OPINION, P6

RENU KOHLI

Monthly updates on **states' accounts** is now a must

EDITORIAL

RJio-WhatsApp deal throws up important issues for India's regulators & government

COMPANIES, P5

VEDANTA TO HC

'Can't pay extra profit to govt from Barmer block as oil prices crashed'

COMPANIES, P4

INDIA PUSH

Amazon's programme to enable kirana shops, offline retailers sell online

KOLKATA, FRIDAY, APRIL 24, 2020

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VOL.29 NO. 149, 12 PAGES, ₹6.00 (NORTH EAST STATES & ANDAMAN ₹10.00) PUBLISHED FROM: AHMEDABAD, BENGALURU, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI, NEW DELHI, PUNE

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TACKLING CORONAVIRUS

Firms get relief from IBC for six months

Ordinance soon to suspend insolvency proceedings against new defaulters

FE BUREAU
New Delhi, April 23

AS THE PROSPECT of several companies turning bankrupt in the wake of the Covid-19 outbreak loomed large, the Cabinet on Wednesday cleared a proposal to promulgate an ordinance to suspend insolvency proceedings against new defaulters for six months, sources told *FE*.

While the breather will allow several firms that are unable to service their debt to ward off the threat of being dragged to the insolvency courts for six months, it will also hit financial and operational creditors. However, proceedings in the insolvency cases that were already admitted earlier would remain unaffected by the latest move.

Once the Ordinance comes into force following the Presidential assent, sections 7, 9 and 10 of the Insolvency and Bankruptcy Code (IBC) will remain suspended for six months, said one of the sources. Finance minister Nirmala Sitharaman had said on March 24 that the government might suspend these sections to offer relief to liquidity-starved companies if the crisis deepened.

Section 7 of the code allows a financial creditor, either by itself or jointly, to make an application for initiating the corporate insolvency resolution process against a corporate debtor. Section 9 of IBC gives power to the operational creditors to initiate the corporate insolvency resolution process after default. Under Section 10 of the IBC, a defaulting company has the right to approach the adjudicating authority to declare it insolvent, giving protection from creditors.

Already, in a bid to insulate small businesses from being dragged to the NCLT, the default threshold for triggering insolvency has recently been raised to ₹1 crore from just ₹1 lakh earlier. However, experts believe that given the unprecedented crisis, the existence of companies must take precedence over the resolution of stressed assets.

Continued on Page 2

Cushioning the blow

- Post Ordinance, sections 7, 9 and 10 of IBC will remain suspended
- These sections deal with insolvency initiation by creditors/corporate applicants
- Experts say the six-month breather may have to be extended, given economic uncertainty

COVID-19 UPDATE

21,700 TOTAL CASES

686 DEATHS SO FAR

1,229 NEW CASES

Forty-five recovered patients leave the Covid care centre at Ajwa ITI institute in Vadodara on Thursday BHUPENDRA RANA

DA increases frozen till July 2021; Centre, states to save at least ₹80,000 cr in FY21

FE BUREAU
New Delhi, April 23

AFTER THE CENTRE'S budget expenditure was cut to the tune of ₹1.4 lakh crore in Q1FY21 to reduce the fiscal stress, the finance ministry on Thursday froze the dearness allowance (DA) increases for the central government staff and dearness relief (DR) for pensioners for the period between January 2020 and July 2021.

As a result, the Centre would save ₹25,000 crore in FY21 itself.

The states, which conventionally follow the Centre's pattern on DA/DR, are expected to save another ₹55,000 crore among themselves in the current fiscal, taking total savings for general government budget in FY21 to a considerable ₹80,000 crore. Another ₹40,000 crore savings are expected for both the Centre and states in FY22.

Continued on Page 2

Oxford University clinical trial for Covid vaccine is latest of handful already begun

KATE KELLAND
London, April 23

SCIENTISTS IN BRITAIN began clinical trials of a potential Covid-19 vaccine on Thursday as other vaccine developers across Europe also stepped up work on their own experimental shots against the disease caused by the new coronavirus.

A team at Britain's Oxford University dosed the first volunteers in a trial of their vaccine — called "ChAdOx1 nCoV-19". Meanwhile, three European firms — Italy's ReiThera, Germany's Leukocare and Belgium's Univercells — said they were working together on another potential shot and aimed to start trials in a few months. Britain's GSK and France's Sanofi last week announced a similar agreement to develop a Covid-19 vaccine, with trials starting in the second half of the year.

Continued on Page 2

Govt's wish: IndiGo rolls back April pay cut for most staff

FE BUREAU
Mumbai, April 23

LOW-COSTAIRLINE, INDIGO on Thursday rolled back the salary cuts for April that it had announced earlier in what it called in "deference to the government's wishes". However, IndiGo CEO Ronojoy Dutta, who informed the same to employees via an e-mail, said that since executive committee members and senior vice presidents have volunteered to take pay cut this month, the rollback won't apply to them.

"For everyone else, you can expect your April salaries to be paid without the pay cuts," Dutta said in the mail.

Continued on Page 2

EARLIER PLAN

- Cuts between **10-25%** for most employees
- CEO Ronojoy Dutta: **25%**
- SVPs and above: **20%**
- Vice-presidents and cockpit crew: **15%**
- AVPs and cabin crew: **10%**

REVISED PLAN

- Executive committee members, SVPs volunteer to take pay cut so stays
- No salary cut for the rest of the staff in April

Unilever drops 2020 guidance: HUL may get impacted too

FE BUREAU
Mumbai, April 23

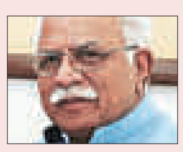
UNILEVER PLC ON Thursday withdrew its full-year growth guidance for 2020 in the wake of Covid and subsequent lockdowns in China and India, signalling that Hindustan Unilever's performance too may be impacted. Unilever, which announced results for January-March, said sales were flat because of the unprecedented impact of Covid-19.

CEO Alan Jope said the unknown severity, duration and the containment steps adopted in each country meant the company could not reliably assess the impact across markets.

Continued on Page 2

Take action against political leaders violating lockdown: Haryana govt to police

PRESS TRUST OF INDIA
Chandigarh, April 23



Manohar Lal Khattar, Haryana chief minister

HARYANA HOME MINISTER Anil Vij on Thursday directed top police officials to take action against political leaders violating the lockdown, in an apparent reference to visits by the opposition to grain mandis. Referring to such visits, he said it came to the fore that crowds build up due to their visits and social distancing is not being maintained. Vij, however, said he does not want to point out any particular leader.

Chief minister Manohar Lal Khattar also advised political leaders to avoid visiting 'mandis' to prevent gathering of crowds. "Please maintain social distancing! Politicians should avoid visiting mandis to prevent gathering of crowds and help to stop the spread of the infectious coronavirus disease. Be part of the solution, not the problem!," tweeted Khattar.

Vij said action will be taken against any political leader, whether from the ruling party or the opposition, if found violating the lockdown.

Continued on Page 2

QuickPicks

'No action against CEO if employee found positive'

THE CENTRE said no legal action will be taken against the CEO of a company nor a factory will be sealed in case an employee tests positive for Covid-19, reports **PTI**. Some apprehensions, based on wrong interpretation of the rules were clarified by the MHA.

Bond market cheers RBI's OMO announcement

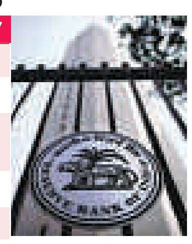
BONDS RALLIED over the announcement of the operation twist by the RBI via which it will simultaneously buy and sell long-dated and short-tenor G-secs via OMOs, reports **fe Bureau** in **Mumbai**. The benchmark yield ended 16 bps down at an 11-year low of 6.06%. **PAGE 10**

DESPITE PSL BREATHER

Risk-averse banks stay shy of TLTRO 2.0

	1st tranche of TLTRO 2.0 April 23	4th tranche of TLTRO April 17
Notified amount	25,000	25,000
No. of bids received	14	11
Total amount of bids received (₹ cr)	12,850	61,415
Amount allotted (₹ cr)	12,850	25,009
Bid-to-cover ratio	0.5	2.46

Source: RBI



BHAVIK NAIR
Mumbai, April 23

IN AN INDICATION of how risk-averse the shadow banking space, banks on Thursday bid for just half the funds meant to be invested in NBFCs and MFIs. While ₹25,000 crore worth of funds were on offer via TLTRO2.0, banks bought just ₹12,850 crore worth of funds. This is despite the breather on priority sector lending against the funds invested which would allow them to earn a better yield.

