUS SPREAD

Cabinet okays ₹15,000 cr for emergency response, health preparedness

PRESS TRUST OF INDIA
New Delhi, April 22

THE CABINET ON Wednesday okayed ₹15,000 crore for 'India Covid-19 Emergency Response and Health System Preparedness Package' to mount an urgent response for containing the spread of the virus in India through development of dedicated treatment facilities and setting up laboratories among others.

The fund will be utilised in three phases.

₹7,774 crore has been provisioned for Covid-19 emergency response and the rest for medium-term support, ranging from one to four years to be provided under mission-mode approach.

"The key objectives of the package include mounting emergency response to slow and limit coronavirus infection in India through development of diagnostics and Covid-dedicated treatment facilities, centralised procurement of essential medical equipment and drugs, strengthen and build resilient national and state health systems, setting up of laboratories and bolstering surveillance activities and pandemic research," an official statement stated.

These interventions and initiatives would be implemented under the health ministry.

In the first phase, the health ministry with the support of all the other line ministries has already undertaken several activities.

An additional ₹3,000 crore under the package has been released to states and Union Territories, for strengthening existing health facilities as Covid-19 dedicated hospitals, dedicated Covid-19 health centres and dedicated care centres for the disease.

Detailed guidelines, protocols and advisory for quarantine, isolation, testing, treatment, disease containment, decontamination, social distancing and surveillance have been issued. Hotspots have been identified and appropriate containment strategies are being implemented, the statement said.

"Diagnostic laboratories network has been expanded and our testing capacity is increasing every day. In fact, leveraging on the existing multi-disease testing platforms under National TB Elimination Programme, orders for procurement of 13 lakhs diagnostic kits have been placed to augment Covid-19 testing," it said.

"All health workers, including community health volunteers (ASHAs) have been covered under the 'Pradhan Mantri Garib Kalyan Package: Insurance Scheme for Health Workers lighting Covid-19'. Personal Protective Equipment (PPE), N95 masks and ventilators, testing kits and drugs for treatment are being procured centrally," it stated.

Punjab seeks financial package from PM

EXPRESS NEWS SERVICE
Chandigarh, April 22

IN A LETTER to Prime Minister Narendra Modi, Punjab chief minister Amarinder Singh has suggested a three-pronged strategy to bail out the states from the Covid-19 crisis, including a 3-month special financial package and extension to the 15th Finance Commission till October 2021 for submission of its final report.

He urged the PM to ask the 15th Finance Commission to review its interim report for 2020-21 in the context of the much lower revenue share for the states compared with what was expected from the earlier projections which assumed 7% growth of GDP.

Noting that a zero growth scenario in GDP for India was not unlikely, he said that some analysts were projecting even negative growth. Given the likelihood of very low growth, which was expected to cause the revenue shortfall to last for the whole year, the CM requested Modi to direct the 15th Finance Commission to defer the submission of its full report to October, 2021, when they will be better able to make a realistic assessment of the likely growth of the economy over the next five years.

"Nothing would be worse than getting committed to a five year revenue sharing projection based on unrealistically high growth projections," he warned, suggesting that the Finance Commission could make another interim report for 2021-22.

"With the states continuing to shoulder their committed liabilities and facing new demands on relief, health infrastructure expenditure etc., it is only fair and just that the 15th Finance Commission should be requested to recommend a special Covid-19 revenue grant for the year 2020-21," Amarinder further said.

In his letter, the chief minister sought an immediate 3-month special financial assistance package to enable states to handle the additional health related expenditure and basic relief expenditure, and suggested that the package should give the states maximum flexibility to design, implement and execute it in a manner that is customised to local problems and needs.

Efforts on to address migrant workers' problems: Centre

FE BUREAU,
New Delhi, April 22

THE LABOUR MINISTRY on Wednesday said the government was working on providing migrant workers with employment and relief to help them tide over the current situation arising out of the Covid-19 pandemic.

Addressing members of the industry chamber Ficci via a webinar, labour secretary Heerala Samariya said the government has collected the data of migrant workers from states as well as districts. "We are working towards measures to give them employment as well as relief," Samariya was quoted as saying in a release issued by the industry chamber.

According to the data collected so far, around 20 lakh migrant workers are stranded in various relief camps organised by state governments or by their employers or in localities where they are generally clustered

The labour ministry started mapping details of stranded migrant workers from April 8. Along with basic details such as name, age, gender, occupation, residential address, native district/state, details of their bank accounts and Aadhaar cards are also being collected.

As per the collected data so far around 20 lakh migrant workers are stranded in various relief camps organised by state government authorities or by their employers or in localities where they are generally clustered. The number of such stranded workers across the country might go up further as the labour ministry is yet to get response from some states and districts.

The ministry of home affairs (MHA) had on April 19 issued a detailed standard operating procedure while allowing suitable deployment of their skills. As per Census, 2001, the total number of internal migrants in India was 309.385 million.

In his address to the members of Ficci, the labour secretary also said that labour reforms would be taken up in a big way in the coming months and labour codes will become a reality soon.

"We are going for the labour reforms and have already got the report from our Parliamentary Standing Committee. Also, we are getting report for the industrial relations code, social security code. In coming months, we will see these codes will become the reality," he said.

Govt fixes P&K fertiliser subsidy, pegs outgo at ₹22,186 cr for FY21

PRESS TRUST OF INDIA
New Delhi, April 22

THE GOVERNMENT ON Wednesday approved nutrient-based subsidy rates for phosphatic and potassic (P&K) fertilisers for the current fiscal, entailing an estimated burden of ₹22,186 crore on the central exchequer.

Total subsidy outgo is estimated to rise by 5-7% this fiscal year, the government said. However, the new subsidy rates for individual nutrients —nitrogen, phosphorus, potash and sulphur — in the current fiscal are lower than their respective rates in 2019-20.

A decision in this regard was taken at the meeting of the Cabinet Committee on Economic Affairs (CCEA) headed by Prime Minister Narendra Modi.

"The CCEA has given its approval for fixation of nutrient-based subsidy (NBS) rates for phosphatic and potassic (P&K) fertilisers for 2020-21. The expected expenditure for release of subsidy on P&K fertilisers during 2020-21 will be ₹22,186.55 crore," information and broadcasting minister Prakash Javadekar told reporters.

There is a 5-7% increase in the subsidy amount, he said.

The subsidy on P&K fertilisers is being governed by the nutrient-based subsidy (NBS) scheme with effect from April 2010.

The subsidy for nitrogen has been fixed at ₹18.78 per kg, phosphorous at ₹14.88 per kg, potash at ₹10.11 per kg and sulphur at ₹2.37 per kg for the current financial year, the fertiliser ministry said in a statement.

For 2019-20, the subsidy for nitrogen was ₹18.90 per kg, phosphorous ₹15.21 per kg, potash ₹11.12 per kg and sulphur ₹3.56 per kg.

The CCEA also approved the inclusion of a complex fertiliser namely ammonium phosphate (NP 14:28:0:0) under the NBS scheme.

In its revised budget estimates, the government has allocated ₹26,368.85 crore for nutrient-based subsidy for the 2019-20 fiscal.

The government is making available fertilisers, namely urea and 21 grades of P&K fertilisers to farmers at subsidised prices through manufacturers/importers.

In 2010, the government had launched the NBS programme under which a fixed amount of subsidy, decided on an annual basis, is provided on each grade of subsidised phosphatic and potassic (P&K) fertilisers, except for urea, based on the nutrient content present in them.

The retail prices of non-urea fertilisers such as Di-ammonium Phosphate (DAP), Muriate of Potash (MoP) and NPK are decontrolled and are determined by manufacturers, while Centre gives a fixed subsidy each year.

In case of urea, the government fixes the maximum retail price. The difference between the production cost and the MRP is reimbursed to manufacturers.

Companies

THURSDAY, APRIL 23, 2020

COVID EFFECT

Rakesh Biyani, MD, Future Retail

"Operating costs will go up 30-35% easily (after following the new standard operating protocol) for small stores, larger stores will see costs going up 10-15%... Around 20-30% of business is now in deliveries, which is 10 times what was happening earlier. However, overall revenues have fallen 30-35%"

Quick View

SAIL borrowings cross ₹52,000 crore amid lockdown

THE SLOWDOWN in offtake of products has put 'great strain' on SAIL as the steelmaker's cash collections have fallen to record lows and borrowings have crossed the level of ₹52,000 crore amid increasing inventory levels, a company official has said. Amit Sen, director finance, Steel Authority of India (SAIL), has also raised concerned that the borrowings could further go up and has sought management's cooperation to save SAIL from getting "paralysed by lack of liquidity".

HC restraint on Lifebuoy ads disparaging Dettol

THE DELHI High Court on Wednesday restrained Hindustan Lever from airing its Lifebuoy soap ads which allegedly disparaged Reckitt Benckiser's Dettol antiseptic liquid. Justice Rajiv Sahai Endlaw granted the interim relief to Reckitt, saying that the advertisements in question had a "hint of malice" in the manner it dissuades people from using antiseptic liquid. The court said the ads in question were prima facie disparaging and if no interim relief was granted, irreparable loss and injury would be caused to Reckitt.

IHCL board approves raising up to ₹750 crore

INDIAN HOTELS Company (IHCL), which runs the Taj group of hotels, said on Wednesday its board had approved raising of long-term funds not exceeding ₹750 crore by way of external commercial borrowings, foreign currency borrowings, non-convertible debentures, term loans or through any other debt instrument in one or more tranches, according to a filing with the exchanges.

Kirloskar Electric resumes ops at Hubli unit

KIRLOSKAR ELECTRIC said on Wednesday that the company has resumed operations at its Hubli manufacturing unit after obtaining necessary permissions and approvals from the competent authorities. The company is also ensuring due compliance with various guidelines as applicable, issued by the authorities from time to time, it said in an exchange filing.

SRL Diagnostics deploys Covid-testing van in Mumbai

SRL DIAGNOSTICS has deployed a mobile van for testing Covid-19 patients in Mumbai. As the spread of the highly contagious novel coronavirus continues unabated, the firm has deployed the van to test people living in the city's hotspots. The company has received approval from Municipal Corporation of Greater Mumbai for the same.

Sundram Fasteners donates ₹3 crore to TN

SUNDRAM FASTENERS has contributed ₹3 crore to the Tamil Nadu Chief Minister's Public Relief Fund to support the nation's fight against the Covid-19 pandemic. Sundram Fasteners continues its multi-dimensional efforts by implementing preventive measures prior to lockdown and providing guidelines to employees during the lockdown period to fight against the unprecedented challenges, said a press release on Wednesday.

MG Motor provides 100 Hector units for relief

MG MOTOR INDIA is providing 100 Hector cars to doctors, medical staff, police and local government officials for community service across the country, till the end of May 2020. MG Motor UK has also committed to providing 100 MG ZS EVs to the NHS agencies throughout the UK to fight the pandemic. All the cars would be provided with fuel and drivers and will be used to ensure that the key stakeholders in this crisis can travel safely.

INVESTMENT BY FACEBOOK

After deal, Jio's valuation higher than RIL's legacy biz

MALINI BHUPTA
Mumbai, April 22

THE PROPOSED INVESTMENT by Facebook of ₹43,574 crore into Jio Platforms values it at $66 billion at an enterprise value before the deal. With a pre-listing valuation of nearly ₹5 lakh crore, the market believes this is setting a benchmark for a possible listing of Jio Platforms in the future. Interestingly, the valuation of this business going forward will be like that of a platform business and not a pure play telecom business.

With this investment, Jio will be in the league of Corporate India's most valuable companies. Currently RIL, TCS, HDFC Bank and Hindustan Unilever are the only other companies that have a market cap of more than ₹5 lakh crore. With RIL's current market cap of ₹7.84 lakh crore, it is evident that its nascent digital consumer business is already more valuable than its other legacy businesses.

Bharti Airtel's market cap is currently at ₹2.73 lakh crore while Vodafone Idea is at ₹10,632 crore. UBS says, "The valuation of the proposed deal is in line with our previous understanding that the platform strategy would optimize platform entity capital structure with a fair value of $60-70 billion." In a span of less than four years, Jio has become the largest operator in India by market share, with nearly 400 million subscribers.

The market is viewing this positively as the deal's valuations imply that the sector's operating income is tipped to increase. According to Jefferies, the valuations imply doubling of Jio's earnings before interest, taxes, depreciation and amortisation (Ebitda). Jefferies, which has done the math, says that the company has ₹41,000 crore of net debt on Jio Platform's balance sheet, implying an enterprise value of ₹477,200 crore ($63 billion). "This is 21x its 3QFY20 annualised EBITDA of ₹223 billion, and assuming 10-12x EV/EBITDA multiple, the valuation implies a forward EBITDA of ₹398-477bn. Hence, valuations suggest that Facebook expects Jio's EBITDA to double from current levels."

Different brokerages have arrived at different models to assess the enterprise value of Jio. The current deal is anywhere between 14-17% higher than the market's valuation. Morgan Stanley said that the 9.9% stake in Jio Platforms was 14% above its base case enterprise valuation, but nearer to the management's guidance of $66 billion. From its launch in 2016, the latest telecom entrant into India has hit a valuation of close to ₹5 lakh crore, putting it at the top of the corporate sweepstakes in India.

Credit Suisse is of the view that the deal will aid Jio in achieving net debt-free status by March 2021. In October last year, Reliance Industries had restructured its digital business into one consolidated wholly owned subsidiary called Jio Platforms, which would host the mobile, broadband business, apps, technology capabilities (artificial intelligence, big data, IoT etc) and other investments like Den Hathway etc. While this deal shows that global players have the appetite to invest in India's telecom sector, valuations also show that Jio's Ebitda will double from current levels.

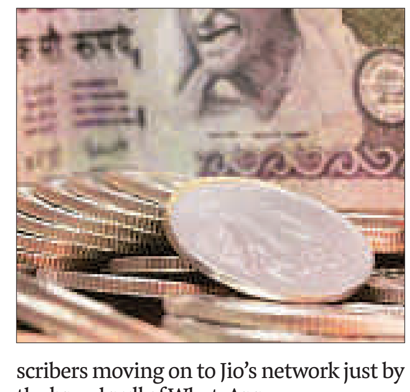
Jio won't be able to offer discounted services

FE BUREAU
New Delhi, April 22

TELECOM OPERATORS LIKE Bharti Airtel and Vodafone Idea would not be greatly worried by the Facebook-Jio deal with regard to any special pricing that may accrue to the subscribers of Jio that may put them at a disadvantage. The biggest worry in a deal between a telecom operator and an over-the-top (OTT) player is preferential access of certain services and content to its own subscribers at a concessional rate. However, this is not possible under the differential data pricing regulation of the Telecom Regulatory Authority of India.

Even e-commerce players like Amazon and Flipkart need not worry that Jio may provide free data for accessing its platform. Under the differential data pricing regulations, operators cannot price data or any other services differently for their own customers vis-a-vis customers of other players if the app is on the internet. Since the Jio Mart-WhatsApp platform will be available on the internet and can be downloaded via playstore, Jio cannot provide any benefit to its own set of subscribers in terms of charges.

However, other telcos may face the heat in the long term by the nature of partnership which over time may see their high-end subscribers moving on to Jio's network just by the brand pull of WhatsApp.



"Up to now, Bharti and Vodafone Idea have been able to promote their 'openness' as key differentiators versus Jio's more closed approach to digital services. However, with WhatsApp firmly entrenched as the dominant OTT messaging platform in India, Jio will now have a channel for promoting their other digital services directly to the customers of their competitors. Moreover, over time it's also possible to expect Jio to try to use the WhatsApp relationship to try to convert Bharti and Vodafone Idea customer to use their network. We see this as a negative development for both Bharti and Vodafone Idea," brokerage Bernstein said in a note.

Deal in local currency a win-win for Jio, Facebook

MALINI BHUPTA
Mumbai, April 22

A LARGE DEAL closure in the midst of a pandemic is anything but easy, but when the size of the opportunity is as big as 130 crore consumers, taking the leap of faith isn't that hard. And that's exactly what Facebook did while investing in Jio Platforms, which has acquired 390 million subscribers in less than four years.

While the deal did get impacted due to the pandemic, it did not impact valuations negatively. The deal has been concluded in the local currency (the rupee) rather than in dollar terms, since the rupee has depreciated significantly against the dollar in the last few months, said sources close to the deal told *FE*, which was "a win-win" for both sides.

RIL might have sought a higher dollar valuation under normal circumstances, but with the rupee depreciating it was easier to close the deal in local currency. The deal value has been arrived at using an average of the long-term exchange rate.

Even though the deal was in the works for more than a year, it finally got locked in the last few weeks once Mark Zuckerberg was convinced that there was enough juice left in the Indian market for a long-term investor.

Facebook was looking for conviction around two things from their exclusive financial adviser Bank of America. First, if India's telecom/digital services market had long-term potential and, secondly, if Jio was the right partner. The brief to Bank of America was not to assess Jio's financials in the current fiscal year or the next, but to assess the promise the India market held for the long term.

In a post-Covid world, Jio looks even more enticing than before with the usage of data services only rising. Facebook was convinced given the demand for digital services in India was not likely to abate.

The deal has been concluded in the local currency, the rupee, rather than in dollar terms since the rupee has depreciated significantly against the dollar in the last few months

And partnering with the country's largest telecom service provider by revenue and subscriber market share was a clincher for the deal. It was critical for Facebook to get comfort around the industry and the value of the deal, said sources close to the deal.

The financial advisers to Facebook ran all kinds of scenarios in a post-Covid world for the telecom sector, following which Facebook agreed to the valuations. While there are plans to list Jio at some point, for Facebook this is not a private equity kind of a deal but a strategic partnership.

Both sides expect the deal to close in about two months as the only regulatory approval needed will be that of the Competition Commission of India (CCI).

Given the experience of some foreign investors in India has been a little mixed, advisors on both sides felt that Facebook would have some hesitation to wade into a sector like telecom, but sources close to the deal told *FE* that Facebook was looking at India's potential from a long-term perspective and that the investment was strategic in nature.

India is an important market for Facebook with 260 million Indians on the social networking site and 400 million Whatsapp users.

Services from e-shopping to e-education to be offered

FE BUREAU
New Delhi, April 22

IN A MAJOR development in the Indian tech and FDI space, RIL chairman Mukesh Ambani and Facebook founder Mark Zuckerberg on Wednesday joined hands to create a platform to not just connect 30 million kirana stores across the country with more than 400 million WhatsApp users, but also offer a host of services targeting students, farmers, healthcare providers and MSMEs.

Commenting on the deal, Ambani said the combined power of Jio's world-class digital connectivity platform and Facebook's intimate relationship with the Indian people will offer innovative new solutions.

"In the very near future Jio Mart, Jio's digital new commerce platform and WhatsApp will empower nearly 3 crore small Indian Kirana shops to digitally transact with every customer in their neighbourhood. This means all of you can order and get faster delivery of day-to-day items from nearby local shops. At the same time small Kiranas can grow their businesses and create new employment opportunities using digital technologies." Ambani hinted that in the days to come this service will be extended to other stakeholders like farmers, small & medium enterprises, students, teachers, healthcare providers, women and youth.