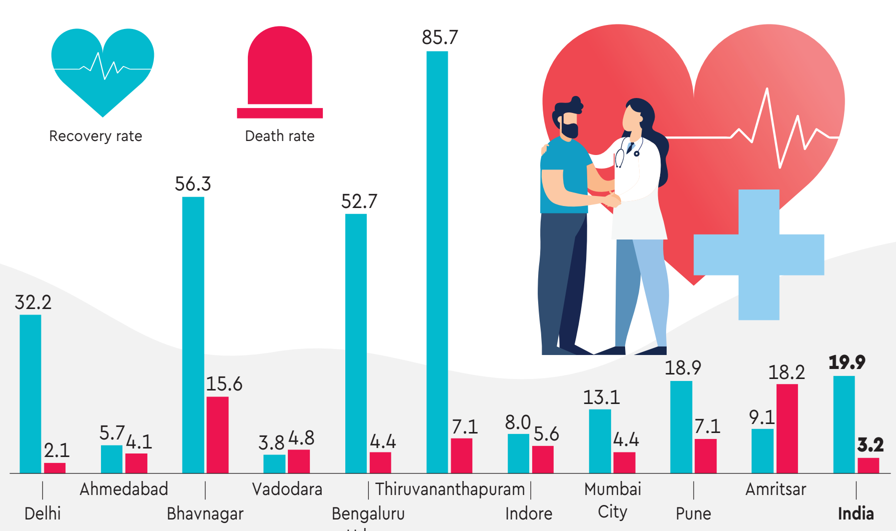
For perspective, banks have been parking around ₹7 lakh crore with the Reserve Bank of India (RBI) in the reverse repo window although it fetches them just 3.75%. The funds borrowed via TLTRO 2.0 are available at the repo rate of 4.4%. The RBI on Thursday said it would review the auction results.

Continued on Page 2

Tracking Covid ISHAAN GERA

City-wise mortality rate worrying

Though India is likely to cross the 22,000-cases mark, the good news is that, apart from the curve flattening significantly, the recovery rate has increased to 19.9% and death rate is 3.2%. There is, however, a wide variation between cities and, for instance, Amritsar has a fatality rate of more than 18%; at 13.1%, Mumbai's recovery rates are a fraction of Delhi's 32.2%. Part of the explanation can be higher co-morbidity in certain cities and also a shortage of critical equipment like ventilators. Another explanation could be a low detection of infections, as was seen in the case of Gujarat in the initial days of outbreak in the state.



FALLING CRUDE

State-run OMCs may report Q4 inventory loss of ₹33,000 crore

All three firms seen in the red in Q4 despite strong GRMs in Jan-Feb; GRMs to slip again in Q1

ANUPAM CHATTERJEE & VIKAS SRIVASTAVA
New Delhi/Mumbai, April 23

INDIA'S THREE STATE-RUN oil marketing companies (OMCs) — IOCL, HPCL and BPCL — could among themselves report massive inventory — crude and products — losses of around ₹33,000 crore in Q4FY20 because of a precipitous fall in crude prices through the quarter, according to analysts.

Somewhat strong gross refining margins before the lockdown that stunted demand helped these firms in the quarter to salvage the situation a bit, yet they could all be in the red in the quarter.

Also, one of the analysts said these firms might see a plunge in gross refining margins (GRMs) in the April-June period (Q1FY21) because of the demand destruction.

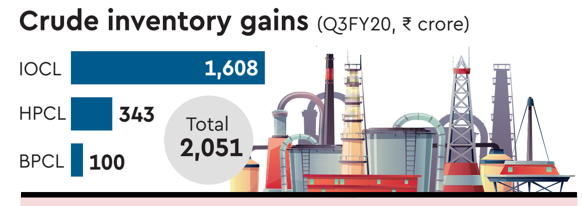
The OMCs had reported crude inventory gains for the third quarter of the current fiscal — ₹1,608 crore by IOC and ₹343 crore by HPCL and ₹100 crore by BPCL.

Currently, most refineries in the country, including the private sector ones, are operating at nearly half their respective capacities.

"The sustenance of the refinery-runs is dependent on the materialisation of the demands as we move forward in the lockdown period. There are limitations on the throughput at which each plant in a refinery can operate. Capacities below this level will require units to stop, R Ramachandran, director refineries at BPCL, told *FE* recently.

Continued on Page 2

Crude inventory gains (Q3FY20, ₹ crore)



Inventory losses of state-run OMCs (Q4FY20)* ₹33,100 cr

(₹18,590 crore in crude and ₹14,500 crore in terms of products inventories)

*ICICI Securities estimate

According to Crisil Ratings, crude inventory losses of Indian refiners (including private sector firms) will be around ₹25,000 crore in Q4FY20

THE COX & KINGS DOSSIER

Forensic audit: Crores siphoned off, records fudged, bogus sales

KHUSHBOO NARAYAN
Mumbai, April 23

TRANSACTIONS WORTH ₹21,000 CRORE over four years (2015-2019) done mainly to siphon off funds; falsifying records; a ₹1,100-crore loan from a "brother to a brother" that violated basic fiduciary norms; sales worth ₹9000 crore to over 160 customers who are bogus or do not exist, inflated bank balances and a string of defaults — these are among a slew of alleged irregularities highlighted in the forensic audit of bankrupt travel firm Cox and Kings, *The Indian Express* has learnt.

Records of the audit, done in February 2020 by PricewaterhouseCoopers (PwC) at the behest of lender Yes Bank, and official records accessed by *The Indian Express*, detail how the company allegedly fudged records and window-dressed its figures.

Cox and Kings, promoted and controlled by Ajay Ajit Peter Kerkar and his family, was sent to bankruptcy court in October 2019, after it defaulted on payments. While the promoter group owns 12.20% shares in the company, the public owns the remaining 87.80%.

The travel and tour company owes ₹5,500 crore to banks and financial institutions and it is one of the top borrowers of Yes Bank when co-founder Rana Kapoor was heading it.

Yes Bank has an exposure of more than ₹2,267 crore to the Cox & Kings Group. Last month, Ajay Ajit Peter Kerkar was summoned for questioning by the Enforcement Directorate (ED), in connection with the money laundering case against Kapoor.

Kapoor, currently lodged in jail, is accused of taking kickbacks in lieu of granting loans to several companies that have now defaulted on repayments.

The forensic audit has alleged that most of the related party transactions of Cox & Kings were executed without "proper approvals" from its board and without any loan agreement.

Continued on Page 2

From left: Cox & Kings promoter Peter Kerkar, Alok Industries CFO Anil Khandelwal and Yes Bank's co-founder Rana Kapoor

Economy

FRIDAY, APRIL 24, 2020

DATA UNAVAILABILITY

Subhash Chandra Garg, former finance secy

Principal reason for inability of the govt to announce any survival and revival package, even for MSMEs, is the unavailability of business, value-added, number of labours employed, loss of output and profit data.

Quick View

Ex-minister sentenced to 7-year RI

FORMER JHARKHAND MINISTER Anosh Ekka was on Thursday sentenced to seven years' rigorous imprisonment and slapped with a fine of Rs 2 crore by a special court in Ranchi in a money-laundering offence, the Enforcement Directorate (ED) said. The quantum of sentence was pronounced via a video conference by special PMLA judge Anil Kumar Mishra.

Delhi Metro resumption plan

PASSENGERS USING THE Delhi Metro, post resumption of operations, will have to take out any metallic item on their body before frisking, use face masks and have the 'Aarogya Setu' installed, according to a CISF proposal.

Fitch Ratings sees India FY21 growth slipping to 0.8%

PRESS TRUST OF INDIA
New Delhi, April 23

FITCH RATINGS ON Thursday slashed India's economic growth projections to 0.8% for 2020-21, saying an unparalleled global recession is underway due to disruptions caused by the outbreak of coronavirus pandemic and resultant lockdowns.

In its Global Economic Outlook, Fitch Ratings said India's gross domestic product (GDP) growth will slip to 0.8% for the year April 2020 to March 2021 (FY21), compared with an estimated 4.9% growth in the previous fiscal.

Growth is, however, expected to rebound to 6.7% in 2021-22.

The rating agency predicted two consecutive quarters of contraction or negative year-on-year growth in current fiscal – (-)0.2% in April-June and (-)0.1% in July-September. This compares to a 4.4% estimated growth in January-March.

Growth is expected to rebound to 1.4% in the last quarter of 2020 calendar year.

Growth is, however, expected to rebound to 6.7% in 2021-22

Fitch said the slump in FY21 growth was mainly due to a projected fall in consumer spending to just 0.3% in FY21 from 5.5% a year back and a 3.5% contraction in fixed investment.

The agency has further made large cuts to global GDP forecasts in its latest Global Economic Outlook (GEO) in response to coronavirus-related lockdown extensions and incoming data flows.

"World GDP is now expected to fall by 3.9% in 2020, a recession of unprecedented depth in the post-war period," said Brian Coulton, chief economist at Fitch Ratings. This would be twice as severe as the 2009 recession.

The decline in GDP equates to a $2.8-trillion fall in global income levels relative to 2019 and a loss of $4.5 trillion relative to pre-virus expectations of 2020 global GDP.

"No country or region has been spared from the devastating economic impact of the global pandemic," the rating agency said.

A notable feature of this update is sharp further downward revisions to GDP forecasts for emerging markets (EM).

Falling commodity prices, capital outflows and more-limited policy flexibility are exacerbating the impact of domestic virus-containment measures: Mexico, Brazil, Russia, South Africa and Turkey have all seen big GDP forecast adjustments.

"With China and India both now expected to see sub-1% growth, we expect an outright contraction in EM GDP in 2020, a development unprecedented since at least the 1980s," it said.

"We expect supply responses and a relaxation of lockdowns to help oil prices to recover in 2H20 from current lows, which are being exacerbated by storage capacity issues in the US and elsewhere," Fitch said.

Several major economies have recently extended lockdown measures. India too has extended the nationwide lockdown that began on March 25 to May 3.

Ludhiana body moves SC against direction to pay full wages during lockdown

FE BUREAU
New Delhi, April 23

LUDHIANA-BASED ASSOCIATION OF hand tools manufacturers, comprising 41 MSMEs, has moved the Supreme Court seeking quashing the government's March 29 order asking private establishments to pay full wages to their workers during the Covid-19 lockdown.

Stating that the MHA passed orders without due care and deliberation on the financial implications for employers, it warned that making such payments will lead to the closure of many of its units, which, in turn, will cause permanent unemployment and adversely affect the economy.

Such a blanket direction for payment of full salaries is arbitrary, unconstitutional and unsustainable, MSMEs said.

The association alleged that while various governments across the globe are taking measures for workers/employees, the Centre has not taken any step, and instead has put the entire burden on employers/owners to pay full wages.

IIT-Delhi's affordable Covid test method gets ICMR approval

GUNJAN SHARMA
New Delhi, April 23

A METHOD TO detect Covid-19, developed by Indian Institute of Technology, Delhi (IIT-Delhi), which will significantly reduce the cost of testing, has got the approval from the ICMR, officials said on Thursday.

IIT-Delhi is the first academic institute to have obtained the ICMR approval for a real-time PCR-based diagnostic assay. The development also comes against the backdrop of the Indian Council of Medical Research (ICMR) halting the testing for Covid-19 cases through China-made test kits because of massive variation in test results, compounding the challenge to check and contain the pandemic.

The current testing methods available are "probe-based" while the one developed by the IIT team is a "probe-free" method, which reduces the testing cost without compromising on accuracy, officials said.

"The test method has been approved by the ICMR. The assay has been validated at the ICMR with a sensitivity and specificity of 100%. This makes IITD the first academic institute to have obtained ICMR approval for a real-time PCR-based diagnostic assay," a senior official said.

"This is the first probe-free assay for Covid-19 approved by the ICMR and it will be useful for specific and affordable high throughput testing. This assay can be easily scaled up as it does not require fluorescent probes. The team is targeting large scale deployment of the kit at affordable prices with suitable industrial partners as soon as possible," the official said.

"Using comparative sequence analysis, we have identified unique regions in Covid-19. These unique regions are not present in other human coronaviruses, providing an opportunity to specifically detect Covid-19," professor Vivekanandan Perumal, lead member of the team, said. The team at IIT claims that their test can be performed at a much cheaper cost and hence will be affordable for general public. **PTI**

From the Front Page

Falling crude: State-run OMCs may report Q4 inventory loss of ₹33,000 crore

WHILE THE OMCs' gross refining margins in Q4FY20 have been aided by gains from refinery transfer price (RTP) being higher than spot prices, these gains will be more than nullified by the large inventory losses in the quarter. Vidyadhar Ginde, of ICICI Securities, wrote, "Oil price fall in Q4FY20 is estimated to have led to inventory loss of ₹331bn for OMCs. It would mean all three OMCs would be in the red in Q4FY20 despite strong auto fuel marketing margins."

According to ICICI Securities, the three OMCs' crude inventory losses in Q4FY20 could be ₹18,590 crore while there would be another ₹14,500 crore losses for them in terms of products inventories.

India has a total refining capacity of 250 million tonne per annum and refiners keep an inventory of 20-50 days of crude on average to avoid disruption in operations.

Crisil Ratings wrote: "For oil refiners, the Covid-19 pandemic is delivering two blows: Inventory loss of over ₹25,000 crore in the January-March quarter because of a 70% fall in crude oil prices, and a likely plunge in GRMs in the first quarter of fiscal 2021 because of demand destruction." These are just crude inventory losses and includes those of private refiners, sources said.

Among the OMCs, the Q4 crude inventory losses are estimated to be the highest for IOCL (₹12,000 crore), followed by ₹4,250 crore for BPCL and ₹2,340 crore for HPCL. "Inventory losses would be more for refineries located away from the coast because they have to stock crude oil for longer periods," Sachin Gupta, senior director, Crisil Ratings, said. Major inland refineries in the country are owned by IOCL, including its Mathura, Panipat and Bongaigaon plants.

As retail prices of petroleum products are mapped with international rates, the steep fall of global crude prices in Q4FY20 meant that by the time refiners sold their products after processing crude, retail rates had fallen. Diesel prices in Delhi dropped 8.3% to ₹62.29/litre on March 31 from January 1. Of this, only ₹31.5/litre is earned by OMCs, and the remaining goes towards central government duties, state VAT and dealer commission. The current price also includes the additional cess of ₹3/litre imposed by the Union government on March 14.

"Crude prices nosedived from an average $55 per barrel in February to $33 in March and closed at around $20 end of March as demand slumped because of the pandemic. On April 12, 2020, OPEC+ managed to strike a deal for a record production cut of 9.7 million barrel per day. Yet crude prices have hovered low because of the pandemic-induced plunge in demand across the globe," Crisil Ratings wrote.

Risk-averse banks stay shy of TLTRO2.0

BANKERS SAID the rules mandating them to invest a certain share of the funds in smaller NBFCs and MFIs were a deterrent given the paucity of high–quality assets. Banks must invest 10% of the funds in debt instruments issued by MFIs, 15% in NBFCs with assets of ₹500 crore and below, and 25% in NBFCs with assets of between ₹500 crore and ₹5,000 crore. "If we borrow ₹2,000 crore, we need to lend ₹300 crore to NBFCs with assets below ₹500 crore and we may not find good assets," a banker explained.

Moreover, as one banker pointed out, banks already have a fairly large exposure to NBFCs; at the end of December, 2019, banks had lent an outanding amount of just over ₹7 lakh crore to the sector. While some of this would to highly-rated companies, a fair part may not, bankers explained adding some NBFCs had exposure to the real estate sector.

NBFCs have been asking for a bail-out in the form of a government credit guarantee or a TARP–like structure. On Thursday, Icra said it expects securitisation volumes for NBFC-MFIs to be impacted significantly in 2020-21 as the disruption in the economy hurts their operations.

Cox and Kings Dossier: Forensic audit uncovers siphoning off crores, fudging records, bogus sales

THE INVESTIGATION has found that Cox and Kings gave ₹1,100 crore to Alok Industries, a stressed firm that went bankrupt in 2017, even as the travel firm did not have any business relationship with the company.

Significantly, when the loan was given, the Chief Financial Officer of Alok Industries was Sunil Khandewal who was also brother of CFO Cox & Kings Anil Khandelwal.

Apart from this, in financial year 2019 alone, Cox & Kings loaned ₹589 crore to at least 11 related parties "without executing loan agreements".

"Prima facie it appears that these loans have been granted to related parties without obtaining the requisite approvals/documentation, which raises a suspicion that these transactions have been done with the intent of siphoning off funds," said the investigation report. Detailed emails asking questions to Ajay Ajit Peter Kerkar, Anil Khandelwal and Cox & Kings did not elicit any response.

In 2017, Alok Industries was sent to the bankruptcy court after it failed to repay Rs 29,500 crore to banks and financial institutions including the State Bank of India. The company was acquired by JM Financial and Reliance Industries Ltd for Rs 5050 crore in 2019 through the corporate insolvency resolution process.

The audit report on Cox & Kings has alleged that the company indulged in "falsification" of its financial statements between 2014 and 2019 by "overstating its sales figures and understating its debt". It has also highlighted several "ficititous" transactions of the firms.

Consider its key findings:

*Between 2014 and 2019, the company made sales of ₹5,278 crore to 147 bogus customers. Of these, at least 141 are not registered with the goods and services tax (GST) department. At least six customers have listed the GST registration number for Cox and Kings as their own registration number.

*Between 2016 and 2019, Cox & Kings made a substantial portion of its ₹3,908 crore sales from 15 customers, who allegedly are non-existent. A physical verification of the addresses of these customers found that these were residential addresses and no travel agencies ever operated from these places.