"All of us at Reliance are therefore humbled by the opportunity to welcome Facebook as our long-term partner in continuing to grow and transform the digital ecosystem of India for the benefit of all Indians. In the post-Corona era, I am confident of India's economic recovery and resurgence in the shortest period of time. The partnership will surely make an important contribution to this transformation," he added.

Zuckerberg said his company is making a "major financial investment" and will become the largest minority shareholder in Jio Platforms. "But more than that, we are also committing to work together on some critical projects that we think are going to open up lot of opportunities for commerce in India," the Facebook CEO said. He added India is in the middle of a major digital transformation and firms like Jio have played a crucial role in bringing 388 million people on the internet. "This is really important right now as small business are the core of every country's economy and they need our support. India has more than 60 million small businesses and millions of people rely on them for jobs. Now with a lot of communities around the world in lockdown it is more important than ever that people have tools to connect with each other and their businesses can find ways to operate online. This is something that we think we can help with and that's why we're partnering with Jio to help people and businesses in India create new opportunities," Zuckerberg noted.

Payment firms say market large enough for all

SHRITAMA BOSE
Mumbai, April 22

WITH FACEBOOK'S PROPOSED investment in Reliance Jio, WhatsApp Pay is likely to finally realise its full potential and turn up at every other merchant outlet in the country. Industry executives say Jio has already been acquiring merchants for digital payments for close to a year now and the tie-up with WhatsApp will make it one of the strongest players in the market. Payment players say the partnership between the two companies bodes well for the market and there is enough room for new players to come in.

Paytm Payments Bank managing director and CEO Satish Kumar Gupta told *FE*, "It (the partnership) is quite welcome. There is scope for everybody. Digital payments are so meagre at present that if the market grows, everybody will benefit from it." WhatsApp has about 400 million users in India and features prominently in the daily lives of most of them and Jio's subscriber base at 390 million is still growing. This existing user base, coupled with the 60 million-odd merchant network on JioMart, could make Jio a significant player in the payments market.

This also means the going for incumbent players in the payments system just got that much tougher. Pramod Saxena, chairman and MD, Oxigen, said while the partnership will help expand the market by bringing in a large player, it will also throw a challenge to existing e-commerce firms. "WhatsApp's user base is a great leverage for Jio and given their muscle, they should definitely make a big impact and that energises the market. It's going to be a challenging time for other deep-pocketed payment service providers who have been spending a lot of money to reach the customer and build a base."

Experts said the Facebook-Jio partnership helps Jio accelerate its target of building a sizeable presence across mom-and-pop outlets across India. Naveen Surya, chairman, Fintech Convergence Council and chairman emeritus, Payments Council of India, said, "One of the largest costs is that of acquiring the customer and getting them to install your app on the phone and that could range anywhere between $50-100. With this partnership, you already have the customer and that's a big win." Surya added there is still much opportunity for payment players to build the market and the pie is large enough for different players to thrive.

INTERVIEW: VIMAL KEJRIWAL, MD, KEC International

'Project executions to see major productivity shift with automation'

Although KEC International, which executes projects in electricity transmission & distribution (T&D), railways, civil, solar, smart infra and cables, did not encounter issues related to payments or renegotiation of contracts during the lockdown, the company has seen delays in orders from its clients. **Vimal Kejriwal**, *managing director of KEC International, told* **Vikas Srivastava** *in an exclusive interview that that labour shortages might lead to alternative strategies by companies to increase productivity through mechanisation, automation and digitalisation of projects. Edited excerpts:*

How do you see the removal of restrictions on projects in the T&D and construction sector to help companies such as KEC?

Things are slowly getting back into action after the restrictions were removed on April 20. We believe it will take at least another four-five days to get back to normal since we require the incidental suppliers for the work to continue in full swing.

Our projects require cement, steel and other materials for which we need to line up the logistics as well. We normally have stocks which are good enough for a week, but if the supply chain does not get cleared then one starts to feel the stock-outs. The same things can happen in factories as well, if they do not allow the vendors to open their shops. However, projects are slowly getting into shape.

Since you are present in various segments like T&D, railway electrification, cabling and civil work for industries, which projects according to you are getting into shape?

T&D projects have started at various places. Railway electrification work has also started in Maharashtra between yesterday and today. Civil projects like construction of cement factories and other industrials have got approvals. We are doing four metro projects; the one in Kochi has got approval for starting the construction activity but three projects in Delhi are stuck due to lockdown. In Maharashtra we have got approval for railway electrification now. But unfortunately, we could not work during the lockdown on electrification, which we had requested.

What has been the impact on completion of projects in FY20 due to lockdown?

There was not much impact on project completion due to lockdown in FY20, since only six days' work was lost. However, going ahead we will require an extra effort to make up for the lost time of over 45 days. We will take at least two weeks to ramp up. So some of the lost time can be recovered, but if the lockdown persist beyond the month of May then the recovery could be difficult. The recovery for us will depend on two things — how much of logistics and raw material is available for ramp-up, and how many migratory workers we can retain.

How many workers do you have at present and will it help to ramp up your projects?

We had around 30,000 workers spread over 150 project sites before the lockdown. At present we are left with 20,000 workers, while 30% have left for their hometowns. These workers are staying at makeshift quarters at the project sites, where their food, shelter and medical requirements are taken care of. So we have the advantage of starting the projects and ramping up quickly, if the workers continue to remain with us.

How do you see the increase in transport cost to impact your overall operations?

Overall the cost curve has gone down if we look at the cost of materials, such as aluminium, copper, steel or oil. This drop in cost will help us to offset whatever little increase in cost we have seen in transport or otherwise, unless there is a prolonged shutdown.

Do you see a major chunk of your revenue coming from international operations in Q1FY21 since most of your factories and projects were open abroad?

We expect the international revenues to go up in Q1FY21 to at least 50% from 45% earlier as most of our projects are operational in more than 35 countries that we operate in. But the way domestic operations are coming up, the impact will only be for one month, that is April.

What is your outlook on overall improvement in coming quarters? Have you encountered payment related issues or order delays from your clients?

We have an order book of ₹20,000 crore as of March 31, while ₹3,000 crore is as L1. So for us it is a question of revenue deferment rather than revenue loss. The revenue will come if not in this quarter then next quarter. By God's grace we haven't had any issues related to payments or renegotiation of contracts. But we have seen delay in orders from our clients. Going ahead we foresee a dramatic change in our project executions as a lot of shift is seen in terms of mechanisations, automation and digitalisation of projects due to social distancing and labour shortages.

Can you explain in detail about change in project execution?

With government mandating only 25% to 50% employee attendance due to social distancing, companies will have to find alternative ways of increasing productivity. One way of doing it will be to mechanise, automate and digitalise the projects. It may take at least five-six months to automate the factories, since it will require redesigning the factories or relocating them, but mechanisation, such as getting an excavator or a loader can be done immediately.

Digitalisation will have to be done at different levels to overcome the issues of social distancing. However it should be understood that the intent is to maintain social distancing and not reduce labour count.

What according to you has been the biggest shift in the way companies have been operating since the lockdown?

According to me a bigger paradigm shift due to lockdown has been the ability of employees to work from home, which until now was unimaginable. We believe 15-20% of our office workforce can be shifted back to home. Although it may not be possible for people deployed at project sites where physical presence is must. But if mechanisation is introduced at project sites, then these people can be re-deployed to other projects.

JAYPEE INFRA INSOLVENCY

NBCC moves NCLAT against NCLT order

SURYA SARATHI RAY
New Delhi, April 22

STATE-RUN NBCC has moved the National Company Law Appellate Tribunal (NCLAT) challenging the March 3 order of the National Company Law Tribunal (NCLT) that approved its resolution plan for debt-laden Jaypee Infratech (JIL).

Hearing the NBCC's 'urgent' plea on Wednesday, the two-member NCLAT bench, headed by its acting chairperson justice Bansi Lal Bhat, directed, "Meanwhile, till further orders, the approved 'resolution plan' may be implemented subject to outcome of this Appeal." NCLAT has scheduled the matter for further hearing on May 15.

NBCC's resolution plan includes handing over close to 21,800 homebuyers their units in phases over a period of three and a half years and paying off financial creditors their entire admitted claim of ₹9,783 crore.

In its appeal to the NCLAT, NBCC alleged that the tribunal, in its order, made unilateral and arbitrary modifications of its resolution plan by allowing objections raised by dissenting creditor ICICI Bank and the Yamuna Expressway Industrial Development Authority (YEIDA) even as the plan was approved by a majority of 97.36% vote in the Committee of Creditors (CoC).

In its appeal to the NCLAT, NBCC alleged that NCLT, in its order, made unilateral and arbitrary modifications in its resolution plan by allowing objections raised by ICICI Bank, YEIDA

In its appeal to the NCLAT, NBCC said the modifications made in the approved plan were inconsistent with the provision of the Insolvency and Bankruptcy Code (IBC).

CoC had approved NBCC's bid on December 9, 2019.

In its order, NCLT had asked NBCC to pay ICICI Bank its due in cash in 12 equal monthly instalments within 18 months, starting from six months from the approval of the resolution plan. NBCC said such a direction was "arbitrary" and on unreasonable grounds that dissenting financial creditors are entitled to payment in cash under the provisions of the code.

"The NCLT has dealt with the two issues raised by YEIDA against the resolution plan by amending the resolution plan to provide that any additional compensation will have to be paid by the SPVs, and, with respect to the additional compensation in relation to Expressway, parties can approach appropriate forum of law regarding the same," the state-run firm said in its application.

The NCLT also allowed JIL's fixed deposit holders, who have not filed their claims within the statutory timelines, to continue their claims even after approval of the resolution plan.

This also did not go down well the NBCC.

Covid-19 impact: Tata Steel sales fall 15% to 4 MT

TATA STEEL'S SALES volume in India declined a sharp 15% year-on-year (yoy) to 4.03 million tonne as the lockdown led to logistic issues and lower demand, induced by the shut-down of customer operations in automotive, construction and other segments in March.

However, production volume grew 6% yoy to 4.74 million tonne. Tata Steel India also achieved 8% y-o-y production growth for full year FY20, along with the best-ever annual sales. This was supported by ramp up of Tata Steel BSL and acquisition of Usha Martin Steel business by Tata Steel Long Products. Tata Steel BSL also recorded its best-ever annual performance. The numbers are provisional as the company is yet to declare its fourth quarter and annual earnings numbers.

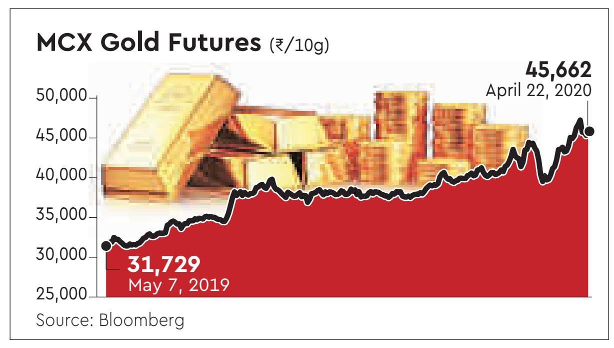
Tata Steel India witnessed highest-ever annual sales in branded products and in the retail segment with an increase of 8% over FY19. The company was successful in maintaining volumes for industrial products and projects segment with a strong increase in sale in oil & gas and the industrial pipe segment. **—FE BUREAU**

Financial intermediaries pushing paper gold ahead of Akshaya Tritiya

URVASHI VALECHA
Mumbai, April 22

IT'S THAT TIME of the year when Indians buy gold, but this Akshaya Tritiya consumers will find it hard to step out and buy the precious metal thanks to the lockdown. Even if jewellery sales are going to be tough, financial intermediaries are promoting other options such as digital gold, sovereign gold bonds and gold exchange traded funds (ETFs) to investors, as gold has delivered stellar returns of 16.7% so far this year. It was the best performing asset class for calendar year 2019, delivering returns of 24%.

Against this backdrop, intermediaries such as ICICI Securities, HDFC Securities and Motilal Oswal are finding different ways to promote gold. The brokerages are recommending options such as 'digi gold', 'sovereign gold bonds' and 'gold ETFs' to investors. For instance, Tapan Patel, senior analyst (commodities), HDFC Securities, said the brokerage has been using its commodities trading platform to recommend gold. "Apart from Digi Gold, currently, we are promoting gold ETFs and sovereign gold bonds to our clients to allow them to participate in appreciation in gold prices," he said. Motilal Oswal Financial Services on the other hand is advising clients to buy digital gold, which can later be converted into coins and bars delivered in a physical form.



Sovereign gold bonds that were launched three years ago had not received enough traction earlier but that may be changing. Kedar Deshpande, head-retail distribution, ICICI Securities, said, "We have seen a rise in demand of sovereign gold bonds over the last few months amongst our customers."

Currently, the first tranche of the sovereign gold bonds for this financial year is open for subscription till April 24. The value of the bond is ₹4,639 per gram of gold. Investors, who apply online and pay through digital mode, will receive a discount of up to ₹50 per gram. Mutual fund houses have been seeing demand for gold ETFs. Chirag Mehta, senior fund manager - alternative investments, Quantum Mutual Fund, said the gold ETF and gold mutual fund have been seeing inflows and that they were anticipating more inflows coming in due to Akshaya Tritiya.

Experts typically recommend allocating 5% to 10% of their portfolio to gold.

Netflix sees 'big growth' in India

NETFLIX ON TUESDAY said it saw "big growth" in viewership in India as subscribers binged on local content, shoring up user engagement. Indian originals like *She* and *Guilty*, particularly, have found traction among viewers, said chief content officer Ted Sarandos in the company's Q12020 earnings call. "And they (Indians) are also big fans of our global original content. *La Casa De Papel* was a huge hit in India for us as well as most of our other originals out of the US. So, we are growing the business, licensed, original, international, domestic, across the board in terms of content and content taste," Sarandos said.

Video streaming platforms in India have seen a surge in subscriptions as corporates shifted to work from home mode amid the coronavirus pandemic. **—FE BUREAU**

Opinion

THURSDAY, APRIL 23, 2020

PROTECTING DOCTORS

Union home minister Amit Shah

PM Modi's govt is committed to protecting those who are protecting India during these challenging times ... an ordinance to end violence against our doctors & health workers is a testimony of the same

RationalExpectations

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Need a clear post-Corona exit strategy

The lockdowns were critical, but the limited opening up has been marred with confusion; that must be sorted out

THERE CAN BE little doubt that many of the statements made by Bajaj Auto managing director Rajiv Bajaj in an interview to *CNBC-TV18* were quite over the top; one gem was "lockdown is a solution looking for a problem". Another one was "I don't know what curve is there that needs to be flattened…all evidence globally suggests the young and healthy don't need to be flattened…they need to get back to work …it is only the old and vulnerable that need to be secured". As it happens, on April 6, the government pointed out, that 47% of the infected were below 40 years old, 34% between 40 and 60 and just 19% above 60.

Also, while Bajaj was contemptuous of the flattening of the curve, a month ago, the number infected were doubling every three days, and that is happening in around nine days right now. If the curve hadn't been flattened, there is no way that India's bursting health system could have handled the pressure. With the time bought, going by an *India Today* exclusive, the government has been able to add 4 lakh isolated beds, with a third in the worst-affected state of Maharashtra. If the infection gathers pace again, this may not be enough, but for now, there is little doubt that prime minister Modi's lockdown has bought India critical time to prepare.

But, once you get over the hyperbole, Bajaj is right that India needs to restart its manufacturing and services businesses as early as possible, and, right now, the plans being announced by the government are full of holes. That is not surprising, given the pressure the government continues to be under, but it is now time to think coherently about restarting business. The April 15 notification—the day after the first lockdown ended—spoke of businesses being allowed to restart after April 20 under certain circumstances and in areas which had low levels of infection. It spoke of industries being allowed to operate if they were in rural areas or in 'access control' areas like SEZs, EoUs, industrial estates and industrial townships. It said these units would have to either house the workers or keep them pretty close to their factories, presumably to ensure there wasn't much travel. Yet, it also spoke of transport being arranged by the employer, suggesting even industries without 'access control' would be allowed to start.

It also didn't make sense when, after agreeing that e-commerce would be allowed, pressure from brick-and-mortar retailers—and probably not just the small retailers, though they were at the front of the agitation—the government said e-tailers would only be allowed to sell 'essential' items. And, as several automobile firms—including Bajaj—pointed out, they can't possibly restart production until their entire supply chain is working; and how do you even produce when, with the retail showrooms still closed, there is no visibility on likely demand?

Also, as CII has pointed out, many of the conditions make it impossible to ever restart operations. The prime minister spoke of how permissions would be withdrawn if the infection spreads, but what definition of spreading is to be used? Keep in mind that in the first lockdown—when no activity was allowed—the number of cases rose from 606 on March 25 to 10,815 when it ended on April 14, and this has risen to 20,471 today. If areas are suddenly to be declared hotspots and all industrial/service activity is to be shut immediately, how can anyone plan operations? Surely the definition of a hotspot needs to be looked at carefully, and, more important, does the entire area around it—and, till how far away—need to be made a no-activity zone?

Flattening the curve has bought us time, but not restarting business is also costly. If 45 crore workers are given just ₹2,500 per month for 90 days, that's a cost of ₹3.4 lakh crore the govt must bear

Indeed, local administrations appear to be adding even more stringent conditions. According to CII, one such condition is that if any worker tests positive for the virus, there will be criminal charges on the establishment. Criminal charges? For an act that employers have no control over? Punish them for not maintaining 'social distance', not following sanitary and disinfecting norms, but the punishment can't be so draconian; more so when the spread during the lockdown makes it clear the virus has a life—and course—of its own.

Since the attention has been on 'flattening the curve' till now, confused and irrational policies were perhaps to be expected. But, even while the danger of the spread picking up again is real, the fact is that India can't afford to lock down much longer either. It is true that the government is now preoccupied with how big the relief package needs to be, how it is to be financed, whether this will lead to the country being downgraded to below investment grade—Indonesia's outlook was revised a few days ago after it announced a post-Corona spending plan—and how much debt and equity funds will flow out as a result *(bit.ly/2VOAMaP)*.

But, restarting production is an integral part of the financial package. India has a work force of 45 crore and if, in the absence of jobs, they are to be paid even a mere ₹2,500 per month for, say, three months, this means a bill of ₹3.4 lakh crore! And, we are not even talking of the massive NPAs that will result from businesses not being able to service their loans, and the permanent damage to the economy of not having a workable exit-from-lockdown policy; the human suffering can't even be imagined. Bajaj was over the top, but he drew attention to a very real problem.

TheRealTest

Faulty Chinese testing kits underscore the need to ensure quality of Covid-19 response along with speed

FOLLOWING COMPLAINTS FROM various states of testing of the same samples by rapid Covid-19 testing kits (antibody testing) provided by ICMR showing wide variance of results—6-71%—with RT PCR testing (antigen-based testing), ICMR asked states not to use the rapid testing kits for 48 hours, during which it will test the kits' quality and determine whether they have to be junked. The kits have largely been procured from Chinese manufacturers. China, which has come under global censure for mishandling the Covid-19 outbreak in Wuhan that led to the pandemic, has been trying to offset the damage to its diplomatic relations through large-scale supply of testing kits and personal protection equipment. But, many countries, including Spain (which has seen over 21,000 deaths) and the Netherlands, pointed out that the Chinese kits were faulty and returned them. Against this backdrop, the Chinese government had advised procuring only from manufacturers approved by it. While ICMR reportedly did that, it should have run the quality checks it is now running before it disbursed the kits to the states.

Without doubt, there was a need to equip states with kits to make sure testing could be expanded to net more cases. Indeed, one of the states that complained of the testing kits being faulty, West Bengal, has a very low testing penetration—71 per million. With its infection growth over the past few days higher than the India-average, many cases are likely to remain undiagnosed if the state continues to test at its current level. This would certainly call for the Centre ensuring enough testing kits are available for states to roll out wider testing. That said, while ICMR says that the testing kits were checked for quality in Delhi, the fact that a 48-hour window was sought to check these again shows that the initial checks may not have been adequate. The Union government needs to ensure that quality and effectiveness are not sacrificed for speed, though both quality and speed need to be upheld. The ICMR must now adopt a more sure-footed strategy—even though understanding of Covid-19 is far from comprehensive right now, the country can ill-afford a lack of stability in crisis response of the kind exemplified by the present instance of poor quality testing kits, and the recent back-and-forth on prophylactic usage of hydroxychloroquine for frontline healthcare workers.

LOCKDOWN IMPACT

EVERY MONTH OF *FULL* LOCKDOWN LEADS TO A 5.4% LOSS OF GVA. HALF OF THE ECONOMY WILL BE IMPACTED BY THE *PARTIAL* LOCKDOWN & THE MONTHLY LOSS WILL BE 4% OF GVA

Still waters to slow boil

PRANJUL BHANDARI
Chief economist, India, HSBC Global Research
Views are personal

WE EXPECT GDP to grow by 0% in CY2020 (by 2% in FY21) with downside risks if the lockdown were to last longer. We expect negative growth for 1HFY21, but improvement thereafter.

Q1. Was the national lockdown able to flatten the Covid-19 curve? The good news is that a 5-day estimate suggests that the doubling rate of the virus has slowed--from 3 days to about 9 days. This could be a consequence of a relatively early lockdown and a high compliance rate to the lockdown orders. The bad news is that Covid-19 cases continue to rise in India. Overall, it is fair to say that while the lockdown has helped, India's Covid-19 proliferation still appears precarious.

Q2. What will the growth cost of the lockdown likely to be? Activity has taken a big hit. Unemployment rates have soared, the PMIs have fallen, car sales have dropped sharply, deposit and credit rates have weakened, and electricity demand has slipped.

If activity restart is successful, the economic cost could fall, but will remain significant until things don't completely normalise. We estimate that over the past few weeks of the full national lockdown, 65% of the economy, over 50% of consumption and arguably all of investment were impacted. By combining the share of each sector with the proportion locked down, we estimate that the monthly loss was 5.4% of the year's GVA.

The upshot about restart is that rural activity will be easier to re-start than urban. Some back-and-forth between authorities and industries on specific rules may mean that restarting activity may be more gradual than sudden. Studying the rules carefully, we find that 50% of the economy will continue in lockdown, and if this continues for a month, we estimate the economic loss will be 4% of GVA.

Overall, we estimate that under one-month of full lockdown that India just went through and perhaps two-weeks of partial lockdown will together lead to a loss of ~6.5% of GV. If the partial lockdown were to continue in some form beyond two weeks, the cost would only rise.

Q3. Which sectors are likely to gain as activity is partially restarted? Partial opening up means that the pace of activity will improve, or rather, the economic cost will soften, particularly in agriculture, manufacturing, select construction and goods trade, based on our analysis. Three factors, in particular, are likely to support any revival in activity: 1) postponed consumption demand; 2) inventory restocking demand; and 3) the general growth buoyancy. The more the lockdown is extended, the more the revival process will weaken. Another factor that could aid recovery is lower oil prices ($35/b: forecast). A further fall would be even more supportive.

■ Manufacturing will likely trump services – Even in the recovery phase, as in the slowdown phase, manufacturing is likely to do better than services.

■ Rural activity should do better than urban activity.

■ Consumption should do better than investment. Looking at past slowdown episodes, we found that in years when growth was weak, the savings rate tended to fall as households dissave to stabilise consumption. We find that 55% of the consumption basket may get hit, but the remaining 45% (mostly essential consumption) should remain strong. On the other hand, we found investment to be extremely sensitive to uncertainty. As questions around the end date of the virus remain confounding, we expect investment demand to remain weak.

Q4. Are authorities inclined to stimulate further? Besides the existing social welfare package of 0.8% of GDP; we calculate a net additional cost of 0.5% of GDP. We expect the centre to shortly unveil a fiscal package directed at small businesses. In addition, states have been increasing outlays on social welfare programmes, such as cash transfers to the poor. RBI came in strongly on March 27, it also followed up with some steps to open the bond market further to foreigners. And then again, on April 17. Two common themes that have dominated the policy space have been, 1) gradual steps rather than an all-at-once approach and 2) more 'conventional' steps than 'unconventional' ones. Restarting would need working capital for all. We expect the authorities to provide some of it.

■ More of what has already been done – Spending on healthcare, social welfare spending on displaced individuals and credit support to small firms could rise gradually. From RBI's perspective, more rate cuts and further liquidity infusions with repo rate at 4% by Q2.

■ New steps, but conventional ones –OMO purchases could help absorb some of the fiscal costs. In some years, RBI has done large OMOs (e.g. ₹3 lakh crore in FY19). This has helped to ease the pressure on bond markets while remaining firmly in the 'conventional' territory. Another candidate in this area would be bank recapitalisation bonds for banks.

■ Some unconventional easing – It remains uncertain if authorities would go down too many unconventional paths. Unconventional easing could perhaps only come about if 1) the Covid-19 pains intensify from the current level or 2) if some of the earlier steps don't prove efficacious. These could include RBI lending directly to NBFCs, such as through Section 18 of the RBI Act, or RBI accepting a broader set of financial instruments, such as corporate bonds, at its LAF window.

Q5. How large could the stimulus package be? We expect both the central and state governments to miss their fiscal deficit targets. We expect the centre to come in at 6% (versus 3.5%), and the aggregated state fisc to come in at 4% (over the permissible 3%). Including the revenue shortfall, we expect a fiscal stimulus of 5% of GDP divided between lower revenues, spending on healthcare and spending on individuals and small businesses. Central government will have to tap several other sources, both domestic and global (NRI bonds, IMF and WB), both conventional (OMO purchases) and unconventional (private placements with certain financial institutions). RBI will have to play an even more important role this year.

Q6. Are there any silver-linings amid all of this? In the past, India has tended to undertake reforms best during a crisis. We identify three reforms:

■ Agricultural marketing –With several government *mandis* shutting down or only working at partial capacity, farmers may begin to sell directly to private sector procurers.

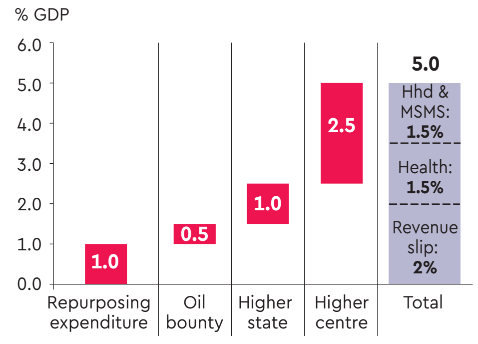
■ Rural industry – A window of opportunity for rural Indians, owing to partial opening, to ramp up industrial activity.

■ Expenditure rationalisation – Given the tight fiscal space, the government may be incentivised to weed out sub-scale government expenditure schemes and use the money for more effective direct cash transfers. This could amount to a major fiscal reform, in our view.

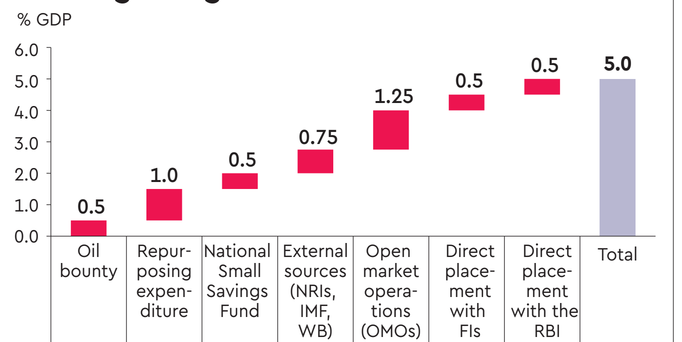
They say that no one should miss out on a good crisis. Perhaps India should make most of this one.

Co-authored with Aayushi Chaudhary, economist, HSBC Global Research
Edited excerpts from HSBC Global Research's report (dated April 22)

Size of fiscal stimulus



Funding of higher fiscal deficit scenario



Source: HSBC estimates

Plastic bags are making a comeback

But, activists aren't the only ones demanding more sustainable packaging. Consumers, too, are—and some of the world's biggest corporations are paying attention

ADAM MINTER
Bloomberg

AFTER DECADES OF BITTER fights, environmentalists seemed to be winning the war against single-use plastics in recent years, with cities around the world banning or taxing them. Then the coronavirus arrived, raising fears that reusable goods might lead to infections. The impact has been swift. From Maine to Hawaii, plastic-bag bans have been suspended or postponed. In San Francisco, reusable shopping bags—once totems of the city's vibrant commitment to sustainability—have simply been outlawed.

These reversals have sparked deep concern among activists. Some fear the bans will never be reinstated; others that reusable products may be permanently tainted as "unsafe." The good news is that activists aren't the only ones demanding more sustainable packaging these days. So are consumers—and some of the world's biggest corporations are paying attention.

Campaigns against consumer plastics date roughly to the discovery of the Pacific garbage patch in 1988. The environmental movement was soon galvanised, and single-use plastics—especially grocery bags and straws—became a focus of global activism. Much of this was misdirected. According to the Environmental Protection Agency, plastic bags and wraps amounted to only about 0.3% of all the waste generated by homes and businesses in 2010. By comparison, containers and packaging make up about 30%.

Nonetheless, the proliferation of ocean plastic has worried consumers well beyond San Francisco. Last year, a survey of 6,000 people in 11 countries found that 77% perceived plastics to be the "least environmentally-friendly packaging material". Perhaps unsurprisingly, 72% said they are buying more environmentally friendly products than they were five years ago, and 83% thought it was important for companies to design products that can be reused or recycled. Those shifting perceptions haven't gone unnoticed by consumer brands. Over the past decade, some of the biggest have adopted ambitious sustainability agendas. In 2017, Apple Inc rolled out an aggressive strategy to embrace sustainable paper and cardboard, which resulted in a 30% reduction in plastic use in iPhone 7 packaging. The next year, nearly 300 global organisations, including companies such as Nestle SA, Mondelez International Inc. and Colgate-Palmolive Co, pledged to eliminate unnecessary plastic packaging entirely.

Some of those commitments may not amount to much. But, the broader trend is unmistakable. For example, last May, 5,000 US households gained access to a zero-waste e-commerce site called Loop. It offers brand-name products packaged in custom-designed glass and metal containers, which the company will deliver to your doorstep in reusable tote bags. Once you are done with them, Loop will collect all the packaging for washing and refilling. Tom Szaky, the chief executive officer of TerraCycle, the company behind the site, told me that the experience isn't all that different from throwing stuff out; it asks almost nothing of the consumer.

Loop isn't making much money to start. But its animating idea—that reuse should be as easy as throwing something away—is powerful enough that some very big consumer-goods companies are now designing packaging specifically for the site. Want Clorox wipes delivered in a reusable metal container? Loop has them. Want the same experience with Haagen-Dazs ice cream or Pantene shampoo? Loop has those too, along with products from 400 other brands. It also has a waiting list of would-be shoppers that is about "100,000 long," Szaky says. Later this year, the company will start offering pick-up-and-return services at retail outlets around the world.

"Manufacturers are promising recyclability and reusability," Szaky told me during a Zoom session, "and we are the easiest way to do it." Loop may or may not be successful in the long-term. But the fact is, consumers everywhere are expressing a clear preference for sustainability—and brands are increasingly responsive. Whatever happens with plastic-bag bans, it is highly likely that this dynamic will ensure that single-use plastics continue to fade from the marketplace. The coronavirus, for all of its challenges, won't change that hopeful trend.

This column does not necessarily reflect the opinion of the editorial board or Bloomberg LP and its owners

LETTERS TO THE EDITOR

Immigration ban

Close on the heels of a decision to halt the funding for WHO, the US president Donald Trump had unveiled his plan to institute immigration ban through an executive order, which is primarily aimed at those seeking "Green Cards" for permanent residency. Though the proposed immigration ban by Trump would last for 60 days and not covering individuals entering the individuals for temporary basis. One cannot help but feel that he has been assiduously using present extraordinary situation confronting the country following the outbreak of coronavirus to persist with his avowed immigration agenda and divert attention from his alleged drastic failure to contain the outbreak. His "America First Policy" formed the major poll plank of his presidential campaign and played a key role in catapulting him to the White House. With his present approval ratings nosedive in the backdrop of his alleged abysmal handling of outbreak, he found his "unfinished immigration agenda" a potent weapon to galvanise his core constituency of voters to retain presidency in the upcoming presidential election. President Trump may have his own gameplan on the front of immigration, but his country, owed its present standing as the only super power among the comity of countries to its lakhs of immigrant community.

— M Jeyaram, Sholavandan

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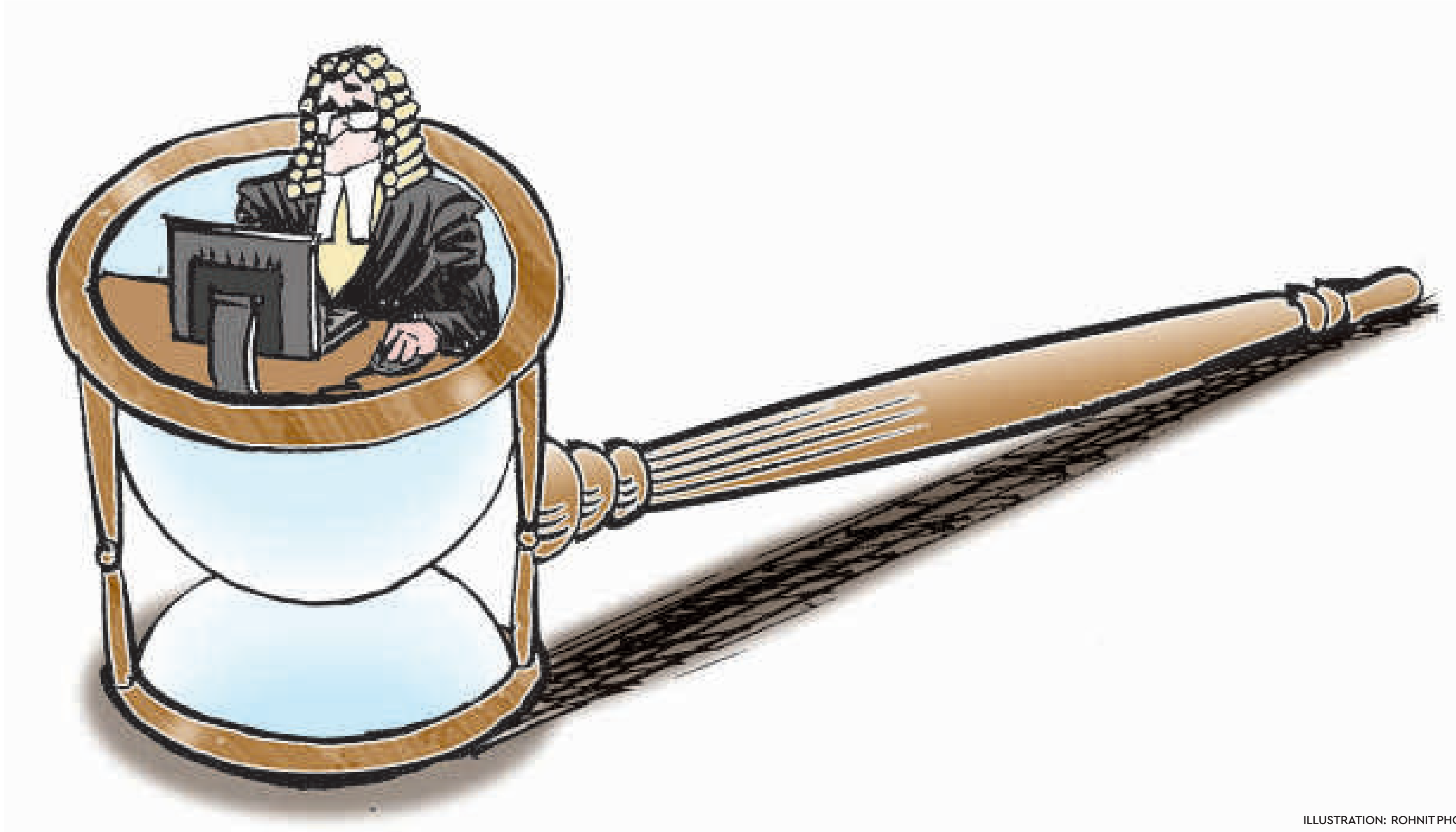


ILLUSTRATION: ROHNIT PHORE

AMITABH KANT
& DESH GAURAV SEKHRI

Kant is CEO & Sekhri is Officer on Special Duty, NITI Aayog *Views are personal*

A DOSE OF REFORMS

Corona crisis prompts reimagining of justice delivery

The corona shock poses questions for most existing structures, including delivery of justice. Use disruptive technology-led solutions to flatten the curve for access to justice and, over time, reduce the stress on courts

THE RAPID ONSET of the Covid-19 pandemic has been a shock to most existing systems and structures. This is apparent even in the delivery of, and access to, justice. These are times unlike any other, and extraordinary measures are being taken across the world. The Supreme Court of the United States has, for the first time in a century, indefinitely closed its doors to oral hearings. Entire continents are in virtual lockdowns, and systems are under strain. For the Indian justice system, disruption through technology will be key. With the pandemic, deployment of technology is necessary in the short term, to ensure social distancing in courtrooms. In the long term, it will be even more necessary, to ensure distancing norms, and to help reduce pendency and burden on the courts. This is crucial to make positive inroads into the staggering number of matters pending, which are in excess of 3.5 crore.

This will ensure that access to justice and efficiency of dispute resolution in India is forever altered. Significant work has already been done to harmonise technology, innovation, engagement, and frameworks. It is merely a question of getting into mission mode to expedite reforms, and move from dialogues toward immediate action.