*While the ledgers of Cox & Kings have recorded collections of ₹2,548 crore from these 15 customers, the money was not traced in its bank accounts as no actual funds were received by Cox & Kings. Between April 2014 and June 2015, Cox & Kings recorded sales of ₹250-260 crore against each of these 15 customers. All these transactions were "curiously" recorded only on the last day of the month.

* For FY19, the company disclosed cash & bank balances of ₹723 crore and ₹1,830 crore on standalone and consolidated levels, respectively. Despite this, the company kept on defaulting on loan repayment since June 2019, indicating that it had inflated its cash and bank balances, which led to manipulation of its financial statements.

* For FY19, Cox & Kings reported the total debt of the company at ₹ 2,000 crore, whereas the standalone debt of the company was ₹3,600 crore. Apart from this, a credit card debt of ₹750 crore was not disclosed to lenders, in violation of the disclosure norms.

In January, the National Company Law Tribunal (NCLT), that hears insolvency cases, restricted Ajay Ajit Peter Kerkar, Urshila Kerkar, Anil Khandelwal, three other directors of the company and 16 employees from leaving the country without the permission of the court.

(Tomorrow: How a Cox and Kings firm diverted loans to a front company run by its own employees)

Ordinance soon: Firms get relief from IBC for six months

THEY EVEN say a six-month breather from the Insolvency and Bankruptcy Code (IBC) may not be adequate and the government may have to extend it further, due to growing uncertainties about an economic recovery and the ability of the companies concerned to service debt anytime soon.

Nevertheless, the move will dent the cash flow of operational creditors like raw material suppliers hard and may force the small ones to shut shop. Financial creditors will see a sudden surge in their provisioning unless the central bank grants regulatory forbearance.

While the Reserve Bank of India (RBI) has allowed borrowers a three-month repayment holiday for term loans, keeping insolvency proceedings in abeyance would be an additional breather for borrowers who may default on loan repayments thereafter.

Even before the pandemic, the slowdown in the economy had caused a deterioration in credit quality. For instance, SMA-2 loans – those where repayments are delayed by 61-90 days – increased by about 143% between March 2019 and September 2019, RBI data cautioned. Any repayment default post 90-days, sees the exposure slip into an NPA and banks need to make bigger capital provisions.

DA increases frozen till July 2021; Centre, states to save at least ₹80,000 cr in FY21

THE IDEA is to use the savings to meet additional demand for resources for healthcare and welfare of people affected by the pandemic, a senior finance ministry official said. Clearly, even as the demands for large fiscal packages for the people and different sections of the industry are growing in crescendo, the Centre is treading a very cautious path of fiscal prudence and wants to make available the resources to address Covid-19, without suffering a grievous fiscal blow.

The additional installments of DA and DR due from January 1, 2020, July 1, 2020, and January 1, 2021, will not be paid, the expenditure department said in an office memorandum. On March 13, the Union Cabinet had approved increase in DA by 4% to 21% of basic pay for a six month period starting January 1, 2020; similar or altered hikes were due for the six-month periods starting July 1, 2020, and January 1, 2021, too (there are few precedents of DA hikes being rolled back).

Of course, DA and DR at current rates will continue to be paid to the employees and pensioners. The freeze in DA from January 1, 2020, to July 1, 2021, will cumulatively save ₹37,530 crore to the Centre over FY21 and FY22. The states will also save ₹82,566 crore, taking the cumulative Centre and state savings to the tune of ₹1.2 lakh crore cumulatively in FY21 and FY22.

"As and when the decision to release the future installment of DA and DR due from July 1, 2021, is taken by the government, the rates of DA and DR as effective from January 1, 2020, July, 2020, and January 1, 2021, will be restored prospectively and will be subsumed in the cumulative revised rate effective from July 1, 2021," the office memorandum noted. That means, no arrears will be paid from January 1, 2020, till June 30, 2021.

Currently there are about 48.34 lakh central government employees and 65.26 lakh pensioners. The DA/DR increases are in accordance with the accepted formula, which is based on the recommendations of the 7th Central Pay Commission. With tax revenues down to a trickle due to lockdown since March 24, the government has recently announced cost cutting measures including slashing in budget allocation of most departments by up to 40% for Q1FY21. The central government has also appealed to its staff to voluntarily donate one-day's pay in April to PM CARES Fund, which was created recently to help fight adverse impact of coronavirus on people.

The Comptroller and Auditor General of India (CAG), which was asked to spend not more than 20% (from usual 25%) of its annual allocation in Q1FY21, has been permitted by the finance ministry not to cut salary expenditure. However, its non-salary expenditures has been restricted to only 10% of BEFY21 in Q1 (60% lower than 25% allowed in Q1 in normal circumstances).

Oxford University clinical trial for Covid vaccine is latest of handful already begun

AS MANY as 100 potential Covid-19 candidate vaccines are now under development by biotech and research teams around the world, and at least five of these are in preliminary testing in people in what are known as Phase 1 clinical trials.

The Oxford scientists said last week that large-scale production capacity was being put in place to make millions of doses of the ChAdOx1 nCoV-19 shot, even before trials show whether it is effective.

They said on Thursday that the main focus of initial tests is "to find out if this vaccine is going to work against Covid-19, if it won't cause unacceptable side effects and if it induces good immune responses".

A Swiss scientist said on Thursday he hoped to get ahead of industry projections that a COVID-19 vaccine will take 18 months, with a hope to put his laboratory's version potentially in use in Switzerland this year.

Martin Bachmann, head of immunology at Bern's Inselspital hospital and founder of start-up Saiba Biotechaims, said he planned to begin human trials in August in 240 volunteers if he gets the necessary approval from drug watchdog Swissmedic. **— REUTERS**

Take action against political leaders violating lockdown: Haryana govt to police

"IF THEY (leaders) visit mandis and crowds build up, then we will be compelled to take tough action. I have asked all superintendents of police and commissioners of police that if any leader violates the lockdown, attracts crowd in mandis, then immediate action should be taken against him as per law," Vij, who is also the state's health minister, said.

Reacting to it, senior Congress leader Randeep Singh Surjewala said the state government does not want "its failures of mismanagement in the crop procurement to be exposed".

Surjewala and Indian National Lok Dal (INLD) leader Abhay Singh Chautala have been visiting several "mandis" in the state, alleging mismanagement in the wheat procurement.

Vij said, "If they have something to say, they can give it in writing to the district administration and the government will look into it."

Govt's wish: IndiGo rolls back April pay cut for most staff

"IN DEFERENCE to our government's wishes of not reducing pay during the lockdown, we have decided not to implement the previously announced pay cuts during the month of April," he said.

The company had announced on March 19 that the airline was instituting pay cuts for senior employees and he would himself take the highest cut of 25% amid the Covid-19 pandemic that has hit the aviation industry hard.

"I am personally taking a 25% pay cut, SVPs (senior vice presidents) and above are taking 20%, VPs (vice presidents) and cockpit crew are taking a 15% pay cut, AVPs (assistant vice presidents), Bands D along with cabin crew will take 10% and Band Cs 5%," Dutta had said on March 19.

On March 23, the government had asked the public and private sector companies to not cut salaries or lay off the employees amid the lockdown.

The lockdown which started since March 25 has led to the suspension of all domestic and international commercial passenger flights, due to which revenues of the domestic aviation industry have been hit hard.

All domestic airlines have implemented pay cuts during the last few weeks. While IndiGo has now rolled it back, others are continuing with it. On reason for it could be that IndiGo, with its free cash of over ₹9,400 crore as on December 31, is in a better position than most peers to tide over the crisis. Wage bill of private carriers are roughly around 10-11% of revenues.

Earlier this week, GoAir sent majority of its employees on leave without pay. Vistara has instituted a compulsory leave without pay for up to six days in April for senior employees. AirAsia India last week cut the salaries of senior employees by up to 20$%. State-owned Air India has cut the salaries of employees by 10%. SpiceJet has cut the salaries of mid and senior level employees by 10-30%. As majority of aircraft with the airlines' are on lease, they are currently seeking deferral of lease rentals by six months. Dutta said in the email on Thursday, "Managing revenues is the fun and exciting part of the airline business, managing costs in a severe downturn is the dull and painful part of the business. Right now, we have little control over our revenues and a lot of control over our costs and therefore that is where we are focusing all our energies."

Another area, Dutta said, where IndiGo can exercise control is in shaping the nature of the customer experience once the airline is back in the sky again.

"We are working actively with the government, the airports, and our competitor airlines in defining the nature of this experience," he said. "Customers will probably start flying tentatively at first and we need to make sure that we instill enough confidence in the early users so that the first trickle of customers turns into a torrent," he said.

While no commercial passenger flights can fly during the lockdown period, cargo flights, medical evacuation flights and special flights permitted by the Directorate General of Civil Aviation (DGCA) are allowed to operate. "Our one source of revenue generation right now is in cargo operations and I want to thank all the people across the company who are working tirelessly to make an all-cargo operation work for us," Dutta said.

Unilever withdraws 2020 guidance: HUL may get hit too

"WE ARE, therefore, withdrawing our previous growth and margin outlook for 2020," Jope said.

The negative commentary hit HUL shares, which closed down 2.97% at ₹2,315.85 on the BSE. The stock has been doing well as the consumer staples sector is considered to be more resilient than others.

Even as developed markets reported a growth of 2.8% year-on-year, emerging markets declined by 1.8% during the quarter. "Growth in India was impacted by both the slowing market and the lock-down implemented at the end of March, which stopped production and shipping for a number of days," the global FMCG major observed.

While consumption of packaged food products and ice-creams have taken a hit across markets, the company is focusing on changing demand patterns in the current environment. Jope said on Thursday the company had been able to maintain the supply of product and were keeping factories running "through the many unpredictable challenges in local operating environments across our value chain".

While Latin America grew 4.9% as households stocked up, the performance in Southeast Asia was mixed, following the introduction of strict restrictions in the Philippines.

Unilever had expected demand to pick up across its markets in H2 of 2020 with a growth of 3%. The company had lowered its guidance for 2020 in December 2019 and now its long-term guidance band for the current year too stands suspended.

Jope said the company was also opening up new capacity where it is most needed, such as in hand hygiene and food.

"Demand patterns are changing. As the crisis hits countries around the world, we see upswings in sales of hygiene and in-home food products, combined with some household stocking, and near cessation of out of home consumption which is particularly affecting our food service and ice cream business," he added.

RABI CROPS

Harvesting of pulses, potato almost over; wheat, sugarcane, onion on track

Arrival of staple vegetables in mandis saw a big leap compared to last month, onion recorded a six-fold increase, says agri ministry

PRESS TRUST OF INDIA
New Delhi, April 23

HARVESTING OF RABI pulses and potato is fully completed, while that of wheat, sugarcane and onion is on track and near completion across the country, Union agriculture ministry said on Thursday.

Arrival of staple vegetables in mandis saw a big leap compared to last month. There was a six-fold increase in onion arrival, while it doubled in case of potatoes and tomatoes as on March 16, the ministry said in a statement.

Agriculture activities have been exempted from the lockdown, imposed to slow the spread of Covid-19.

"In the major wheat growing states, the status of harvesting is encouraging," the ministry said in a statement.

As reported by state governments, about 98-99% of wheat crop has been harvested in Madhya Pradesh, 88-90% in Rajasthan, 75-78% in Uttar Pradesh, 40-45% in Haryana, 35-40% in Punjab and 82-84% in other states, it added.

Wheat is the main rabi (winter) crop. The government is estimating a record 106.21 million tonne wheat production in the current year.

In case of pulses, harvesting has been completed in almost all the states.

Gram and lentils are the main pulses grown during the rabi season.

Similarly, harvesting of potatoes has been completed and storage is under process, the ministry said.

While harvesting of rabi onion in fields of small farmers is almost completed, it is still in progress in large plots which may extend up to the second week of May.

It may be noted that about 50% of the rabi onion output is kept in storage for use in lean season (August-November), and farmers fetch good price for it.

With regard to sugarcane, harvesting has been completed fully in the states of Maharashtra, Karnataka, Gujarat, Andhra Pradesh, Telangana and Punjab.

About 92-98% of harvesting is completed in Tamil Nadu, Bihar, Haryana and Uttarakhand, whereas 80-85% harvesting has been completed in Uttar Pradesh, the ministry said in the statement.

Procurement of rabi crops, especially wheat, pulses and oilseeds at minimum support price (MSP) is underway.

The state-run Food Corporation of India (FCI) and cooperative Nafed have so far purchased 1.73 lakh tonne of pulses and 1.35 lakh tonne of oilseeds at MSP directly from farmers during the 2020 rabi season, the ministry said.

The procurement of these two commodities is valued at ₹1,447.55 crore, benefitting 1,83,989 farmers, it added.

With harvesting of rabi crops in full swing, arrival of key vegetables like onion, potato and tomato in mandis have been much higher than it was before March 16.

According to the statement, out of 2,587 agriculture wholesale markets in the country, 2,069 markets are functional.

Meanwhile, the ministry said it has disbursed about ₹17,876.7 crore to 8.93 crore farmer beneficiaries under the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme till date during the lockdown period.

The government transfers ₹6,000 to each beneficiary farmer under PM-KISAN in three-equal installments in a year.

Govt: Lockdown helping minimise virus spread, but much more tests needed

PRESS TRUST OF INDIA
New Delhi, April 23

ASSERTING THAT THE ongoing lockdown has helped minimise the spread of coronavirus, the government on Thursday said the recovery rate among Covid-19 patients has almost doubled in the last ten days but testing needs to be ramped up continuously for a decisive battle against the pandemic. The nationwide tally, meanwhile, neared 23,000 cases with more than 700 deaths.

As the nationwide lockdown entered its 30th day, concerns over its economic cost also escalated with the apex industry body CII (Confederation of Indian Industry) forecasting a 0.9% decline in the GDP in the case of a prolonged lockdown and a best case scenario of 1.5% growth for the current fiscal. Global rating agency Fitch also slashed its FY20-21 GDP growth estimate for the country to 0.8%.

A high-level group of top bureaucrats, comprising of Union home secretary and his

Industry body CII forecast a 0.9% decline in the GDP in the case of a prolonged lockdown and a best case scenario of 1.5% growth for the current fiscal

counterpart in the Department for Promotion of Industry and Internal Trade, reviewed measures to speed up economic and industrial activities and held a video conference with representatives of industry associations.

In its evening 5 PM update, the Union health ministry put the total number of confirmed infections across the country at 21,700 with at least 686 deaths. It also said that at least 4,324 Covid-19 patients have been cured and discharged. More than five lakh tests have been conducted so far.

However, a *PTI* tally of numbers reported by various states and union territories, as on 10 PM, put the total number of positive cases across the country at 22,959 cases with at least 722 deaths.

Maharashtra alone has reported more than 6,400 cases and at least 283 deaths, while Gujarat has seen over 2,600 confirmed infections with over 100 deaths and Delhi has more than 2,300 cases with 50 deaths. Madhya Pradesh, Rajasthan, Uttar Pradesh and Tamil Nadu have also reported large number of cases.

The rate of recovery has improved to 19.89%, from 9.99% ten days ago on April 14, while 12 districts have reported not a single case in the last 28 days, health ministry joint secretary Lav Agarwal said. The number of districts with no cases in last 14 days has also increased to 78.

Government officials said it has been able to "cut coronavirus transmission", minimise its spread and increase the doubling time of Covid-19 cases in the country during the 30-day period of the nationwide lockdown.

While asserting that the growth of coronavirus cases in the country has been more or less linear and not exponential, it also said testing has been ramped up consistently.

Remittances to India likely to fall by 23% in 2020: World Bank

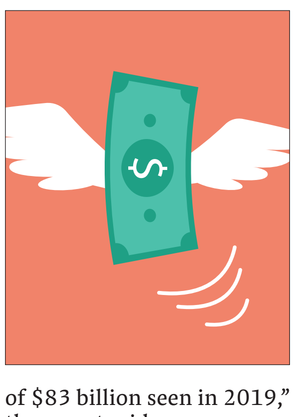
LALIT K JHA
Washington, April 23

REMITTANCES TO INDIA are likely to drop by 23% from $83 billion last year to $64 billion this year due to the coronavirus pandemic, which has resulted in a global recession, the World Bank has said.

Globally remittances are projected to decline sharply by about 20% this year due to the economic crisis induced by the pandemic and shutdowns, according to a World Bank report on the impact of the Covid-19 on migration and remittances released on Wednesday.

The projected fall, which would be the sharpest decline in recent history, is largely due to a fall in the wages and employment of migrant workers, who tend to be more vulnerable to loss of employment and wages during an economic crisis in a host country, it said.

"In India, remittances are projected to fall by about 23% in 2020, to $64 billion — a striking contrast with the growth of 5.5% and receipts



of $83 billion seen in 2019," the report said.

World Bank Group President David Malpass said remittances are a "vital source of income" for developing countries.

"The ongoing economic recession caused by Covid-19 is taking a severe toll on the ability to send money home and makes it all the more vital that we shorten the time to recovery for advanced economies," he said.

Malpass noted that remittances help families afford food, healthcare and basic needs.

"As the World Bank Group implements fast, broad action to support countries, we are working to keep remittance channels open and safeguard the poorest communities' access to these most basic needs," he said.

Remittance flows are expected to fall across all World Bank Group regions, most notably in Europe and Central Asia (27.5%), followed by Sub-Saharan Africa (23.1%), South Asia (22.1%), the Middle East and North Africa (19.6%), Latin America and the Caribbean (19.3%), and East Asia and the Pacific (13%).