Decriminalising minor and petty offences

Today, authorities globally are using their discretion to differentiate between petty, non-violent crimes and other crimes so as to reduce the number of imprisonments, and therefore mitigate the risk of community spread. In this regard, the Government of India's ongoing effort to decriminalise minor and petty offences by making them compoundable remains visionary and citizen-friendly. Recently-enacted laws are also working with this concept, as well as enabling innovative options such as class action suits to help reduce the volume of lower-value matters reaching the courts as individual lawsuits. Enabling groups of petitioners with compiled grievances to jointly file suit will streamline the cause of action, and lower the number of matters filed, helping reduce the burden over time. For ease of doing business, with protection for bona fide decisions, the decriminalisation of certain offences will go a long way toward increasing investor confidence. This is supported by the repeal of more than 1,500 archaic and redundant laws thus far.

Virtual courtrooms: Role of technology

In the near future, technology can no longer just be a support, but must also be an enabler of justice for those who haven't been able to easily access it until now. A framework for the development of virtual courtrooms and remote hearing centres that enables all concerned, including the judges, to operate remotely and efficiently was perhaps due even before the pandemic, which has turned it into a necessity. Also, the required and growing role of e-adjudication and technology-led dispute resolution not only ensures remote solutions in these times of social distancing, but also maximises efficiencies, reduces costs, and enhances convenience for citizens at large.

AI, for aspects not related to objective and discretionary decision-making, has significant potential. ROSS, an AI solution for legal services, is said to have launched a revolutionary contextual search technology, which actually enables lawyers to research 80% faster. India, too, has innovators in this space for case-law research and litigation support, with potential for achieving scale. This is a major pivot for support services in the legal and judicial ecosystem. A conversation between service providers and dispute resolvers could help add cohesion-led problem solving, with the option of imminent scale.

Relying on data

An important first step from collaboration would be to help ensure the downstream usability of reliable and verifiable data. The data could be generated from filings, judgments, and related documents to assess and analyse the efficiency impact. Machine-readable laws will also help. By standardising inputs in a way that are technology-adaptable, analysis will be possible with a large data set and, presumably, more reliable than anecdotal evidence generated through current data-gathering and analysis. Technological tweaks to help data could perhaps, in future, be analysed for identifying under-trials who have already served their term waiting for a court date in the case of petty, non-violent offences. Augmenting reforms, both legal and judicial, with technology interventions could perhaps help unclog prisons and courts, assess efficiency and streamline access to data and result in better case-flow management for judges.

Continuing legal education for qualitative improvements

The legal fraternity can also help in increasing capacity and capability to help the most vulnerable. Widening the importance of continuing legal education can help streamline and update knowledge of processes and laws for all lawyers practising across the various tiers, bringing qualitative improvements. Virtual classrooms for these can allow pan-India dissemination in a cost-efficient manner. A concerted drive can also be initiated to improve processes for legal aid, including through a broad-based pro bono initiative to help those who need it the most.

The time for disruptive reform is now

The Supreme Court, to its credit, has been increasingly progressive in recent times. Successive Chief Justices of India have expressed their willingness to evolve the judiciary into a technology-friendly landscape. Chief Justice SA Bobde in particular has welcomed the use of AI and machine learning for non-invasive aspects, to enhance efficiency in judicial functioning. In fact, the court as a whole has been open to innovation and cognisant of the need to change the status quo. The e-Courts project, and aligned initiatives, are indicative of that mindset. But, now, novel technology-led ideas should be initiated as pilots, and pilots should be rolled out widely, without further delay.

Technology-led solutions will help flatten the curve for access while, in the long term, reducing the stress on courts. There will, as with all disruptors, be a learning curve, and longer-term implications in providing a sustainable framework. Continuous dialogues will help bridge many of those gaps. Positive, visionary responses to emergencies define institutional legacies. There will be no better time for disruptive changes to be introduced for the long-term good.

COVID-19

Seeds of rural recovery

ARABINDA K PADHEE & PRANAB R CHOUDHURY

Padhee is Country Director, India, ICRISAT & Choudhury is Vice-President, NRMC. *Views are personal*

States must consider accommodating returnee migrants in small-farming by implementing leasing reforms

THE COVID-19 PANDEMIC has added a new dimension to the agriculture sector's woes. Small and marginal farmers, landless agricultural labourers, and informal workers are the hardest hit. The ongoing national shutdown may affect farm operations if measures announced by the government aren't implemented seriously, and corrective action taken.

That the present crisis will have a profound impact on the economy and food security is a foregone conclusion. Welfare governments, both central and states/UTs have done well to declare agriculture as an essential service, and come out with financial packages and social security measures.

As the corona crisis coincides with the rabi harvest/preparation for kharif sowing season, its impacts on food production and movement through the value chain loom large. During the lockdown, constrained labour movement has already adversely affected farm operations in parts of north-west India. States, civil society and businesses are now gearing up to minimise impact, and hope to sail through on good seasonal bounty.

Small and marginal farmers remain the dominant food producer and major workforce in India, and the country would rely on them to contribute to the post-pandemic revival. However, so far, they remain invisible in the current discourse, due to their informality, as well as political and digital inability.

Small and marginal farmers constitute more than 85% of farm household, cultivate about half of all farmlands as per Agriculture Census, 2015-16, and produce about 60% of farm goods, critical to India's food security. They also constitute the biggest group of India's poor and most food insecure. But, small farming remains adaptive, making this group the most important constituent of farm debate in the Covid-19 context.

NITI Aayog came up with the model Land Leasing Act, which encourages states to legalise land tenancy, benefitting both tenants and landlords

A key trigger of growth of informal workforce is rural land tenure informalities embedded in rural landlessness, and all-pervasive agricultural tenancy and sharecropping. Agriculture workers represent half of the informal workforce. It is now being discussed that a number of migrant workers who fled the big cities may never return, preferring to find work on their marginal farms or in nearby towns.

Rural India, especially the farm sector, therefore, must prepare to productively absorb these additional labour. India's small farms may be able to productively engage them, as they are extended enhanced tenure security, which can trigger farm investments, 'sustainable' intensification and diversification.

Tenancy has risen over the last few decades despite post-independence land reforms banning this. Nearly 2.1 crore households in the country cultivate 1-1.1 crore hectares of land on informal lease basis as per 70th round of NSSO. Tenants remain more vulnerable to and impacted by disasters and crop loss, both under fixed term tenancy and sharecropping.

NITI Aayog came up with the model Land Leasing Act in 2016, which encourages states to legalise land tenancy, benefitting both tenants and landlords. Post-pandemic, states must consider accommodating returnee migrants in small-farming by legalising and implementing leasing reforms. In the absence of tenancy documents, benefits of schemes under the Centre's ₹1,70,000 crore relief package may not reach many among the needy. Land-leasing reforms and documentation can aid more inclusive delivery of public service entitlements to these vulnerable tenants, critical to trigger rural revival.

Along with flattening the corona-curve, states must also prepare to downsize the post-pandemic impact, and begin working on revival strategies—ironically, India's informal labour, apart from being most vulnerable, holds the key to this. Informality of labour is linked to informality around land relations; post-pandemic farm growth hinges on strategic action on land leasing reforms. With options and experiences around leasing reform already available, the political will and bureaucratic expediency will demonstrate how much India cares about its small farmers, when planning food security.

A FINE BALANCE

Lives vs livelihoods

Failing to control Covid-19 spread means even helicopter money won't be sufficient to provide relief, let alone economic revival

BARENDRA KUMAR BHOI & SURYANSHU BHOI

BK Bhoi is Visiting Fellow, IGIDR & S Bhoi is an MBA student, Smith School of Business *Views are personal*

THE GLOBAL FINANCIAL crisis (GFC) of 2008 was called a black swan event, the adverse impacts of which were felt for more than a decade. No sooner did the global economy recover fully from the GFC than Covid-19 emerged from Wuhan, China, and spread to the rest of the world like a wildfire.

As on April 15, 2020, more than two million people around the world had tested positive for the novel coronavirus; the global death toll surpassed 1.26 lakh. In the absence of a definite pharmacological intervention for curing or preventing Covid-19, isolation, quarantining, and social distancing are being followed, besides lockdown of all economic and social activities. A medical emergency of this proportion is unprecedented in known human history.

While countries like China, South Korea, Japan, etc, believe that the spread of virus has been controlled, the war against the same is in full swing in the rest of the world. Globally, some form of a lockdown has been implemented. This is a critical time for humankind, and the priority is to contain the spread of Covid-19 at any cost. If decisions are delayed, the public health emergency situation may get out of control, with catastrophic implications. One could not imagine that in the 21st century, civil society must confront a pandemic like Covid-19 so helplessly.

As a fallout of the GFC, the global GDP contracted by 1.7% in 2009. The financial sector bore the heaviest brunt of this. Recovery was gradual thereafter, but productivity growth did not improve for a long period due to collateral damage to the behaviour of both consumers and producers. This time around, the lockdown would affect all sectors of the economy instantaneously. As the Covid-19 crisis is still unfolding, making an early estimate of its impact is difficult. Many economists, think tanks, and multilateral institutions who have provided estimates have either revised them, or are on the verge of withdrawing their earlier projections. As of now, it is certain that global GDP will contract by a wider margin in 2020 than it did during the GFC, the worst impact of which was felt in 2009.

Several professional forecasters have provided early estimates of the impact of Covid-19 on India's GDP, but these may not be credible as India has not yet overcome the crisis. The impact of Covid-19 depends on its intensity, spread, and duration. RBI, in its April 2020 Monetary Policy Report, has explained the uncertainty, and refrained from giving hard numbers on growth and inflation projections. According to the IMF's World Economic Output, India's real GDP may grow at 1.9% in FY21, which is now doubtful due to the extension of the lockdown till May 3, 2020.

Impact of lockdown on India's GDP

(₹ trillion/Growth rate in brackets)

	Year	Nominal GDP	Real GDP
	2019-20 (2nd AE)	204 (7.5)	147 (5.0%)
	2020-21 (BE)	225 (10.0)	156 (6.0%)
Loss of GDP during lockdown (5 weeks)	100%	21.6	15.0
	75%	16.2	11.2
	50%	10.8	7.5
Corresponding GDP/ (Growth Rate) for 2020-21	100%	203.4 (-0.3)	141.0 (-4.1)
	75%	208.8 (+2.4)	144.8 (-1.5)
	50%	214.2 (+5.0)	148.5 (+1.0)
Implicit GFD- GDP ratio*/(GFD-GDP ratio including extra budgetary resources)	100%	5.9 (6.9)	-
	75%	5.7 (6.7)	-
	50%	5.6 (6.5)	-

*GFD may be about ₹12 trillion (BE about ₹8 trillion + Shortfall of revenue and disinvestment ₹2 trillion + Fiscal stimulus so far, ₹2 trillion). GFD, including EBR (roughly ₹2 trillion) will be ₹14 trillion

Despite this extension, certain activities, particularly in rural areas, have been allowed to resume from April 20. Hence, a simple exercise has been done to calculate the loss of India's GDP for five weeks, which may be between ₹10.8 lakh crore and ₹21.6 lakh crore in nominal terms, assuming the GDP loss to be at least 50% and at most 100% (see graphic). Corresponding nominal GDP growth in FY21 may fall between -0.3% and +5%. Similarly, real GDP growth may vary between -4.1% and +1% in FY21. Loss may continue even after five weeks, as lifting of the lockdown may be gradual. However, this may be partly offset by the fiscal and monetary policy stimulus announced so far.

Steering public policies during a crisis is difficult. Growth slowdown is certainly a major concern. Debate has already started on the need for a bigger stimulus. Pressure groups often try to extract as much benefit as possible from the government, without evaluating consequences. Let us consider the fiscal option. The gross fiscal deficit (GFD) of about ₹8 lakh crore, proposed in the FY21 budget, has already made a departure to the tune of 0.5% of GDP from the fiscal consolidation path. The revenue estimates in the budget were optimistic, and the disinvestment proposal was challenging. The situation would be worse post-Covid-19, and shortfall of revenue on these two counts may be about ₹2 lakh crore, having implications for GFD. As nominal GDP cannot grow at 10% in FY21, the GFD-GDP ratio would increase. The accompanying graphic shows that GFD-GDP ratio, including the fiscal stimulus given so far, is likely to be 5.6% to 5.9% in FY21. This may be higher by another percentage point if extra-budgetary resources are included—a departure of 3.5% to 4% of GDP from the fiscal consolidation path. Deviation from the consolidation path is inevitable during a crisis. But, the fiscal space available is very limited; therefore, monetary policy has been more accommodative than expected.

The medical emergency being the top priority, both central and state governments are making all efforts to contain the spread of virus, and thereby win the war against Covid-19. In case of a failure, possibly due to reckless behavior of a small section of society, even helicopter money will not be sufficient to provide relief, let alone reviving the economy.

If life is secured, there may be a second chance to revisit the package for livelihood. Securing both life and livelihood is possible only if all citizens extend unstinting support to the government in containing the spread of Covid-19.

International

TWO CRISES

Greta Thunberg, teen climate activist

"Today is Earth Day and that reminds us that climate and the environmental emergency is still ongoing and we need to tackle the corona pandemic ... at the same time as we tackle climate & environmental emergency, because we need to tackle two crises at once"

BLOCKING IMMIGRATION

Trump halts new green cards, backs off wider ban on visas

Workers such as those on so-called H1-B visas would be covered in a separate action

THE NEW YORK TIMES
Washington, April 22

PRESIDENT TRUMP SAID on Tuesday that he would order a temporary halt in issuing green cards to prevent people from immigrating to the United States, but he backed away from plans to suspend guest worker programs after business groups exploded in anger at the threat of losing access to foreign labour.

The new executive order banning immigration to the United States will last 30 to 90 days with the chance of renewal and apply narrowly to those seeking permanent immigration status, a senior administration official said.

Other workers such as those on so-called H1-B visas would be covered in a separate action, the official said.

Trump, whose administration has faced intense criticism in recent months for his handling of the coronavirus crisis, abruptly sought to change the subject Tuesday night by resuming his assault on immigration, which animated his 2016 campaign and became one of the defining issues of his presidency.

He cast his decision to "suspend immigration," which he first announced on Twitter Monday night, as a move to protect American jobs. But it comes as the United States economy sheds its work force at a record rate and when few employers are reaching out for workers at home or abroad. More than 22 million Americans have lost their jobs in the economic devastation caused by the virus and efforts to contain it.

Trump said that his order would initially be in effect for 60 days, but that he might extend it "based on economic conditions at the time."

"We can do that at a little bit different time if we want," he said of a second executive order that could further restrict immigration. While numerous studies have concluded that immigration has an overall positive effect on the American work force and wages for workers, Mr. Trump ignored that research on Tuesday, insisting that American citizens who had lost their jobs in recent weeks should not have to compete with foreigners when the economy reopens.

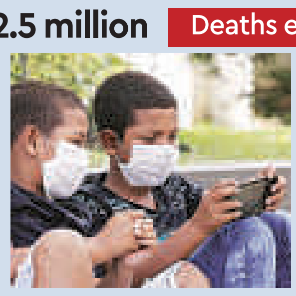
"By pausing immigration, we will help put unemployed Americans first in line for jobs as America reopens. So important," the president said. "It would be wrong and unjust for Americans laid off by the virus to be replaced with new immigrant labor flown in from abroad. We must first take care of the American worker."

(With inputs from Reuters)

MAPPING THE VIRUS

Global cases 2.5 million | **Deaths exceed 178,800**

- Americans' fear of job loss surges to 45-year high
- China's coronavirus handling aggravates European diplomats
- 'Scary time' for American middle-class as office jobs disappear



- EU eyes $2.2 trillion plan for recovery
- Italy to double stimulus, Spain to extend emergency
- European Central Bank may discuss new help for lenders
- Pandemic may set back Europe 5G rollouts

The Chinese ambassador to the US called for a "serious rethinking" of relations between the world's biggest economies in the face of the global coronavirus pandemic

Amazon unlawfully increased prices of numerous consumer goods in the wake of the Covid-19 pandemic, in some cases by more than 500%, a class suit in California court alleges

Transfers to low- and middle-income countries from workers abroad probably will plunge by a fifth to $445 billion, the Washington-based development institution said in a report on Wednesday.

Europe's data privacy watchdogs warned that virus-tracking technologies must not be allowed to morph into dystopian snooping on citizens. Technologies should be used to "empower, rather than to control, stigmatize, or repress individuals," the EU group said

The US government has awarded $7.2 billion in contracts to fight the coronavirus, including one that would pay a little-known Massachusetts biotech firm more than its reported revenue for the last three years combined

The Chinese government is ramping up efforts to curb emerging social unrest in the aftermath of the coronavirus outbreak, as the country faces an economic downturn that could leave millions of people unemployed

Swiss healthcare company Roche chief executive officer Severin Schwan blasted competitors whose tests for potential immunity to the coronavirus have been subject to high-profile flops

An antibody analysis by the Geneva University Hospitals suggests that 5.5% of Geneva's population – some 27,000 people – were exposed to Covid-19 as of April 17

Pfizer, BioNTech vaccine cleared for human tests

BLOOMBERG
April 22

PFIZER AND BIONTECH secured approval for Germany's first human clinical trials of a possible coronavirus vaccine, entering a global race to develop a defense against the pandemic.

Regulators gave the green light to test the companies' proposed vaccine on 200 healthy people aged 18 to 55 years in a first stage, and on additional high-risk candidates in a second stage, according to a statement Wednesday. Shares of Mainz-based BioNTech rose as much as 63% in Frankfurt.

The companies said they expect to win approval for testing in the US shortly. Pfizer shares rose 3.6% in premarket trading.

"It's a good sign that the development of vaccines in Germany is at a stage at which we can begin with the first trials," Health Minister Jens Spahn told reporters in Berlin.

"At the same time, it's important to remember that it will take months before a vaccine will be fully tested and can actually be available."

As worldwide coronavirus cases top 2.5 million, governments, investors and the public are keenly watching the race to deliver vaccines that could prevent future infections. Dozens of candidates are being developed in nations from the US to China, with at least three in human testing, according to the World Health Organization.

They are from CanSino Biologics, and the Beijing Institute of Biotechnology; Inovio Pharmaceuticals.; and Moderna Inc. along with the National Institute of Allergy and Infectious Diseases.

Human trials of a potential vaccine being developed by Oxford University researchers are set to begin Thursday, according to the UK government.

BioNTech also expects to test its vaccine program in China, where it's collaborating with Fosun Pharma. The companies didn't say when a vaccine may be available.

VITAL VIALS

- Vaccine to be tested on 200 healthy people aged 18 to 55 years
- The companies said they expect to win approval for testing in the US shortly
- Dozens of candidates are being developed from US to China, with at least three in human testing
- Trials of a potential vaccine being developed by Oxford researchers will begin Thursday

Hackers target top officials at World Health Organization

BLOOMBERG
April 22

TOP OFFICIALS AT the World Health Organization are being targeted by hackers as they work on the global response to the coronavirus pandemic.

The WHO's security team has seen an increasing number of attempted cyberattacks on the officials since mid-March, according to the organization's chief information officer, Bernardo Mariano. WHO itself hasn't been hacked, but employee passwords have leaked through other websites, he said.

In an interview Tuesday, Mariano said that some of the attacks had been perpetrated by suspected nation-state hackers.

The targets have included WHO Director General Tedros Adhanom Ghebreyesus, as well as Bruce Aylward, a senior WHO envoy who led a Covid-19 response team in China.

In addition, there had also been a recent "sustained attempt" to hack into computers operated by a team of four WHO employees in South Korea, as well as an incident last week targeting staff at the organization's Geneva headquarters, Mariano said.

The hackers "are looking for the highest targets — the key officials involved with the Covid-19 work," Mariano said.

US Congress set to pass $483-bn virus aid as Trump eyes next deal

ASSOCIATED PRESS
Washington, April 22

CONGRESS IS SPRINTING to approve the next coronavirus aid package, a $483 billion deal backed by the White House to replenish a small-business payroll fund and pump more money into hospitals and testing programs.

President Donald Trump is urging swift passage this week. The Senate approved the bill Tuesday and the House planned a vote on Thursday.

The bipartisan bill, Washington's fourth in response to the crisis, is not expected to be the last as lawmakers take unprecedented steps to confront the virus and prop up communities nationwide amid the health crisis.

Most of the funding, $331 billion, would go to boost a small-business payroll loan program that ran out of money last week. There would be $100 billion for health care, with $75 billion to hospitals and $25 billion to boost testing for the virus, a key step in building the confidence required to reopen state economies. There is $60 billion for a small-business loans and grants.

What started as a Trump administration effort with Republicans to bolster the government's small-business Paycheck Protection Program quickly doubled in size, second only to the nearly $2 trillion coronavirus rescue package that became law last month.

EU commission eyes $2.2-trillion virus relief plan

THE EUROPEAN UNION'S 27 leaders will be asked to consider a 2 trillion-euro ($2.2 trillion) plan for the region's post-pandemic recovery on Thursday, according to a document seen by *Bloomberg News*.

The compromise proposal has emerged from a north-south squabble over how to pay for the effects of coronavirus lockdowns that is set to play out on a video conference. The proposal would partially use the EU's seven-year multi-annual budget and also establish a new financing mechanism, the document said. —BLOOMBERG

Quick View

Zoom raises its encryption level with upgraded app

ZOOM VIDEO COMMUNICATIONS said on Wednesday it was upgrading the encryption features on its video conferencing app to better safeguard meeting data and offer protection against tampering. The new version of the app, Zoom 5.0, will release within the week.

Netflix to raise $1 billion to fund original content

NETFLIX SAID ON Wednesday it plans to raise about $1 billion in debt to beef up original content, a day after the streaming pioneer doubled its own projections for new customers as stuck-at-home users binged on movies and shows. Shares of the company were down 3% at $420 in morning trade after it also forecast a weaker second half of the year when shelter-in-place orders are lifted.

World Bank sees record 20% drop in remittances

GLOBAL REMITTANCE FLOWS will tumble 20% this year as the pandemic drags the economy through a recession, according to the World Bank. Transfers to low- and middle-income countries from workers abroad probably will plunge by a fifth to $445 billion, the development institution said.

CDC chief warns second wave could be worse

REUTERS
April 22

A SECOND WAVE of the coronavirus is expected to hit the United States next winter and could strike much harder than the first because it would likely arrive at the start of influenza season, the director of the Centers for Disease Control and Prevention warned on Tuesday.

"There's a possibility that the assault of the virus on our nation next winter will actually be even more difficult than the one we just went through," CDC director Robert Redfield told the Washington Post in an interview.

As the current outbreak continues to taper off, as shown by a recent decline in hospitalization rates and other indicators, authorities need to prepare for a probable resurgence in the months ahead.

"We're going to have the flu epidemic and the coronavirus epidemic at the same time," he said, and the combination would put even greater strain on the nation's healthcare system than the first outbreak.

"There's a possibility that the assault of the virus on our nation next winter will actually be even more difficult than the one we just went through"

— ROBERT REDFIELD, CDC DIRECTOR

Trump touts safety of states reopening

President Donald Trump on Wednesday applauded steps taken by a handful of Republican-led US states to start reopening their economies despite warnings of a potential fresh surge of coronavirus infections.

About a half dozen, mostly southern US states, including Georgia, South Carolina and Tennessee led by Republican governors, are loosening stay-at-home guidelines, allowing some non-essential businesses to reopen and hoping to revive their state economies.

Trump, a Republican seeking re-election on November 3, gave these states a show of support on Twitter on Wednesday.

"States are safely coming back. Our Country is starting to OPEN FOR BUSINESS again. Special care is, and always will be, given to our beloved seniors (except me!)," wrote Trump, who is 73.

Greg Abbott of Texas on Wednesday became the latest Republican governor to signal his intention to start lifting restrictions. Abbott said he would announce a plan next week to broadly reopen the state's economy during the first week of May.

Chinese tech giants offer bookings for Covid-19 tests

REUTERS
Shanghai, April 22

CHINESE E-COMMERCE GIANTS Alibaba and JD have each launched booking services for Covid-19 tests.

The services have been launched as China accelerates testing for the illness and the city of Wuhan, the initial epicentre of the outbreak, opens up from lockdown. Users searching for "Coronavirus Nucleic Acid Test" in Taobao or Tmall, Alibaba's two main e-commerce sites, are directed to a page offering appointments at nearby sites.

Prices depend on the city, with tests in Shanghai costing 180 yuan ($25.42) and tests in Beijing costing 258 yuan.

Global CEOs see U-shaped recession, shows survey

REUTERS
Singapore, April 22

GLOBAL BUSINESS LEADERS are preparing for a drawn-out U-shaped recession due to the impact of coronavirus and many fear their companies won't survive the pandemic, a survey of thousands of chief executives showed on Wednesday.

The pandemic sweeping the world has killed nearly 180,000 people, routed financial markets and could trigger the worst economic meltdown since the 1930s Great Depression.

Around 60% of chief executives are preparing for a U-shaped recovery - a long period between recession and an upturn - compared with 22% who predict a double-dip recession, according to an April 15-19 poll of 3,534 chief executives from 109 countries conducted by YPO, a business leadership network.

The survey found that 11% of chief executives see coronavirus as a risk to the survival of their firm, while a further 40% say the pandemic poses a severe threat.

"We have not seen a crisis like this for over a hundred years, and some household names will not survive," said Glenn Keys, executive chairman of Aspen Medical, a Sydney-based health services firm and YPO member.

SELECTIONS FROM

The Economist

EUROPE

A EURO ROW

The Dutch grumble over Europe's coronavirus cheque

The rest of the euro zone is getting fed up

THE DUTCH GOLDEN Age fell apart in 1672, when surrounding powers—England, France and a pair of German principalities—teamed up to sack the Netherlands and seize its colonies. Ever since, the small country's diplomats have made it a principle never to become isolated against a united European front. Yet as the Eurogroup (the finance ministers of the 19 countries that use the euro) planned their response to Covid-19 this month, the Netherlands found itself alone. For 36 hours the thrifty Dutch were the sole holdouts against a deal to help afflicted countries tackle recession.

On April 9th, after two teleconferences, the Eurogroup compromised. There will be a €200bn ($215 billion) European Investment Bank programme and a €100bn fund from which governments can borrow to support unemployment benefits and salaries. For medical expenses, countries can unconditionally borrow up to 2% of their gdp from the European Stability Mechanism (esm), an emergency fund set up during the euro crisis of 2010-12. But the Dutch refusal to go further has made lots of Europeans angry.

The target of their ire is the blunt-spoken finance minister, Wopke Hoekstra. Before the negotiations, he sententiously chided southern Europe for failing to cut deficits to prepare for a downturn, as the Netherlands had. (In fact, Italy's spending cuts were comparable to the Netherlands', but the Dutch economy grew faster.) In the Eurogroup meeting he rejected a proposal by nine countries, including France, Italy and Spain, to issue collective euro-zone debt (eurobonds, or in this case "coronabonds"). In this he was joined by Austria, Finland and Germany. But on the esm he stood alone, insisting that countries that tapped it for non-medical spending had to agree to economic reforms.

Italy and Portugal were incensed. Both have national debts of well over 100% of gdp, and neither wants its budget picked apart in the midst of a pandemic. Before the negotiations, Portugal's prime minister called Mr Hoekstra's criticism "disgusting". Afterwards, he wondered whether it would be possible for the euro zone to continue with all 19 members ("and I am talking about the Netherlands").

Yet while Hoekstra was criticised abroad, he was lauded at home. The Dutch, like the Germans, have a cultural aversion to debt, especially when shared with those they do not trust. Hoekstra told a parliamentary committee that eurobonds are unacceptable because the European Union "has no central authority that can force countries to reform". The euro crisis reinforced the Dutch conviction that credit without conditions is not solidarity but irresponsibility.

Cynics note that the Netherlands faces elections next year, and that Mr Hoekstra will be vying for the leadership of his Christian Democratic party as well as competing against the Liberal prime minister, Mark Rutte. Both parties must fend off challenges from Eurosceptic outfits. Yet Mr Hoekstra's stance is popular because it reflects beliefs he shares with most Dutch voters. "Dutch foreign policy is often deeply moralising: because we are wealthy we know the truth, and we are going to tell you how to reform," says Rem Korteweg of the Clingendael Institute, a Dutch think-tank.

Olaf Scholz, Germany's finance minister, may be secretly grateful for Mr Hoekstra's stubbornness, which allows him to play the role of peacemaker. But as the response to covid-19 evolves, other forms of collective spending will be on the table, notably at a videoconference of eu leaders on April 23rd. Self-righteousness is not winning the Netherlands many friends.

eFE

THURSDAY, APRIL 23, 2020

DIGITAL WAVE

Rajan Anandan, MD, Sequoia Capital

Post Covid-19, digitalisation of companies is going to accelerate dramatically as we are already witnessing innovative ways in which online education and telemedicine facilities are growing.

AGRI-TECH

Harvesting benefits of tech at the mandi

Private e-mandis, farm-to-fork startups and location tracking & geo-fencing tech platforms are helping farmers sell their produce amidst the lockdown

BANASREE PURKAYASTHA

We have seen a 300% surge in the number of registrations by farmers & buyers since the lockdown.

— AMITH AGARWAL, CO-FOUNDER & CEO, AGRIBAZAAR

Government horticulture agencies, FPOs as well as individual farmers are showing interest.

— VARUN KHURANA, CO-FOUNDER & CEO, CROFARM

DESRAJ, A FARMER in Alwar, Rajasthan, sells mustard seeds, wheat and other grains at the Bansur Anaj Mandi in Alwar district every year. But this year, with the lockdown restrictions in the wake of the Covid-19 pandemic, Desraj started looking for other options. That's when he heard about AgriBazaar's e-mandi which allowed him to reach out to buyers through his mobile phone bypassing any intermediaries, compare prices and then execute a deal, all virtually.

Within days, he had negotiated deals for three tonnes of mustard seeds on the AgriBazaar app, and was looking to close more deals in the coming weeks. Best of all, he did not have to run around to get vehicle clearances from local authorities. AgriBazaar's on-ground staff picked up his produce and transported it to the buyer's warehouse, and the money was credited to his account. "I plan to sell another 200 quintals of mustard seeds besides 500 quintals of wheat and 100 quintals of guar seeds on AgriBazaar," says Desraj. "I also plan to buy seeds for the next sowing season on this app."

Even though harvesting, sale of farm produce at mandis and other agricultural activities have been exempted from lockdown restrictions, farmers and buyers have been facing challenges in carrying out their operations. It is here that technology has come up with alternatives, which can mitigate farmers' distress to a large extent. From private e-mandis to farm-to-fork startups that buy fresh produce in bulk from farmers to location tracking and geo-fencing tech platforms that help regulate the movement of trucks into mandis, each of them are playing an important role in ensuring that famers get decent remuneration for their year-long efforts.

"We have seen a 300% surge in the number of registrations from farmers and buyers since Covid-19 lockdown," says Amith Agarwal, co-founder and CEO, AgriBazaar. "Our platform connects around 10,000 traders and processors, over 100 Farmer Producer Organisations (FPO) with its network of over 2 lakh farmers across India. The average deal size is 300 tonnes."

AgriBazaar operates across 16 states, with maximum activity in Rajasthan, Madhya Pradesh, Punjab, Haryana, Maharashtra, Gujarat, West Bengal, and most of the states in south India. "We never imagined social distancing and safety of the Indian farmer would get linked so closely with our business model of electronic buying and selling of farmer produce," he adds. Till date, 32,437 auctions have been listed on the site, with ₹11,322 crore contract value traded and transaction volume of 26,29854 metric tonnes, claims the website. It has also integrated Nafed milling auction in its app.

Meanwhile, ride-hailing app Ola has collaborated with the Punjab government for effective tracking and managing 17 lakh-plus farmers' produce and their vehicle movement into mandis while following social distancing norms. It has shared its technology capabilities to provide a direct channel to pass authentic information to farmers including distributing security travel passes digitally. Its technology platform, Ola CONNECTS, has a centralised dashboard which can track the movement of farmers along with their vehicles in and around mandis enabling officials to manage the flow of farmers when collecting their produce to prevent crowding. Says Pranay Jivrajka, co-founder, Ola, "All of Ola's innovations across AI, tracking technologies, allocation and flow management are part of the CONNECTS platform."

Varun Khurana, co-founder and CEO of Crofarm, a Gurgaon-based startup which supplies vegetables and fruits to small and medium-sized retailers in Delhi-NCR directly from farmers, says it is getting more queries from government horticulture agencies, FPOs as well as individual farmers since the lockdown. "Our buyers are also now relying on us more. Earlier, if a retailer made a ₹3,000-4,000 order a day, now it is ₹7,000," he says. Fruits account for 40-45% of transactions in value terms on the Crofarm app, while 20% relate to onion, potato and tomato, and 30% is green produce.

According to Khurana, for fresh produce there is a very short window for sale as it is a perishable commodity. In the short term, the lockdown will pose a problem, he says. "At Azadpur mandi in Delhi which saw around 25,000 tonnes of produce coming in every day before the lockdown, the number of buyers has gone down as the number of incoming trucks is limited. So a lot of farmers are looking at alternatives. However, startups and modern retail account for just 5% of buyers. As of now, 90-95% of deals still happen at the mandis," says Khurana.

It is this realisation perhaps that led the agriculture ministry to launch the Kisan Rath mobile app to help farmers and traders find vehicles for movement of farm produce during the lockdown, ensuring seamless supply linkages between farmers, FPOs, APMC mandis and intra-state and inter-state buyers. Developed by the National Informatics Centre, the app brings 5 lakh trucks and 20,000 tractors on the platform.

Tech Bytes

Sangita Reddy, joint managing director, Apollo Hospitals

Telemedicine gets booster dose

THE APOLLO HOSPITALS Group has announced its support to the initiative by the Medical Council of India (MCI) and Telemedicine Society of India (TSI) to sensitise and train doctors in deploying telehealth services on a wide scale to meet the healthcare needs of the people during the Covid-19 crisis. Doctors across the country are being asked to join this initiative by attending the training module and upskilling themselves in offering telehealth services to patients. This will solve the problem of accessibility to quality clinical care and ensure continuum of care to patients. Over 2,500 doctors across the Apollo Hospitals Group will be participating in the online Telehealth orientation programme, giving a boost to the group's efforts in empowering healthcare practitioners to effectively deliver remote health care.

Sangita Reddy, joint managing director, Apollo Hospitals Group said, "We were early adopters and most of our doctors use telemedicine with excellent clinical outcomes. The Covid-19 crisis and the resultant lockdown with restrictions on travel has resulted in an increased demand for telemedicine services and in response to this, the ministry of health & family welfare formally notified an amendment to the MCI Act by instituting the Telemedicine Practice Guidelines. Following this, Chairman Board of Governors (of superseded MCI) requested TSI to train 500,000 doctors within a month."

IIT Roorkee supports skills training

IN AN EFFORT to upskill the youth and promote e-learning during the Covid-19 lockdown, IIT Roorkee has launched an advanced certification course on Deep Learning at Cloudxlab.com. It follows the signing of MoU between IIT Roorkee and Cloudxlab.com, a US-based ed-tech company, for offering a series of instructor-led as well as self-paced executive online courses. "This is the best time for the youth as well as others to upskill themselves. This initiative will be attractive for users who aim to excel in the technical field," said Ajit K Chaturvedi, director, IIT Roorkee. The course is a new addition to a host of pre-existing courses such as Artificial Intelligence, Machine Learning, Data Science and many more. It will be delivered by the faculty of IIT Roorkee and experts from industry.

Gadgets

CAMERA PHONES

Shoot like a pro with these mobiles

SUDHIR CHOWDHARY

EVERY EVENING, IT is quite a spectacle in this writer's place of stay. Visibly bored by the day-long home confinement, people appear on their terraces and, armed with mobile phones in their hands, they begin to click their immediate scenarios —the sky, setting sun, fast-moving clouds, plants, and let us not forget, plenty of selfies. Literally, it's a jam-packed photo session at that time of the day.

Capturing a still image or recording a special moment is among the best ways to preserve a memory. However, to truly enjoy the experience, the quality of the digital image is paramount, and so, it is important to get yourself a device with an amazing camera. Also, with the entire country on lockdown, cameras have become a part of the daily lifestyle as people are beating their lockdown blues by clicking their pictures, making makeup tutorials, or posting food videos on social media sites. Here's our pick of some of the decent-performing camera phones in the range of ₹10,000 and below.

Infinix Hot 8 (₹7,999)

Hot 8 captures pretty decent images with a 13MP f1.8 AI-enabled triple rear camera and 8MP front camera with a dedicated LED Selfie Flash that enhances the quality of selfies and video-calls. The rear camera framework is equipped with a 2MP depth and low-light sensor with QUAD LED Flash and Auto Scene Detection in 8 modes. To add an extra bit of fun and quirk to conversations with friends, the phone also offers motion detecting AR Shots and a WideSelfie mode. In addition, it has fingerprint and face unlock features.

Xiaomi Redmi Note 8 (₹10,999)

The Redmi Note 8 comes with a new Aura Fluid design, that is stylishly crafted to suit the modern Indian customer. The 2.5D reflective glass back is distinct and gives it a bold finish. It is among the few devices to have a 48MP quad rear camera array that supports 4K video recording and electronic image stabilisation. Its 48MP ultra-high resolution sensor is equipped to capture beautiful images with each detail richly enhanced. Every part of the image is captured sharp and clear. Further, it also has a 13MP front camera with palm shutter functionality for added convenience.

Realme 3i (₹8,499)

The realme 3i's striking aesthetics catch your attention before anything else. It features a diamond-cut texture and pearl lustre tinting detailing which give it a unique look. Equipped with dual 13MP + 2MP rear cameras and a 13MP beauty front sensor, this phone is arguably one of the best picks in the below ₹10,000 price band. The dual AI rear camera system is equipped with an f/1.8-large aperture. The primary camera also comes with the super nightscape feature which facilitates crystal clear photos of night scenery. Features such as the Chroma Boost and AI Engine recognise the different scenes you are clicking pictures in and work to ensure that your photos are injected with the best-suited colours.