In Pakistan, the projected decline is about 23%, totalling about $17 billion, compared to a total of $22.5 billion last year, when remittances grew by 6.2%.

In Bangladesh, remittances are projected at $14 billion this year, a likely fall of about 22%.

Remittances to Nepal and Sri Lanka are expected to decline by 14% and 19%, respectively, this year.

The deadly coronavirus has so far infected over 2,638,020 people and claimed more than 184,230 lives across the globe. **—PTI**

'Lockdown in India impacted 40 m internal migrants'

LALIT K JHA
Washington, April 23

THE NATIONWIDE LOCKDOWN in India which started about a month ago has impacted nearly 40 million internal migrants, the World Bank has said.

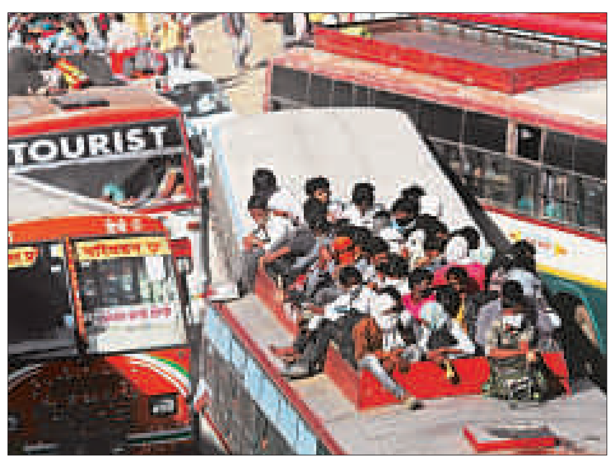
"The lockdown in India has impacted the livelihoods of a large proportion of the country's nearly 40 million internal migrants. Around 50,000–60,000 moved from urban centers to rural areas of origin in the span of a few days," the bank said in a report released on Wednesday.

According to the report — 'Covid-19 Crisis Through a Migration Lens' — the magnitude of internal migration is about two-and-a-half times that of international migration.

"Lockdowns, loss of employment, and social distancing prompted a chaotic and painful process of mass return for internal migrants in India and many countries in Latin America," it said.

Thus, the Covid-19 containment measures might have contributed to spreading the epidemic, the report said.

Governments need to address the challenges facing internal migrants by including them in health services and cash transfer and other social programmes, and protecting them from discrimination, it said.



World Bank said that coronavirus crisis has affected both international and internal migration in the South Asia region. As the early phases of the crisis unfolded, many international migrants, especially from the Gulf countries, returned to countries such as India, Pakistan, and Bangladesh – until travel restrictions halted these flows.

Some migrants had to be evacuated by governments, such as those of China and Iran, it said.

Before the coronavirus crisis, migrant outflows from the region were robust, the report said. The number of recorded, primarily low-skilled emigrants from India and Pakistan rose in 2019 relative to the prior year but is expected to decline in 2020 due to the pandemic and oil price declines impacting the Gulf countries.

In India, the number of low-skilled emigrants seeking mandatory clearance for emigration rose slightly by 8% to 368,048 in 2019.

In Pakistan, the number of emigrants jumped 63% to 6,25,203 in 2019, largely due to a doubling of emigration to Saudi Arabia, it said.

According to the bank, migration flows are likely to fall, but the stock of international migrants may not decrease immediately, since migrants cannot return to their countries due to travel bans and disruption to transportation services.

In 2019, there were around 272 million international migrants.

The rate of voluntary return migration is likely to fall, except in the case of a few cross-border migration corridors in the South (such as Venezuela-Colombia, Nepal-India, Zimbabwe–South Africa, Myanmar-Thailand), it said.

Migrant workers tend to be vulnerable to the loss of employment and wages during an economic crisis in their host country, more so than native-born workers. Lockdowns in labour camps and dormitories can also increase the risk of contagion among migrant workers.

"Many migrants have been stranded due to the suspension of transport services. Some host countries have granted visa extensions and temporary amnesty to migrant workers, and some have suspended the involuntary return of migrants," it said.

Observing that government policy responses to the Covid-19 crisis have largely excluded migrants and their families back home, the World Bank said there is a strong case for including migrants in the near-term health strategies of all countries, given the externalities associated with the health status of an entire population in the face of a highly contagious pandemic.

The Bank said governments would do well to consider short, medium and long-term interventions to support stranded migrants, remittance infrastructure, loss of subsistence income for families back home, and access to health, housing, education, and jobs for migrant workers in host/transit countries and their families back home.

The pandemic has also highlighted the global shortage of health professionals and an urgent need for global cooperation and long-term investments in medical training, it said. **—PTI**

SC sets aside arbitration award against Nafed

FE BUREAU
New Delhi, April 23

PUTTING TO REST the 40-year issue over supply of groundnut to Swiss firm Alimenta in 1980, the Supreme Court has set aside the $4.68-million foreign arbitration award against National Agricultural Cooperative Marketing Federation of India (Nafed), terming it "unenforceable" as exports could not have taken place without the government's nod.

A bench led by justice Arun Mishra set aside the Delhi High Court order that ruled to the contrary. The apex court bench held that the foreign arbitration award was "unenforceable" and Nafed could not have been held liable for breach of contract to pay damages as the award was against the public policy of India.

"...the award is ex facie illegal, and in contravention of fundamental law, no export without permission of the government was permissible and without the consent of the government quota could not have been forwarded to next season. The export without permission would have violated the law, thus, enforcement of such award would be violative of the public policy of India."

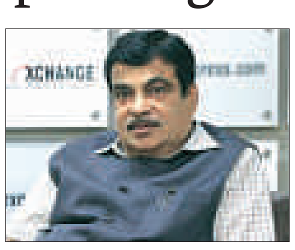
The apex court held it was not open for the foreign firm to saddle the liability upon Nafed to pay damages as the contract became void. "... the award could not be said to be enforceable, given the provisions contained in Section 7(1)(b)(ii) of the Foreign Awards Act.

Gadkari: Centre working on scheme to reimburse pending dues to MSMEs

PRESS TRUST OF INDIA
New Delhi, April 23

THE CENTRE IS working on a scheme to reimburse pending payments with interest to micro, small and medium enterprises (MSMEs), Union minister Nitin Gadkari said on Thursday.

Once implemented, the government's plans towards framing a mechanism for clearance of huge pending dues owed to MSMEs by central and state PSUs as well as corporate players are expected to provide a major relief to the sector battling distress, as millions of units struggle to survive amid mounting losses caused by the coronavirus pandemic.



Nitin Gadkari

In an interaction via video conferencing with the representatives of Bharat Chamber of Commerce, the minister for MSME and transport said the default on pending payments is one of the "big problems" faced by MSMEs.

Gadkari said he has asked the MSME ministry officials to work on formulating a scheme of ₹1 to 2 lakh crore.

"Where there is a pending bill we can reimburse that amount with the interest cost. We will find out some solution, some of the cost will be borne by the government, some of the cost will be borne by the industry, some of the cost will be borne by the supplier and we will take the guarantee for that and MSMEs will get their payment. We are working on it. So that can be a good relief to MSMEs," said the minister.

During the interaction, Gadkari said while the government has allowed certain industry sectors to start functioning, it is also needed to be ensured that necessary preventive measures are taken to prevent the spread of Covid-19.

Govt plans supply of around 15.40 cr HCQ tablets in domestic market in April

PRESS TRUST OF INDIA
New Delhi, April 23

THE GOVERNMENT PLANS to ensure supply of around 15.40 crore Hydroxychloroquine (HCQ) tablets, used in treating coronavirus infections, in the domestic market in April, an official said on Thursday.

The government also plans to export HCQ medicine to 62 countries after ensuring strategic storage of the medicine for domestic use.

"In normal conditions, the monthly requirement for HCQ medicine is around 2 to 2.5 crore tablets in the country. However, in the month of April, 2020 we have planned to supply around 7.5 crore tablets for retail pharmacies/ trade,"

an official told *PTI*.

Further, 6.75 crore tablets would be provided to the Centre against a requirement of 1.5 crore tablets this month. Besides, 80 lakh tablets to different state governments and 45 lakh tablets to various government institutes like ESIC and BPPI would be provided, according to the official.

"Thus, (around) 15.40 crore HCQ tables will be provided in the domestic market in April, 2020," the official said.

The official also said that for rationalisation of HCQ, it has prepared a weekly supply plan and the surplus medicine, after procurement by domestic market and strategic storage, is only being exported.

India has started export of two very critical drugs required during the treatment of coronavirus disease — HCQ and Paracetamol. These drugs are being provided to other countries through MEA (ministry of external affairs) diplomatic route.

The official said India has plans to provide HCQ medicine to 62 countries and paracetamol to around 90 countries. Around 125 countries would get supplies of these medicines from India, the official added.