Vivo Y11 (₹9,099)

For an all-round offering with excellent camera technology, consider the Vivo Y11. It features dual 13MP and 2MP rear cameras and has a modest 8MP front shooter. Camera features include AI Face Beauty, Portrait Bokeh, Time-lapse and more. It also has a rear flash to ensure crisp shots in low-light settings. Y11 runs on a 12nm octa-core processor that boasts 3GB RAM and 32GB storage space. Your Y11 can handle whatever you throw at it with ease.

Nokia 2.3 (₹7,199)

Nokia 2.3 looks good and feels strong. It is powered by a 2GHz quad-core MediaTek Helio A22 (MT6761) processor that features four cores clocked at 2GHz. It has dual 13MP and 2MP rear shooters backed by AI Imaging that optimises the shot in real-time. It also features a 5MP front camera that allows you to click clear selfies and is used for biometric face unlock.

MEET SAFELY

Stay connected and productive in a secure way

How Google Meet helps keep your video conferences protected

SUDHIR CHOWDHARY

REMOTE WORKING IS the new normal these days, thousands of people are turning to cloud-based collaboration and workplace transformation tools to stay connected. In a recent advisory, the government has flagged video conferencing software Zoom as unsafe and vulnerable to cybercrimes. It is obvious that security, compliance and privacy of user data and information becomes even more important during these times.

Last month, Google made its advanced Google Meet video-conferencing capabilities available at no cost to all G Suite and G Suite for Education customers until September 30, 2020 to ensure businesses, organisations, institutions, and educators continue to be supported during this time.

Recently, Google Meet surpassed a new milestone with more than 2 million new users connecting on Google Meet every day, and they are spending over 2 billion minutes together or 3,800 years of secure meetings in a single day.

Google Meet deploys a range of counter-abuse protection features, ensuring the safety of meetings. Mark Johnston, head of security, Networking and Collaboration Specialists, Google Cloud in Asia Pacific, says, "As more businesses, organisations and educators are working remotely in these times, we are deploying measures to help them stay connected and productive in a secure way. Google Meet is built on Google Cloud's secure-by-design infrastructure to help protect user data and safeguard privacy. Google Meet's counter-abuse and security features are on by-default to ensure right protections for users and organisations."

RULES TO MEET

- External participants are barred from joining the meeting more than 15 minutes in advance in order to limit any brute force attack
- Any external participant who wants to join must be on the calendar invite. Else the host will be asked to approve any external party joining
- Only meeting creators and calendar owners can mute or remove other participants
- Students can't allow external participants to join via video, and external participants can't join before the instructor
- Meeting participants can't rejoin nicknamed meetings after final participant has left

ROBOTS & HEALTHCARE

Robots to the rescue

AIIMS Delhi to deploy Milagrow robots at its advanced COVID-19 ward

FE BUREAU

THE UNITED STATES, China and Italy, among other developed countries have successfully implemented AI-based robots at health facilities to minimise human intervention in treating Covid-19 patients. "India can replicate the same to provide some relief to its frontline healthcare workers in their battle against coronavirus," said Rajeev Karwal, founder chairman of Milagrow, a home-grown robotics firm.

All India Institute of Medical Sciences, New Delhi, has decided to deploy AI-powered robots from Milagrow to help the hospital promote physical distancing between health workers and coronavirus infected patients. Two advanced AI-powered robots —Milagrow iMap 9 and Humanoid ELF— will be tested in the advanced Covid-19 ward at AIIMS, Delhi.

Manufactured in India, the Milagrow iMap 9 is a floor disinfecting robot that can navigate and sanitise the floors without any

human intervention. It can destroy Covid spores on floor surfaces using sodium hypochlorite solution, as recommended by ICMR. The robot moves around autonomously without falling, avoiding obstruction while planning its own path, guided by LIDAR and advanced SLAM technology. It can also do zoning, virtual blocking of avoidable areas and sequential cleaning of zones based on specific needs.

The Milagrow Humanoid ELF enables doctors to monitor and interact with contagious Covid-19 patients remotely with no person-to-person contact, thereby significantly reducing the transmission risk. Bored patients in isolation wards can also interact with their relatives through this robot. The Humanoid ELF can navigate around the ward independently and record the activities in high-definition video and audio. Offering 8 hours of battery life, it can travel about 2.9 km per hour, is 92 cm tall, has more than sixty sensors, one 3D and one HD camera, and a 10.1-inch display screen. The advanced humanoid features eyes with Emotion, Open API for further development and customisation. Both the robots come with auto charging feature.

Markets

THURSDAY, APRIL 23, 2020

RIL-FACEBOOK PARTNERSHIP

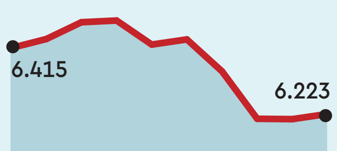
Satish K Gupta, MD & CEO, Paytm Payments Bank

"It (the partnership of RIL and Facebook) is quite welcome. There is scope for everybody. Digital payments are so meagre at present that if the market grows, everybody will benefit from it."

Money Matters

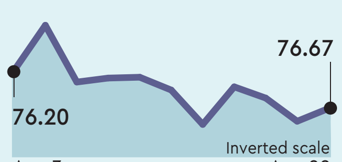
G-SEC

The benchmark yield rose due to selling pressure 0.015%



₹/$

The rupee appreciated on global cues 0.22%



€/$

The euro rose against the dollar 0.17%

Quick View

Crisil profit rises 15% to ₹88 cr in March qtr

S&P-CONTROLLED domestic rating agency Crisil on Wednesday reported a 15% increase in net income to a little over ₹88 crore on healthy growth in total income for the first quarter ended March. Managing director and CEO Ashu Suyash said consolidated income from operations rose 2.9% to ₹427.8 crore during the March quarter while consolidated total income rose 9.4% to ₹462.6 crore.

HDFC Bank deploys mobile ATM in Kolkata

HDFC BANK on Wednesday deployed a mobile ATM in Kolkata to assist customers during the lockdown. Everyday, the mobile ATM will cover 3-5 locations between 10 am and 5 pm. "The locations for deployment are being identified in consultation with all local municipal authorities across Kolkata city," the bank said in a release.

IOB launches special loan scheme for agri sector

INDIAN OVERSEAS Bank (IOB) has introduced special credit facilities for the agriculture sector as a relief measure for Covid-19. Under the scheme, valid up to June 30, working capital demand loan is available to all existing borrowers enjoying cash credit/OD for sectors such as poultry, dairy, fisheries and other allied activities, and others like cold storage & rural godowns.

Deposits in Jan Dhan a/cs surge in 1st week of Apr

PRESS TRUST OF INDIA
New Delhi, April 22

THE DEPOSITS IN Jan Dhan accounts saw a sudden surge in the first week of April, mainly because of the central government transferring money into such accounts to help beneficiaries deal with the difficulties during the Covid-19 lockdown.

According to official data, the total deposits into the accounts opened under the Pradhan Mantri Jan Dhan Yojana (PMJDY) increased to ₹1.28 lakh crore during the week ended April 8 against ₹1.20 lakh crore on April 1.

This is probably the biggest weekly increase in deposits of Jan Dhan accounts witnessed in the recent past.

As per the latest data, the deposits in about 38.12 crore accounts stood at ₹1,27,748.43 crore on April 8, up from ₹1,19,680.86 crore on April 1. The deposits stood at about ₹1.18 lakh crore on March 25 and ₹1.17 lakh crore on March 4.

Under the Pradhan Mantri Garib Kalyan package announced by the government last month, ₹9,930 crore was disbursed to 19.86 crore women Jan Dhan account holders as on April 13, 2020.

SHARE SALE

KMB looks to raise over ₹7,500 crore

Analysts say fundraising is aimed mainly at cutting promoter stake in bank

FE BUREAU
Mumbai, April 22

KOTAK MAHINDRA BANK (KMB) on Wednesday said its board has approved a proposal to raise capital through a fresh issue of 6.5 crore shares. At Wednesday's closing price of ₹1,160.65, the size of the issue works out to be ₹7,544 crore. After the fundraising, the promoter's stake in the bank will fall from 30% to 29%.

"The board has accorded its approval for raising of capital by way of issue of equity shares, by the bank for up to 6,50,00,000 (six crore and fifty lakh) equity shares of ₹5 (five) each, through a private placement, follow-on public offering (FPO), qualified institutions placement (QIP) or a combination thereof, as may be considered appropriate, subject to shareholders' approval and governmental/regulatory/ statutory approvals and requirements, as applicable," KMB said in a notification to the stock exchanges.

Analysts tracking the sector said the fundraising is aimed mainly at reducing the promoter's stake in the bank. Kajal Gandhi, analyst at ICICI Direct, said, "The share sale is mainly for reducing promoter stake. It will also help bring in confidence capital."

Confidence capital refers to money raised by an entity to reassure prospective investors about its financial health. While KMB is adequately capitalised, the money raised through the sale of shares will further calm investors who may have been worried about some segments of its business such as the unsecured retail book.

At the end of December 2019, the bank had a capital adequacy ratio (CAR) of 18.21% against the regulatory requirement of 11.075%. KMB's tier 1 ratio was 17.7%.

The year 2020 has so far been a tough one for stocks of India's private banks, but KMB

At December end, promoter Uday Kotak held a 29.96% stake in the bank

has fared a tad better than its peers. The Bank Nifty, comprised mostly of private banks, has fallen 38.6% since the beginning of the calendar year, while KMB has lost 31%.

Markets have taken a favourable view of the bank's decision to raise capital at a time of disruption caused by the outbreak of Covid-19 as firms with larger cash reserves will be better poised to tide over the crisis. Investment bankers say in the aftermath of the outbreak, investors coming to India would be looking at their investments from a long-term perspective and subscribers to KMB's issue are likely to take a similar view.

On February 18, the Reserve Bank of India (RBI) had allowed KMB a six-month timeline to reduce promoter shareholding to 26%. At the end of December, promoter Uday Kotak held a 29.96% stake in the bank.

After the six-month period, the promoter will not buy any additional shares of the bank till their stake drops to 15%. "Thereafter, the promoters will not purchase any further paid up voting equity shares of the bank till the percentage of promoters' shareholding reaches 15% of PUVESC (paid-up voting equity share capital) of the Bank or such higher percentage as may be permitted by RBI from time to time," KMB had told the exchanges on January 30.

Covid-19 emergency credit: SBI disburses ₹1,000 crore, BoB sanctions ₹606 crore

ANKUR MISHRA
Mumbai, April 22

STATE BANK OF India (SBI) and Bank of Baroda (BoB), the top two state-run lenders, have so far disbursed around ₹1,600 crore in the form of Covid-19 emergency credit, sources told *FE*.

"SBI has disbursed at least ₹1,000 crore till now," a source told *FE*. BoB executive director Murali Ramaswami also said the bank has sanctioned ₹606 crore to 4,598 borrowers under Covid-19 emergency credit line till April 19.

Majority of public-sector banks had last month announced emergency credit for borrowers amid the corona scare.

SBI was the first to announce an emergency credit line for its borrowers. In a circular, the bank said additional liquidity facility Covid-19 emergency credit line will provide funds up to ₹200 crore and will be available till June 2020. SBI offered loans at an interest rate of 7.25% for a tenure of 12 months.

Majority of PSBs had in March announced emergency credit for borrowers amid the corona scare

The emergency credit from SBI is open to all standard accounts except those which have not been classified as special mention accounts (SMAs) as on March 16. SMAs are those accounts in which borrowers have not paid till 90 days. An account is classified as a non-performing asset (NPA) after 90 days of non-payment.

In a similar manner, BoB on March 25 had set up an emergency credit line to provide funds to its existing micro, small and medium enterprises (MSMEs) and corporate borrowers impacted by the outbreak of Covid-19. While the rate of interest for MSME borrowers was linked to the bank's repo-linked lending rate of 8%, the loans to corporate borrowers were offered at a one-year MCLR without the standard premium. The bank's one-year MCLR is currently 8%.

Experts say more borrowers are likely to line up for emergency credit from banks as many businesses will be hit by the slump in demand and zero footfall in the market in the wake of the pandemic.

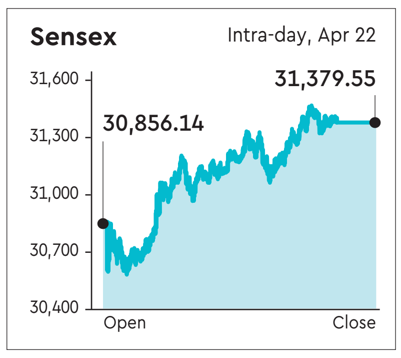
RIL-Facebook deal sends indices soaring

FE BUREAU
Mumbai, April 22

THE INDIAN EQUITY markets rallied on Wednesday as shares of Reliance Industries (RIL) rose 10% after it said it had entered into a binding agreement with Facebook for a stake in Jio Platforms. The rally was also supported by positive global cues.

Sensex, which was up by 742.84 points or 2.42%, closed at 31,379.55, while Nifty50 crossed the crucial 9,000-mark and ended the day at 9,187.3, up 205.85 points or 2.29%. Barring HDFC, PowerGrid, L&T and ONGC, all other firms on the Sensex ended the day in the green. RIL contributed 104 points to Nifty's 205.85-point gain.

FPIs remained net sellers on Wednesday, pulling out equities worth $173.27 million while DIIs bought equities worth $112.87 million. According to experts, given the lockdown and the uncertainty of its impact, the markets may not have factored in the damage that would be done to the economy. Dalton Capital Advisors (India) director UR Bhat said, "The markets are yet to factor in the potential damage to corporate earnings if the resumption of normal economic activity is pushed beyond May 3. Moreover, the economy will not be able to spring back to normal immediately after the lockdown is partially lifted because of the pronounced



interlinkages in the supply chains across many districts."

Several financial services firms maintained a 'buy' rating on RIL after the announcement of its deal with Facebook, which owns Whatsapp and Instagram as well. Reliance Retail and WhatsApp too have entered into a commercial agreement to boost Reliance Retail's new commerce business on Jiomart platform using WhatsApp. Market experts have said the deal reiterates the market's perception that Jio has unlocked value for RIL. According to a report by Morgan Stanley, the stake sale could lower Reliance's net debt by 12% and be 1.5% earnings accretive. "It could also drive a multiple re-rating as RIL multiples have previously re-rated 30% during balance sheet deleveraging cycles," Morgan Stanley said. Shares of Reliance Industries rose by 9.83% during Wednesday's trading session to close at ₹1,359 a piece on the Nifty. It added a market capitalisation of ₹80,000 crore during the day's trading session.

Equity markets regained 80% of the losses they witnessed in the last two trading sessions. The markets were trading on strong volumes ahead of the weekly options expiry on Thursday with the F&O segment recording a turnover of ₹11.05 lakh crore against the six-month average of ₹14.42 lakh crore. The cash market turnover was ₹52,469.95 against the six-month average of ₹39,134 crore. The biggest gainers on the Nifty were Zee Entertainment, RIL, Asian Paints, IndusInd Bank and UPL, while the biggest losers were ONGC, Vedanta, L&T, Cipla and PowerGrid. Sectorally, the biggest gainers were Nifty Media, Nifty Auto, Nifty FMCG, Nifty Bank and Nifty Private Bank.

Siddhartha Khemka, head - retail research, Motilal Oswal Financial Services, said: 'Going ahead, the markets are likely to remain volatile and react to earnings, trend in coronavirus cases, oil price and currency movement along with global events. Any announcement from the government on the economic stimulus package could provide some interim relief."

HC protection to Indiabulls Housing Finance: MFs see no immediate cause of worry

FE BUREAU
Mumbai, April 22

MUTUAL FUNDS (MFs) are not worried after a Delhi High Court ruling granted protection to Indiabulls Housing Finance from any coercive action if it failed to make payments to debenture holders.

Sources in the MF industry said Indiabulls Housing Finance has continued to honour the payments on maturities and they see no stress at this point of time.

"We had approached the Delhi High Court on grounds of principle and not as an outcome of any other stress. Since our inflows have been blocked by a regulatory initiative, why should our outflows also not be blocked," an Indiabulls Housing Finance spokesperson said.

Data show total investments by MFs in debt papers issued by Indiabulls Housing Finance stand at ₹1,150 cr as on March 31

Data from Value Research show that total investments by MFs in debt papers issued by Indiabulls Housing Finance stand at ₹1,150 crore as on March 31. According to the company, they continue to pay their debenture holders, including redeeming bonds which matured on April 20.

On March 27, the Reserve Bank of India (RBI) had granted a moratorium of three months on payment of all instalments falling due between March 1 and May 31 this year. All commercial banks, cooperative banks, all-India financial institutions and NBFCs have been permitted to offer borrowers a moratorium on repayments. The petition filed by Indiabulls Housing Finance, which argued that it had become impossible to recover debts owed to it by various institutions due to the lockdown and the RBI circular dated March 27.

Fund houses such as HDFC MF, Baroda MF, Nippon India MF, PGIM MF and UTI MF have exposures to debt papers issued by the Indiabulls Housing Finance, show the data from Value Research.

"Right now, this issue will not have any impact on our portfolio as most of the maturities in our funds are in the second half of this calendar year and next year. In the past, Indiabulls Housing Finance has honoured all the payments, which include interest and the principal, so there is nothing to worry as of now," head (fixed income) of a leading fund house said on condition of anonymity. This fund manager has exposure in the debt papers issued by Indiabulls Housing Finance.

The Indiabulls Housing Finance spokesperson also said, "We are optimistic that with the announcement of targeted long-term repo operations (TLTROs) and the initial signs we are getting, we won't have to dip into our liquidity buffers to service our principal on bonds or any other instrument."

Indiabulls also said over the last 19 months, including March 2020, "we are the only NBFC to have bought back our own paper of over ₹7,000 crore and still have continued to remain the most liquid".

Rupee recovers from record low to end at 76.68

PRESS TRUST OF INDIA
Mumbai, April 22

THE RUPEE ON Wednesday recovered from record low levels to settle higher by 15 paise at 76.68 (provisional) against the dollar following gains in domestic stocks and some weakness in the greenback against global currencies.

The rupee opened weak at 76.86 at the interbank forex market and then fell further to an all-time low of 76.88 during the day.

Later, the domestic unit recovered the lost ground in line with surging stock markets and finally settled at 76.68, higher by 15 paise over its last close of 76.83 against the dollar.

Indian stocks were trading higher while the dollar losing some ground against the euro and the pound in European trade strengthened the rupee.

Brent crude dropped 8% to $17.78 per barrel while oil for Indian basket also eased by 0.68% to $20.42 per barrel in early trade which supported the local currency.

"Dollar/rupee spot breached fresh record high of 76.90, however, it didn't sustain and fell on dollar selling ahead of the Facebook and Reliance deal. Facebook plans to invest nearly $5.7 billion, the money will hit forex market in tranches either end of this month or sometime next month," Rahul Gupta, head of research-currency at Emkay Global Financial Services, said. Gupta, however, noted that global market is still risk-averse amid the coronavirus pandemic.