Mamata hits Kolkata streets again, asks people to stay indoors

PRESS TRUST OF INDIA
Kolkata, April 23

FOR THE THIRD day in a row, West Bengal chief minister Mamata Banerjee hit the streets of Kolkata and advised people to strictly follow the lockdown norms, saying this was needed to break the chain of coronavirus transmission.

Visiting Moulali and Behala areas of Kolkata on Thursday, Banerjee used a loudhailer from inside a car to call upon people to stop gathering, gossiping, hanging around for the time being and stay put at home.

"Remember that social distancing does not mean you are getting disconnected from your near ones and friends. It is only about physical distancing which will help us win the battle against coronavirus and celebrate the Durga Puja which is still months away. Please don't come out," she pleaded.

Durga Puja is the biggest festival of the state.

"Lockdown is a new term. None of us knew about it in the past. But this is the only way. We have to observe it though people are facing immense hardships which we are trying to mitigate," the chief minister said.

She also described the lockdown as the most unprecedented event after the demonetisation of 2016.

Lockdown is the only way to fight coronavirus which has left a large number of people affected in Maharsahtra, Delhi and other states, Banerjee said.

Though the situation in West Bengal is under control, everyone has to remain cautious, she said.

Asking people not to hide if they have Covid-19 like symptoms, the CM said, "Corona positive patients are getting cured. Even today 34 patients have been cured in the state."

Apparently referring to the criticism by opposition for venturing out on road, the Trinamool Congress supremo said she was not afraid of being infected by the disease as she believed to stand beside people during their hardships.

"Being your representative, how can I stay indoors? I have to be on the road, I have to be on your side. But I am taking all precautions, I am not getting down from the car during the lockdown. Rest assured that I will be fine, we all will be fine if we follow the guidelines," she said.

The CM also pointed out that coronavirus is transmitted from one member in a family to others.

"So if one of your family members show corona like symptoms, please consult doctors and take help of police," Banerjee said.

Companies

FRIDAY, APRIL 24, 2020

AIRLINE COSTS

Ronojoy Dutta, CEO, IndiGo

"Managing revenues is the fun and exciting part of the airline business, managing costs in a severe downturn is the dull and painful part of the business... Right now, we have little control over our revenues and a lot of control over our costs and therefore that is where we are focusing all our energies"

Quick View

RIL cuts crude processing at Jamnagar by 24%

RELIANCE INDUSTRIES (RIL) has cut crude oil processing at its exports-only refinery at Jamnagar in March by close to one-fourth, as it joins public sector oil firms in cutting run-rate to align production with a coronavirus-induced slump in fuel consumption. RIL's 35.2 million tonne a year SEZ refinery processed 2.51 million tonne of crude oil into fuel in March, a drop of 24% year-on-year, according to data released by the ministry of petroleum and natural gas on Thursday. However, the company's older refinery at the same site processed 5.7% more crude at 3.01 million tonne.

Marico sees operational scale-up at plants

CONSUMER MAJOR Marico on Thursday said that most of the manufacturing units of the company have opened in India. While operations at most of the units have scaled up reasonably, a few units continue to grapple with local restrictions and labour unavailability. The company said that while operations are being run at reduced capacity, the company is taking utmost precautions at its manufacturing and supply chain locations.

NHPC raises ₹750 crore through bonds

STATE-RUN HYDRO power giant NHPC on Thursday raised ₹750 crore through issuance of bonds on private placement basis. "NHPC has raised ₹750 crore today through private placement of bonds at very competitive interest rate of 6.80% per annum for a loan tenure of 10 years," the company said in a statement.

Rapido ties up with Delhi govt to deliver essentials

APP-BASED BIKE taxi aggregator Rapido has collaborated with local authorities in Delhi and Bengaluru for the delivery of essential items during the nationwide lockdown, the company said. The lockdown to check the spread of coronavirus has restricted essential supplies. Rapido is supporting the Delhi government in delivering essential items like milk and food packets, in underprivileged areas of East Delhi, the company said in a statement.

Alembic Pharma Q4 net profit up 81% to ₹225 cr

DRUG FIRM Alembic Pharmaceuticals on Thursday reported an 81% rise in its consolidated net profit at ₹224.93 crore for the fourth quarter ended March 31, 2020 mainly on account of robust sales in international markets. The company had posted a net profit of ₹124 crore for the corresponding period of the previous fiscal.

Schaeffler resumes ops at Vadodara plant

AUTOMOTIVE AND INDUSTRIAL component supplier Schaeffler India has partially resumed operation and restarted its Savli plant in Vadodara. The company said operations at the Savli plant, situated in the GIDC park, resumed operations post government approval and started with two shifts with 30% attendance in each shift, to maintain social distancing norms.

'Logistics sector recovery to be prolonged over FY21'

THE OPERATIONAL recovery for logistics players will be gradual and prolonged over FY21, as against a sharp V-shaped recovery. It is expected the volumes of inland logistics players to be down by 10%-15% y-o-y in FY21, with a 40%-60% fall in 1QFY21, said India Ratings and Research (Ind-Ra). As the overall level of economic activity remains subdued, Ind-Ra expects continued muted freight rates over the next six-nine months. Additionally, overall demand for freight transportation services is expected to contract in FY21.

LOCKDOWN

Industry finding it tough to resume ops despite relaxations

FE BUREAUS
Mumbai/New Delhi/Ahmedabad/Chennai, April 24

THREE DAYS AFTER the lockdown was partially lifted, companies across sectors — automobile, steel, FMCG, textiles, consumer electronics and durables — are finding it hard to get their operations back on track. However, business at non-banking finance companies (NBFCs) and construction work in infrastructure projects is slowly coming back on track.

Auto clusters in the NCR region (Gurgaon and Greater Noida), Tamil Nadu (Sripe-rumbudur), and Maharashtra (Chakan-Talegaon-Ranjangaon) are yet to resume operations as the lockdown continues in the regions. Consumer goods and steel companies are functioning with scaled down capacities, while supply chain disruptions continue.

The country's largest FMCG major Hindustan Unilever said that most of its factories, distribution centres and suppliers are operating at less than their full capacities. The company continues to face local or state restrictions in the movement of its people working in the essential goods supply chain. "We have moved to larger order sizes and direct shipping from factories to compensate, but this is far from efficient," a spokesperson at HUL said.

The government has clarified that penal action against the companies will be taken only if negligence is proven in terms of safety precautions to prevent spread of Covid-19 at workplaces. However, the industry, which is still limping back to normalcy, is less than satisfied.

Sunil Kataria, CEO (India & SAARC), Godrej Consumer Products said that the scale up of operations is gradual considering strict adherence to safety and social distancing norms. "We are also in the process of seeking permissions to run more factories in line with the new guidelines and are hopeful that this will help in the production ramp up and improve the supply of essential items over the next few weeks," Kataria said. Textile major Arvind said that it is awaiting permissions to resume work in Gujarat plants, while its factory in Bengaluru is currently making personal protective equipment (PPE) for the healthcare workers. According to Punit Lalbhai, executive director, Arvind Ltd, the company has had to re-develop supply chain from domestic sources as majority of supply chain for raw materials for PPEs is based in China and there was difficulty in importing from there due to shortage of materials.

Mobile phone manufacturing units are also yet to start operations as they are awaiting permission from local authorities, while consumer durables will wait till full supply chain is resumed. According to Indian Cellular & Electronics Association (ICEA) chairman Pankaj Mohindroo, it will take time to gear up, but the mobile phone companies will restart manufacturing once necessary permissions come in.

Consumer Electronics and Appliances Manufacturers Association (CEAMA) president Kamal Nandi said most brands had enough stocks in their warehouses as well as with trade partners, so and he does not think manufacturing activity will start in a big way.

Meanwhile, Ashok Leyland has got permission to run its plants in Rajasthan, Uttarakhand and Maharashtra. NV Balachandar, president (HR, communication and CSR), Ashok Leyland, said, "The Ashok Leyland plants at Alwar, Bhandara and Pantnagar have received permission from the relevant government authorities to resume operations. We are currently working out the supply chain readiness post which we will resume operations and commence production in line with demand."

However, in sectors like NBFCs there has been slight uptick in business activity. Umesh Revankar, managing director and CEO, Shriram Transport Finance, said that customers' visits to branches for services had slowly increased. "Our customers feedback has been positive and we hope to get back to normalcy very soon," Revankar said.

Similarly, construction work has begun in a limited manner on some metro and power transmission projects.

MSME body pegs per day loss at ₹40,000 crore

FE BUREAU
Mumbai, April 23

THE ALL INDIA Manufacturers' Organisation, (AIMO) an apex trade body focused on the interests of the MSME sector, said on Thursday that the loss of revenue for the industry is close to ₹40,000 crore a day and that it has already lost ₹12 lakh crore by closing them.