ANALYST CORNER

Facebook's investment to boost RIL's digi initiatives

CREDIT SUISSE

FACEBOOK'S INVESTMENT VALUES Jio Platforms at $65.95 billion. The social networking major announced an investment of ₹43,574 crore for a 9.99% minority stake in Jio Platforms and valued Jio Platforms at an EV of ₹4,62,000 crore (or $65.95 billion at $/₹: 70) on a pre-money basis (a tad lower than our EV for Jio at $69 billion).

The deal follows the restructuring announced in October 2019 when Reliance Industries (RIL) transferred ₹1,08,000 crore of debt from Jio to standalone entity, leaving liabilities of ~₹64,000 crore (spectrum liabilities and capex creditors) at Jio.

RIL had restructured its digital business into one consolidated wholly-owned subsidiary — Jio Platforms —which would host all the digital initiatives of the firm, including Jio digital services (mobile, broadband), apps, tech capabilities (AI, Big Data, IoT, etc) and investments (like Den, Hathway, etc).

Facebook's investment into this entity will further RIL's digital initiatives. The announcement includes commencement of a partnership among JioMart (platform of RIL's new commerce initiative), Reliance Retail and WhatsApp. Currently, new commerce is under the purview of Reliance Retail and outside of Jio Platforms.

The partnership will entail leveraging the messenger platform to facilitate new commerce transactions between a consumer and a kirana store.

As of December 31, 2019, net debt at the group stood at ₹1,53,100 crore and with Facebook's investment, this should put RIL on course to be net debt-free by March 2021.

The subscriber base of Jio has increased to 388 million now, implying net additions of 18 million subscribers in Q4FY20. The new additions have been impacted due to reduced MNP (mobile number portability) activity during the nationwide lockdown.

Maintain 'buy' on RIL with target price of ₹1,530

CITI

JIO ON WEDNESDAY announced the signing of a binding agreement with Facebook for a 9.99% equity stake in Jio Platforms (RIL's wholly-owned subsidiary which houses its digital investments and is also the holding company of Jio) for an investment (all-cash) of ₹43,600 crore ($5.7 billion at the current exchange rate). This values Jio at a pre-money EV of ₹4,62,000 crore ($61 billion), which is ~12% higher than the ₹4,11,800 crore (₹695/share) value we ascribe to the business in our SOTP.

On the completion of the transaction, Jio's capital structure would comprise ~₹4,36,000 crore of equity and ~₹26,000 crore of net debt (the latter down from ~₹42,000 crore).

Concurrent with the investment, Jio Platforms, Reliance Retail, and WhatsApp have also entered into a commercial agreement to further Reliance Retail's new commerce venture JioMart (still at pilot stage) using WhatsApp and to support small businesses on WhatsApp. As has been previously communicated, a key element of RIL's new commerce plans is to drive digitisation of mom-and-pop retailers. While still early days, the broad reach that WhatsApp enjoys in India could help towards scaling up of this business.

The transaction is subject to regulatory and other approvals and is expected to close in the next couple of months. This is a positive not just for the higher implied valuation for Jio that it helps cement, especially in the context of the current environment, but also for the potential upside in valuations of Reliance Retail (which we value at ₹2,81,500 crore or ₹475/share in our SOTP).

We maintain 'buy' on RIL with a target price of₹1,530; RIL is also our top large-cap pick in the sector. Despite the refining business facing headwinds, we expect RIL's consolidated Ebitda to grow at an 18% CAGR over FY20-22E. RIL also continues to remain a big underweight for both DMFs and FIIs.

Equity schemes see ₹1L-cr inflow in April

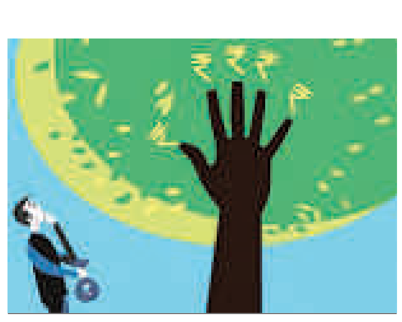
FE BUREAU
Mumbai, April 22

DESPITE WITNESSING REDEMPTIONS of ₹1.94 lakh from debt-oriented schemes in March, the mutual fund (MF) industry is estimated to have witnessed inflows of ₹1 lakh crore in April so far.

Data from Association of Mutual Fund in India (Amfi) showed that in March, the industry had seen outflows of ₹2.12 lakh crore — the biggest decline since September 2018.

Market participants say typically redemptions from the debt schemes occur at the end of every quarter as institutions such as banks and corporates redeem their investments to pay for quarterly advance taxes. However, this time the outflows were much sharper compared with the previous few quarters due to the overall concern about the novel coronavirus pandemic.

"There was a concern that institutional



money may not come in a big way in April, but there has been inflows into liquid funds, overnight funds and money market funds in April to the tune of around ₹1 lakh crore," the CEO of a leading fund house said.

Market participants say in the categories like liquid funds, overnight funds and money market funds, 70% of the investors are institutions such as banks and corporates, around 20% are high net-worth individuals (HNIs) and remaining 10% are retail investors. In March, among the open-ended debt-oriented schemes, liquid funds saw the highest outflows at ₹1.10 lakh crore followed by ultra short duration funds and money market funds which saw outflows of ₹29,052.98 crore and ₹27,402.30 crore, respectively.

"Banks are flush with liquidity and they have continued to invest in debt mutual funds in April, even some corporates have parked their money in liquid and money market schemes in April," a fund manager said on condition of anonymity.

Apart from debt schemes, the MF industry also believes that there may be some slowdown in equity flows as many investors have either stopped their systematic investment plans (SIPs) or have paused their investments into equity funds. In March, equity schemes had seen net inflows of ₹11,722.74 crore — highest in the current financial year. Even inflows through SIPs stood at ₹8,641 crore in March 2020.

From the Front Page

Facebook-RJio deal: RJio could be Mark's WhatsApp moment

Facebook will be issued fresh equity shares and will get a board position on Jio Platforms. Jio Platforms will retain ₹15,000 crore and use the remaining amount to pare some of its about ₹40,000 crore debt.

RIL spent almost $50 billion — mostly borrowed money — on Jio, whose entry in 2016 with free calls and cheap data bought about a paradigm shift in the manner Indian telecom industry functioned which led some rivals to exit or merge. At the end of the December quarter, RIL had an outstanding debt of ₹3,06,851 crore. It also had cash in hand of ₹1,53,719 crore, bringing the net debt position to ₹1,53,132 crore.

According to Credit Suisse, Facebook's investment will accelerate Jio's digital monetisation drive wherein RIL transferred ₹1.08 lakh crore of debt from Jio to Jio Platforms. Jefferies said that the transaction suggests that Facebook expects Jio's Ebitda to double from current levels. The transaction, it said, sets benchmark valuation for any future listing for Jio.

The investment valued Jio Platforms among the top five listed companies in India by market capitalisation, within just three and half years of launching commercial services.

RIL has been seeking strategic partnerships across its businesses while targeting to deleverage its balance sheet. It has been talking to Saudi Aramco for sale of a 20% stake in its oil-to-chemical business for an asking of $15 billion. RIL has sold a stake in its retail fuel venture to BP Plc for ₹7,000 crore.

JioMart gets WhatsApp's 400-m-user edge

WhatsApp's business app — WhatsApp Business — facilitates communication between customers and small businesses. Small merchants are profiled on the app and the launch of the payments business would give WhatsApp Business an edge, analysts believe.

JioMart has been looking to provide kiranas with point of sales terminals and also technical support. At a later stage, analysts anticipate, JioMoney too could come into the equation as also the payments bank that Reliance Industries operates with State Bank of India.

To begin with JioMart might operate as an O2O initiative as it has been conceived. However, analysts expect this model would morph with time with Reliance Retail's own stores also becoming part of the JioMart network.

"At some stage, these stores may stock not just food and groceries but a range of other goods including apparel," a retail expert noted adding the stores may be used as delivery points for goods ordered online — on Whatsapp. A large customer-base at JioMart would allow Reliance Industries to cross-sell products and services. For JioMart, the deal will also ensure better product discovery by customers as they can search for products on platforms like Facebook and Instagram which is the usual norm these days, said Arvind Singhal, CMD at Technopak.

The partnership between Reliance Retail Whatsapp - inked on Wednesda -and could mean more competition for the likes of BigBasket and Grofers and others like Amazon and Flipkart looking to get a share of the food and groceries pie. However, analysts point out the success of online grocers lies in their ability to service orders efficiently and also in their range and quality of merchandise which not all local stores may be able to match.

FB, Jio will collaborate as well as compete

This will continue as before and not get subsumed as part of the deal. Similarly, while WhatsApp is waiting to get final clearances from the government for its payment business, Jio has one up and running Jio Money. This will also continue as before.

Since the deal between the two firms is not exclusive, tomorrow Facebook is free to forge any kind of alliance with the likes of Amazon or Flipkart on the retail side. "The platforms remain open... it is non-exclusive and it is not meant to keep anyone away," Mohan said when asked specifically on such possibilities.

According to Thakur while the arrangement in the present deal is that Jio will bring commerce and WhatsApp communication on the table, the two will continue to function as independent brands and compete where necessary. "It will be collaboration as well as competition. There will be things where we will be directly competing with each other in the market, the entities are independent of each other in every respect. We have our suite of products and services, the same way that Facebook has its own suite of products and services and we are going to make best use for our respective companies," he said.

New ordinance: Seven-year jail for attacks on health workers

If the health workers sustain serious injuries, the attackers will face punishment up to seven years in jail and fine of ₹5 lakh. Investigations on the attacks will be wrapped up in just one month to expedite the cases. Meanwhile, following meeting of its representatives with home minister Amit Shah through video conference on Wednesday, the Indian Medical Association (IMA) called off its proposed 'White alert' and 'Black day' protests that were scheduled for April 22 and 23.

In view of the mounting attacks, the IMA had been demanding that the government formulate a law to protect health workers. "Health workers who are trying to save the country from this epidemic are unfortunately facing attacks. No incident of violence or harassment, against them will be tolerated. An ordinance has been brought in, it'll be implemented after President's sanction," Javadekar said.

Mamata says Centre not helping with testing kits

The ICMR, she pointed out, supplied three types of test kits — rapid testing kits, BGI RT-PCR kits, and antigen kits. "The rapid testing kits and BGI RT-PCR kits were both withdrawn as per communication from National Institute of Cholera and Enteric Diseases on April 21. Antigen kits are not being supplied to hospitals in the state so far," said Banerjee.

"Everyday, they (Centre) are telling us what to do and what not to do, sending people to look into the law and order situation and whether lockdown is being imposed or not. They are sending people to find out whether people in Bengal are getting rations or whether they are being able to take a bath. They are also sending us strongly-worded letters. We can also send them letters. But that's not the point. Our government is doing the best it can to stem the spread of the pandemic," she said.

Her comments came a day after a war of words broke out between the state and the Centre over the arrival of two central teams in Kolkata.

Meanwhile, in an interview to The Indian Express, Jagdeep Dhankhar, Governor of West Bengal, raised a red flag over the handling of the COVID-19 pandemic in the state. "There are no takers for the COVID-19 death figures on account of the series of discrepancies by the state government. The concern of the political parties, the medical fraternity and citizens is well premised. The trust deficit on this count between the government and the medical fraternity as also between the government and the people has attracted national and global focus. The concept of Audit Committee, unheard of so far, has worsened the situation," he said.

He also took a critical view of the state's critical public distribution system during the lock down. "From all over the State, I have got numerous inputs about PDS being hijacked politically, ration dealers being subjected by ruling party workers to coercive mechanism and distribution taking place in a political manner under token issued by the workers of the ruling party. This hijacking is a very poor reflection on the public functionaries and they will have to be held accountable for their lapses, failures and inaction in official duties," said Dhankhar.

Responding to these allegations, Mayor of Kolkata and state urban development minister Firhad Hakim said, "With all respect, I challenge the honourable governor to show me a single case where the TMC or anyone attached to the party has done any corruption in regard to the rationing system. In the hard lockdown situation, may be there was some problem in distribution system. But that is not corruption. After getting information from public, the CM herself took strict action against the department and the secretary. The government is trying hard to normalise the rationing system," Hakim said.

Regarding the discrepancies in the number of Covid 19 deaths, Hakim said, "The government has no intention to suppress the facts. The Governor is always in tune with the voice of opposition, especially BJP. The state government is continuously fighting against Covid 19 and the Chief Minister has hit the streets herself to spread awareness. The state government is doing this on its own, without any help from the centre. And just see what is the Governor doing?"

Sample testing shift: In Maha, private labs overtake govt facilities

Officials pointed out that Maharashtra has the largest private lab network in the country, with 20 of a total of 87 operational in the state.

The surge comes after the Supreme Court clarified on April 14 that testing at private labs would be free only for Ayushman Bharat beneficiaries and those from weaker economic sections. It ruled that the Centre's price cap of ₹4,500 per test would continue for others.

Official figures show that the rise in testing at private labs has also resulted in an increase in positive cases being reported. In the last one week, the average total positive cases in the state stood at 5.30% of total samples tested as against 4.33% the previous week.

In government labs, this number stood at 6.46% for the last week and 5.47% the week before; in private labs, it was 4.085% and 2.97%, respectively. Mapping the shift, the figures show that private labs tested an average of 3,133 samples per day over the last seven days, compared to 2,175 in government labs. An identical trend was reported the previous week, when private labs tested an average of 2,029 samples per day, as against 1,898 in government facilities.

Official figures from across the month present a stark contrast, and show the pace at which testing at private labs have gained ground in Maharashtra. On April 9, government labs tested 12,984 samples, 5,091 more than private labs. The trend held over the next week, with government labs testing 25,283 samples, 5,424 more than private labs.

The trend started shifting subsequently in the weeks that followed, with two days recording the maximum gap between the two. On April 19, 4,241 samples were tested in private labs, compared to 2,389 in government facilities. Tuesday marked the next big jump.

Cash-strapped airlines ignore order to not sell tickets

SpiceJet, the nation's second-biggest airline, and Go Airlines India, which has furloughed 90% of its staff, are selling tickets from May 16. Tickets weren't available on the websites of state-run Air India and AirAsia India, the local partner of Malaysia's AirAsia Group Bhd.

"We are working on that. Hopefully will find ways to resolve soon," Arun Kumar, the head of India's Directorate General of Civil Aviation, said in a text message when asked about the sales. Vistara declined to comment. Representatives at IndiGo, SpiceJet and GoAir didn't immediately respond to requests for comments.

Airlines around the world are using ticket sales to generate cash flow as the coronavirus pandemic brings travel to a standstill, drying up revenue sources. One of the world's fastest-growing aviation markets, India is a notoriously difficult place to operate as provincial taxes push up fuel costs and cut-throat competition means airlines are often forced to sell tickets below cost. Most were offering customers credit instead of refunds for cancelled flights to generate cash for day-to-day operations.

— BLOOMBERG

Oyo cuts salary, sends employees on leave

The decisions come at a time when the hospitality sector is struggling amidst the Coronavirus pandemic. "They have certainly not been an easy decision for the leadership team to make. This crisis has made a deep impact on our business," Kapoor said.

The employees sent on leave will receive an ex-gratia amount equal to a total of 60% of their fixed monthly salary and disbursed in two tranches in May and June. The employees will continue to receive benefits such as health insurance, parental insurance including a chance to renew it at negotiated rates in May and education allowance for those with children. Oyo said in case there is an "unforeseen medical emergency," the firm will support its colleagues (sent on leave) beyond the insured amounts, if the need arises.

Earlier this month, Oyo had placed certain employees of the US and other select global markets on furloughs.

Oyo's consolidated losses increased to $335 million in the year to March 2019 from $52 million in FY18 as expansion into international markets, including key market China entailed heavy costs. The Gurgaon-based company remained in the red in India — net losses in the country although narrowed to 14% of revenue in FY19 from 24% of revenue in FY18.

Since the WeWork debacle, start-ups have come under heightened investor scrutiny and portfolio companies have been asked to chase profits rather than valuations, according to sector experts.

Indian start-ups are heavily backed by Japanese and Chinese investors led by SoftBank and Alibaba respectively, apart from a clutch of other investors based out of countries like the US and South Africa.

Contingency mechanism: Voda Idea gets ₹1,530 cr from Vodafone Plc

"Vodafone Idea has made payments to the government of India in relation to its AGR liabilities. Under the terms of CLM, Vodafone Group is obliged to make payments to Vodafone Idea where amounts paid pursuant to the contingent liabilities of Vodafone Idea exceeded those of Idea Cellular. The CLM took effect at completion of the merger of Vodafone India and Idea cellular in August, 2018," the company said.

"Vodafone Group has accelerated this payment to provide Vodafone Idea with liquidity to manage its operations, and to support the approximately 300 million Indian citizens who are Vodafone Idea customers as well as the thousands of Vodafone Idea employees during this phase of emergency health measures, taken as a result of the Covid-19 pandemic," Vodafone said in a statement.

As reported earlier, Vodafone Idea on Tuesday paid around ₹1,367 crore to the department of telecommunications (DoT) towards its licence fee and spectrum usage charge for the January-March quarter. Operators generally pay their licence fee and SUC to the DoT on a quarterly basis and this payment of the January-March period was supposed to be paid between March 20-25. While other operators like Bharti Airtel and Reliance Jio had paid on time, Vodafone Idea had sought more time from the government citing the disruption due to coronavirus pandemic but the government did not agree to make an exception for a single operator. Operators pay 8% of their adjusted gross revenue as licence fee while SUC ranges between 3-5%.

The payment and the dues made by Vodafone Idea on Tuesday is different than the one of AGR dues which is currently before the Supreme court but nevertheless it has dwindled its reducing cash reserves.

Relief package 2.0: Govt takes longer to shape larger response

Since then, numerous discussions have taken place between the finance ministry and stakeholders, including various ministries and Niti Aayog. Prime Minister Narendra Modi held a marathon meeting with finance minister Nirmala Sitharaman on April 16, which lent further credence to the buzz of an imminent stimulus package. The Opposition has been clamouring for a massive immediate package to address the hardships to the poor and disadvantaged and millions being deprived of work and livelihood.

Still, the succour is yet to be extended, amid fresh speculations that the government might be stitching together several proposals to cover as many sectors as possible when it declares its essentially first economic package.

Official sources have indicated that the total fiscal intervention could be to the tune of 3-4% of GDP (or ₹6-8 lakh crore). This will include many rounds of measures to respond to the evolving situation. Niti Aayog has projected the need for an even higher fiscal stimulus of ₹10 lakh crore, including income assistance to the poor, equity support to corporate India, absorption of a portion of MSME bad loans and increased health care spending.

Of course, India is among the last set of nations to face the Covid-19 outbreak, but the longer it takes to shape its economic response, the costlier its interventions will be, according to industry executives. This is because delayed responses give competitors an edge, especially in the export market, and drives cash-strapped businesses into bankruptcy. Already, competitors - including China, Vietnam, Bangladesh, Indonesia and Malaysia, announced a series of fiscal packages - some up to 3% of GDP - by the first week of April. Some of them have done it in tranches — Indonesia and Malaysia, for instance, have rolled out at least three stimulus packages each.

The immediate, biggest concern among various cash-strapped Indian industries — especially labour-intensive ones like garments and leather, and even MSMEs — is how to pay wages to the workers when factories are shut, sales disrupted and most of the orders cancelled. Without the promise of an immediate relief, they will be forced to lay off in large numbers. Already, the FIEO last week warned of 15 million job losses if the government didn't step in with relief swiftly. Having exhausted cash reserves in paying the March salary to employees, the garment industry, the biggest employer after agriculture, is unsure if it will be able to pay any longer without assistance. Liquidity may be in abundance but credit flow to most small and medium businesses, which are in greater need of loans than the large ones, still remains inadequate, in the absence of regulatory forbearance on bad loans or official guarantee on advances.

The government may have facilitated opening up of manufacturing units in certain zones from April 20, but given the stringent social distancing rules and proposed punishment for potential violation, many companies, especially the small ones, choose to wait for a complete lifting of the lock-down.

While the government has done well in swiftly easing the compliance burden of companies, unless they are supported with financial assistance in times of an unprecedented crisis, their fate hangs in balance.

As part of its package announced in March, the government has decided to pay the EPF contribution of employers and employees (roughly 24% of their basic wage) for three months for units that employ up to 100 employees, 90% of whom earn less than ₹15,000 a month. Some 80 lakh employees and four lakh units stand to gain from this move. However, those with more than 100 employees are still struggling.

COVID CRISIS

Trump sows uncertainty with Green Card ban, hints at more

Trump hinted that additional curbs could be on the horizon if economy struggles to bounce back from shutdown

BLOOMBERG
Washington, April 22


Donald Trump's decision will affect thousands of would-be immigrants seeking to move permanently to the US

NOT EASY NOW

- President Trump announced he would halt the issuance of green cards for two months
- Temporary workers who represent the country's biggest source of immigration will not be affected
- The ban would also not apply to healthcare or medical research professionals
- Refugees and asylum seekers would not be affected by the order

PRESIDENT DONALD TRUMP announced he would halt the issuance of green cards for two months — stopping short of a sweeping immigration ban that included temporary foreign workers — but hinted at the possibility of additional restrictions that could complicate planning for businesses and workers looking to rebound from the coronavirus.

Trump's decision will affect thousands of would-be immigrants seeking to move permanently to the US, and further delays a green card process that is notoriously cumbersome for those seeking to remain in the country.

But the limited scope and time frame seemed designed to reassure businesses, farmers, and workers across the country worried that dramatic changes to immigration laws could upend already fragile plans to return as coronavirus social distancing restrictions are gradually lifted. Temporary workers who represent the country's biggest source of immigration will not be affected.

Still, the president's comments that he was considering a second, more restrictive executive order further reducing immigration, as well as additional extensions of the ban on permanent residency visas were likely to undercut that effort.

Companies may prove less likely to seek out and hire foreign workers — or proceed with projects dependent on non-American labor -- if they fear their plans may be thwarted by new restrictions from the White House. "It would be wrong and unjust for Americans laid off by the virus to be replaced by new immigrant labour flown in from abroad," Trump said at a White House briefing on Tuesday evening. "We must first take care of the American worker."

Trump said his executive order — announced in a tweet late on Monday night, to the surprise of even some aides —was still being drafted, but would only be in effect for 60 days and apply to individuals seeking green cards. He said that "certain exemptions" would be allowed in the executive order, which he said would be signed, "most likely" by Wednesday.

The president also said that there would be specific provisions exempting agricultural work, and that his administration would make it even easier for farms to hire migrant workers.

"The farmers will not be affected by this at all," Trump said. An early draft of the executive order obtained by Bloomberg included exceptions for people seeking jobs in "food production and directly helping to protect the supply chain," which could apply to farm workers. The ban would also not apply to healthcare or medical research professionals, according to the draft.

Technology industry workers living in the US on H-1B visas, however, would have to provide updated certifications to the government that they are not displacing American workers. Refugees and asylum seekers would not be affected by the order, or would spouses and children of US citizens or permanent residents.

But Trump hinted that additional restrictions could be on the horizon, particularly if the economy struggles to bounce back from the prolonged coronavirus shutdown.

Netflix warns boom may not last after record growth last quarter

LUCAS SHAW
Los Angeles, April 22


The coronavirus had another unintended benefit for Netflix: its first quarter of positive free cash flow since 2014

NETFLIX SAID THE explosive growth in subscribers it posted last quarter — the strongest in its history — may not last beyond the stay-at-home orders.

Adding a record 15.8 million subscribers, Netflix benefited in the first quarter from an unprecedented health crisis, the global coronavirus pandemic. With billions of people stuck at home, the world's largest paid online TV network experienced an explosive jump in customers in March, with many binge-watching "Tiger King" and "Love Is Blind" to ride out the quarantine.

But there's no telling how long the boom will last. Netflix expects the surge to come at the expense of growth in the months ahead.

"Our guess is subscribers will be light" in the third and fourth quarter, Chief Executive Officer Reed Hastings said on Tuesday on a call with investors.

Netflix forecasts 7.5 million new subscribers in the second quarter — a great quarter under normal circumstances. But investors, who sent the stock to new highs this week, may have wanted more. Though they initially bid Netflix shares up as much as 12% after the close on Tuesday, the rally soon fizzled. The stock was down 0.7% as of 7:34 am on Wednesday in New York.

"Like other home-entertainment services, we're seeing temporarily higher viewing and increased membership growth," the company said in a letter to investors. "We expect viewing to decline and membership growth to decelerate as home confinement ends."

While Covid-19 has been devastating to the global economy, video-streaming services like Netflix and YouTube have found a captive audience. The new Disney+ service surpassed 50 million subscribers in just five months, a faster pace than predicted. Three new video services, Quibi, Peacock and HBO Max, arrive this quarter and hope to have similarly rapid starts.

Skeptics have said Netflix would lose customers to the new competition. But thus far, those fears have been unfounded.

"What we're seeing is people are cutting linear TV and adding Disney+ on top of Netflix," said Nick Grous, an analyst at Ark Investment Management, which owns the shares.

Months after releasing Oscar-nominated movies such as "The Irishman" and "The Two Popes," Netflix cracked the code on tabloid-style documentary TV. "Tiger King," about big-cat zoo owners, was the biggest new hit series for Netflix in the US since "Stranger Things," according to Nielsen.

Meanwhile, "Love Is Blind," a reality dating show, drew 30 million viewers in its first four weeks, Netflix said. A newer dating show, "Too Hot to Handle," has been one of the most popular shows on Netflix since its release last week.

Netflix also showed strong growth all around the world. Business in the US and Canada picked up after a few sluggish quarters, with Netflix adding 2.31 million new customers in its biggest market. That was more than the prior three quarters combined. The company signed up nearly 7 million customers in Europe, the Middle-East and Africa, the most of any region.

The coronavirus had another unintended benefit for Netflix: its first quarter of positive free cash flow since 2014. Netflix produced $162 million in the first three months of the year. While the company had already vowed to narrow its cash burn in 2020, a worldwide pause in TV and movie production lowered costs in the quarter and will continue to do so this year. —BLOOMBERG

Airlines, Amazon upped lobbying as virus hit economy

BEN BRODY & MARK NIQUETTE
Washington, April 22

US INDUSTRIES INCLUDING airlines, pharmaceutical firms and Big Tech boosted their lobbying in the first three months of 2020 as the coronavirus went from a regional concern to a worldwide pandemic that prompted governments to spend trillions of dollars in aid.

The airline trade association Airlines for America spent nearly $2 million in the first quarter, up more than 50% from almost $1.3 million in the same period a year earlier, and secured financial assistance as demand for air travel plunged, according to lobbying disclosures filed with Congress on Monday.

The US Treasury Department disbursed $2.9 billion to passenger airlines on Monday in the first round of payroll assistance to industries.

The airlines had sought $58 billion in aid for passenger and cargo carriers from Congress, and with supportive messages from President Donald Trump, the industry eventually secured $50 billion in loans and payroll assistance for passenger carriers and $8 billion for cargo carriers as part of the $2.2 trillion stimulus that Congress assembled at the end of March. The forms represent lobbying from the start of the year to March 31.

The government is also requiring large carriers to repay some of the assistance at low interest rates, and the Treasury has the ability to take stock warrants. On both provisions, there was pushback from the industry, as carriers have cut capacity up to 80%. —BLOOMBERG

Food, rent, health insurance? Tough choices in a pandemic-hit economy

NEW YORK TIMES
April 22

TWO DAYS BEFORE learning that she would lose her job, Lissa Gilliam spent hundreds of dollars online on baby products.

A 37-year-old expectant mother, Gilliam had planned to ask local parents in Seattle for used strollers and secondhand onesies in a bid to reduce waste. But as the coronavirus pandemic ravaged the area, new items delivered in boxes seemed a safer bet.

She figured she could afford the splurge, earning $50 an hour as a full-time contractor designing educational curriculums for a nonprofit. But then, on April 2, her employer slashed her hours and told her that her contract would end in early May — a few weeks before she is to give birth.

Suddenly, like many others, Gilliam became hyperaware of her expenses. She and her husband, a high school physics teacher, now take a painful daily tally of their financial priorities: Is that $5 monthly web magazine subscription really necessary? How much does watering the garden cost? When will they need to tap their paltry savings?

"We're OK for now," she said. "But the bottom may fall out from under us."

As millions of Americans lose jobs, take pay cuts, close businesses and absorb family members into their homes, they are being forced to rethink where their money goes. Even before the scramble for new jobs can begin, people are cajoling creditors, looking for gig work or simply cutting back to get through the first few disorienting weeks.

For some, the question is as simple as whether to spring for a jigsaw puzzle to keep from going corona crazy, and how much to tip the person who delivers it.

But for many others, the stakes are far higher: a good credit score sacrificed to pay off certain bills before others, or ramen dinners rationed so that cash for groceries can be repurposed for an emergency fund.

To save money, heaters have been turned down, clothing sales ignored and auto insurance policies canceled. Retail sales tumbled 8.7% in March, by far the largest monthly decline ever recorded.

Plans to visit Disneyland, which is closed, turned into at-home re-enactments and long sessions with Disney Plus, Animal Crossing and Zoom.

Rents are going unpaid as people spend weeks waiting for government aid to arrive.

"An economic shock like this could have a long-term impact on people who have traditionally felt like they were being cautious, that they weren't profligate with their money, but didn't have to worry about paying for rent or affording food," said Stephanie Aaronson, the director of economic studies at the Brookings Institution.

"They might have more debt, which will make it harder to spend in the future, or they might just feel less secure, which could boost savings and potentially dampen the recovery."

North Korea's Kim dynasty has a long history of health scares

JON HERSKOVITZ
Tokyo, April 22

TWO CONSTANT THREADS that have run through the history of North Korea: Rule by the Kim dynasty, and speculation about the health of its secretive leaders.

The latest incident took place this week when US officials said on Monday they were unsure of Kim Jong Un's health after they were told he was in critical condition after undergoing cardiovascular surgery. South Korea's presidential office subsequently said Kim was conducting normal activities in a rural part of the country.

Heavy smoking, bulging waistlines and mysterious ailments have passed from state founder Kim Il Sung to his son Kim Jong Il and then to his grandson, fueling countless speculative reports about their treatments and prognoses. Their actual health condition has been known only by a small circle of their most-trusted aides, with the outside world in the dark.

Here is a rundown of some of their health scares:

Kim Il Sung, 1912-1994

One of the biggest health concerns for the man North Korea has enshrined as its eternal president was the almost tennis ball-sized growth on the back of his neck, which was caught in photographs on international trips over the years. His propaganda machine made sure it was never shown to his public.

Kim Jong Il, 1942-2011

The man dubbed by state propaganda as the "Dear Leader" died in 2011 of a heart attack at the age of 70 after a life of hard drinking, heavy eating and decades of chain smoking. During his 17 years in power, he was once the world's largest purchaser of Hennessy Paradis cognac, and reports said he sent aides to Beijing to pick up McDonald's Big Macs. South Koreans who met him in 2000 at the first summit of the leaders on the divided peninsula said he had a penchant for rich and greasy food.

Kim Jong Un, 1984-?

The 36-year-old leader was conspicuously absent from a major celebration on April 15 to celebrate the birthday of his grandfather, triggering the latest round of speculation. Kim Jong Un has ballooned in size since taking power in 2011, and has been seen puffing away on cigarettes in public appearances, as well as on the sidelines of summits with US President Donald Trump. —BLOOMBERG

Trump says 'we don't know' how North Korean leader Kim Jong Un is doing

MARIO PARKER & JIHYE LEE
Washington, April 22

US PRESIDENT DONALD Trump said he doesn't know about Kim Jong Un's health after American and South Korean officials gave differing accounts on the North Korean leader's condition after he was conspicuously absent from a major celebration.

"I wish him well, we've had a good relationship," Trump said on Tuesday in response to a question about Kim at a White House. The US president said "we don't know" if the reports about Kim's health deteriorating are true, adding that he might reach out to check on him.

US officials said on Monday they were told Kim was in critical condition after undergoing cardiovascular surgery last week and they were unsure of his current health. Meanwhile, South Korean President Moon Jae-in's office said that Kim was conducting "normal activities" in a rural part of the country assisted by close aides and no special movements were detected.

Kim continued to be absent from North Korean state media as of Wednesday morning. Neither the state broadcaster nor the official Korean Central News Agency mentioned new public appearances by the leader, although they continued to publicise his messages to dignitaries around the world.

"I just hope he is doing fine," Trump said. "I had a very good relationship with Kim Jong Un and that is to the benefit of the country. That is not a bad thing, that's a good thing, and I would like to see him be well. We will see how he does. Again, I don't know that the reports are true."

Trump and Kim have gone from trading insults in 2017, when North Korea was testing nuclear weapons and missiles that could deliver them to the US, to striking up what Pyongyang officials describe as "mysteriously wonderful chemistry" after meeting three times since a summit in June 2018. Despite the unprecedented talks and bonhomie between the two, there have been no indications that Kim has slowed down his production of weapons of mass destruction.

The health of Kim, overweight and a heavy smoker, is one of North Korea's most closely guarded secrets, known by a handful of people in the inner circle of leadership. While North Korea had scaled down major events as it battles the coronavirus pandemic, speculation about Kim had been growing since his unprecedented absence from April 15 celebrations for the birthday of his grandfather and state founder Kim Il Sung, one of the biggest days on the country's calendar.

Even the most well-informed North Korea experts find it hard to tell what's happening in the secretive state. The Daily NK, a Seoul-based website that gathers information from informants inside the isolated nation, separately reported that Kim underwent a "cardiovascular surgical procedure" and was now mostly recovered. —BLOOMBERG

ESPN commercial hints at advertising's deepfake future

TIFFANY HSU
April 22


A young Kenny Mayne, left, merged with an older Kenny Mayne, right, in a recent State Farm commercial ESPN

UNABLE TO FILM new commercials during the coronavirus pandemic, advertising agencies are turning to technologies that can seamlessly alter old footage, sometimes putting viewers in a position of doubting what they are seeing.

During Sunday's episodes of "The Last Dance," the ESPN documentary series about Michael Jordan and the Chicago Bulls, State Farm ran a commercial featuring expertly doctored footage of the longtime "SportsCenter" anchor Kenny Mayne.

In the ad, a much younger Mayne is seated at the "SportsCenter" desk in 1998. He reports on the Bulls' sixth championship title — before taking a turn towards the prophetic.

"This is the kind of stuff that ESPN will eventually make a documentary about," Mayne says. "They'll call it something like 'The Last Dance.' They'll make it a 10-part series and release it in the year 2020.

It's going to be lit. You don't even know what that means yet." As a vintage State Farm logo appears in the background, he adds, "And this clip will be used to promote the documentary in a State Farm commercial."

The producers made the commercial by layering video of Mayne's 60-year-old mouth onto footage of his 38-year-old face. To many viewers, the stunt provided a welcome moment of levity in depressing times. Others were made uneasy by the smoothness of the patch, describing it as a type of deepfake.

"We tried to make the joke clear enough so that we weren't tricking anyone," said Carrie Brzezinski-Hsu, the head of ESPN CreativeWorks, which created the commercial with the ad agencies Optimum Sports and Translation.

Brzezinski-Hsu said manipulated footage was likely to appear in future ESPN ads. And executives at several major advertising agencies said they had discussed making similar commercials with their clients in recent weeks.

"We're so restricted in how we can generate content," said Kerry Hill, the production director for the ad agency FCB in North America. "Anything that can be computer generated is something we're going to explore."

Husani Oakley, the chief technology officer of the ad firm Deutsch, said digitally altered ads should somehow clue viewers into the fact that what they are seeing is not completely real.

"The technology is here, and it's only going to get better and better, and we have to get used to it," he added. "We're exploring ways to have fun with it."

The ad industry had started to show interest in digital manipulation before the pandemic. In 2018, the ad agency Wieden & Kennedy London collaborated with the artist Gillian Wearing on a deepfake film featuring people whose facial features were blended with Wearing's.

This year, the ad firm Goodby Silverstein & Partners worked on an app that allowed users to appear to be doing the dance moves pulled off by Lil Nas X in a Doritos commercial. Executives described the experience as turning "deepfake into dancefake."

As face-swapping and voice-generating technologies have become more refined and accessible, people on video calls have superimposed Elon Musk's face over their own as they chat.

While the blurring of the real and the fake can be amusing on Zoom or in the promotion of snack foods, it presents thorny ethical issues around consent and disinformation.

Pornographic deepfake videos, with real-seeming political figures and celebrities in central roles, have circulated on Reddit.

A recent doctored video appeared to show Prime Minister Sophie Wilmès of Belgium linking the coronavirus pandemic to climate change. Ahead of the 2020 vote, Facebook and Twitter have said they are closely monitoring manipulated videos. —NYT

Recovered, almost: China's early patients unable to shed Covid-19

REUTERS
Wuhan, April 22

DRESSED IN A hazmat suit, two masks and a face shield, Du Mingjun knocked on the mahogany door of a flat in a suburban district of Wuhan on a recent morning.

A man wearing a single mask opened the door a crack and, after Du introduced herself as a psychological counsellor, burst into tears.

"I really can't take it anymore," he said. Diagnosed with the novel coronavirus in early February, the man, who appeared to be in his 50s, had been treated at two hospitals before being transferred to a quarantine centre set up in a cluster of apartment blocks in an industrial part of Wuhan.

Why, he asked, did tests say he still had the virus more than two months after he first contracted it?

The answer to that question is a mystery baffling doctors on the frontline of China's battle against Covid-19, even as it has successfully slowed the spread of the coronavirus across the country.

Chinese doctors in Wuhan, where the virus first emerged in December, say a growing number of cases in which people recover from the virus, but continue to test positive without showing symptoms, is one of their biggest challenges as the country moves into a new phase of its containment battle.

Those patients all tested negative for the virus at some point after recovering, but then tested positive again, some up to 70 days later, the doctors said. Many have done so over 50-60 days.