There are sectors that are based purely on exports and orders will be cancelled if not supplied on time. AIMO national general-secretary Kenny Ramanand said, "The government will need to provide support packages, incentives and measures to the MSMEs to avoid a shutdown of India."

Several sectors like automobile, aviation, hospitality, apparel, consumer durables, electronics, hotels, tourism, restaurants & bars, entertainment, airlines, BPOs, seafood & livestock, construction & real estate and transportation are among the worst hit by this epidemic. All the MSMEs, self-employed individuals and entrepreneurs associated with or whose revenues depend either directly or indirectly on these sectors are on the "verge of a shutdown situation," Ramanand said.

AIMO has requested the government to look at protecting the elders and senior citizens of the country and allow the working class to return to their livelihoods, by introducing a citizen risk assessment module to allow 55.1% of the population of India to start working immediately to avoid further loss to the economy, he said.

Amazon launches scheme to enable kirana shops, offline retailers sell online

PRESS TRUST OF INDIA
New Delhi, April 23

E-COMMERCE GIANT AMAZON India on Thursday launched its 'Local Shops on Amazon' programme that will help local shopkeepers and kirana store owners to sell online.

The company said it has been running a pilot with more than 5,000 offline retailers and local shops over the last six months to bring the benefits of online selling closer to them.

"Code-named 'Local Shops on Amazon', this programme helps customers discover products from local shops in their city from the convenience of their homes, while helping shopkeepers supplement their footfalls with a digital presence and expand beyond their normal catchment," Amazon India vice-president seller services Gopal Pillai said in a blogpost.

These include stores from Delhi-NCR, Hyderabad, Mumbai, Bengaluru, Hyderabad, Pune, Jaipur, Ahmedabad, Coimbatore, Surat, Indore, Lucknow, Saharanpur, Faridabad, Kota and Varanasi, among others.

The programme pilot included sellers from different categories like kitchen, home, furniture, apparel, automotive, beauty, electronics, sports, grocery, lawn & garden, books, toys, jewellery appliances, etc.

Pillai said this programme will help customers get access to greater selection, faster deliveries and additional value-added services, while local shops can transform themselves into digital stores. Amazon is pledging ₹10 crore to immediately expand the pilot to include retailers and shopkeepers who wish to be part of the programme.

Interestingly, the announcement comes a day after the mega $5.7-billion-deal between Facebook and Reliance Industries. The deal is expected to help billionaire Mukesh Ambani create an e-commerce giant that could rival Amazon and Walmart by linking local kirana stores and consumers over the highly popular chat service, WhatsApp.

The move will help Amazon tap into the expansive base of kirana shops in the country. The e-commerce giant has often faced criticism from the trader community in the country and has been accused of anti-competitive tactics, including promoting some "preferred sellers" and in turn hurting business of other smaller sellers.

Pillai said the move will also help local shops leapfrog the commentary of "offline vs online" and instead embrace technology to transform themselves into digital and hybrid stores.

"...we expect that this programme would enable local shops to better serve their local customers and also dream bigger of going national or even global by joining some of our other programmes," he added.

Earlier this year, Amazon had announced an additional investment of $1 billion to digitally enable 10 million micro, small, and medium businesses in the country by 2025, including artisans, manufacturers, retailers, and local shops.

"While we continue to double down on our efforts to widen reach and enable new market access for them, we are simultaneously working on building new capabilities to help them serve their locality, their towns and cities, more effectively," Pillai said.

The programme is expected to see a ramp up after the nationwide lockdown — imposed to contain the spread of coronavirus — is lifted. Currently, e-commerce companies are allowed to deliver only essential items to consumers.

Under the programme, the shops will have to use their existing delivery mechanisms to deliver to customers. They can choose the areas where they can deliver the same or next day with pin-code level granularity.

In case they want to expand their serviceable areas within the city or nationally, they can engage with Amazon to utilise the latter's services.

Amazon has designed a special delivery app for local shops that will provide accurate delivery updates to customers and Amazon.

S&P lowers Future Retail ratings on liquidity position

FE BUREAU
Mumbai, April 23

S&P GLOBAL RATINGS on Wednesday lowered its preliminary long-term issuer credit rating on Future Retail and the preliminary long-term issue rating on the company's $500-million senior secured notes to 'CCC-' from 'B-'. The rating action was lowered because S&P believes that Future Retail's liquidity position has weakened due to the extended lockdown in the country due to the novel coronavirus.

In March, the Bombay High Court had given relief to the Future Group company and restrained IDBI Trusteeship Services from selling the pledged shares in Future Retail until further orders. Future Corporate Resources and Rural Fairprice Wholesale had approached the court to restrain IDBI Trustee from selling the pledged shares. Future Retail's share price has fallen from ₹350 on the date of transaction to ₹303 at the start of March, a senior counsel had argued in court on behalf of the Future Group. On Thursday, the price of Future Retail closed at ₹98.40, up by 4.96% on BSE.

Last week, Future Group also got relief from the Supreme Court as it refused to interfere with the Bombay High Court order that restrained IDBI Trusteeship and UBS Bank from selling the pledged shares in Future Retail until further orders. The Bombay High Court will be hearing the case on May 4. Total debt of Future Retail stood at ₹3,841 crore as on December 2019, shows data from Bloomberg.

S&P Global Ratings on Future Retail remained on CreditWatch negative to reflect the company's weakening debt-servicing ability and the likelihood that Future Retail or its related entities will restructure its debt within the next few months. "The India-based retailer's ability to meet its upcoming financial obligations is dependent on an improvement in business conditions or access to additional lines of credit," said S&P Global in its press release.

The rating agency lowered its preliminary long-term issuer credit rating on Future Retail and the preliminary long-term issue rating on the company's $500-million senior secured notes to 'CCC-' from 'B-'

Future Retail's disbursement of approved credit lines from banks has been further delayed. This includes enhanced working capital credit lines of about ₹2,125 crore, which were expected to be available in April 2020. In addition, the company is proposing to avail its ₹650 crore peak-season working capital credit line to support its liquidity.

"We understand that the delays in disbursement are due to procedural issues during the lockdown and the company now expects them to be available by May 2020. We expect these credit lines to be sufficient to meet the company's immediate funding requirements, should they become available. Timeliness remains critical," explained the rating agency.

BSNL's ₹11,000-cr tender faces delay over complaint on procurement norms

KIRAN RATHEE
New Delhi, April 23

IT SEEMS THAT BSNL's ₹11,000-crore 4G tender will be delayed as the government has received a complaint that the company has not followed the public procurement norms for giving preference to Make in India products while framing the eligibility criteria. As a result, the criteria seems to benefit global players and even leaves Indian manufacturers ineligible to apply.

As per sources, because of the complaint, the Department of Industrial Policy and Promotion (DIPP) has put the procurement on hold till the time the grievance is disposed. The Telecom Equipment and Services Export Promotion Council (TEPC) has said BSNL has not followed the Public Procurement (Preference to Make in India) Order 2017. The order was notified in 2017 to promote manufacturing and promotion of goods and services in India. As per the order, purchase preference shall be given to local suppliers in all procurements undertaken by the government and its entities.

But TEPC said that the tender issued by BSNL has no reference to the government policy. "Even the eligibility conditions on turnover, subscriber base, countries etc are restrictive at present and appears to be structured in such a way that no India domestic telecom equipment manufacturer would be even eligible to apply for the tender," TEPC said in a letter to telecom secretary Anshu Prakash. A copy of the letter has also been marked to telecom minister Ravi Shankar Prasad, the principal secretary, PMO and the BSNL/MTNL CMD.

As per the tender, a bidder should have a minimum turnover of ₹8,000 crore each in the last two years (2017-18 and 2018-19 in case of financial year and 2017 and 2018 in case of calendar year).

The TEPC has mentioned Clause 10(d) of the public procurement order, which gives power to the government to restrict or exclude bidders from a country, which has not allowed Indian suppliers to participate in their respective tenders. The Department of Telecommunications (DoT) has written about the clause on February 19, 2020 to all state governments and PSUs to follow in their tenders.

"How BSNL and MTNL are ignoring Public Procurement (Make in India) Order of the government and tender floated has no provision for compliance...even Ministry's memorandum dated February 19, 2020 on clause 10(d)," TEPC said.

TEPC has also raised concerns over the security of BSNL network, which predominantly meets the requirements of defence forces and other government communications. The TEPC has sought immediate action to revise the conditions of the tender.

Bharti Infratel posts Q4 profit of ₹650 crore

PRESS TRUST OF INDIA
New Delhi, April 23

TELECOM INFRASTRUCTURE FIRM Bharti Infratel on Thursday reported a 7% increase in consolidated net profit for the March quarter at ₹650 crore.

It also extended the deadline for merger with Indus Towers by two more months to June 24.

The consolidated revenues for Q4 FY20 came in marginally higher at ₹3,624 crore, according to a company statement.

Bharti Infratel said it "believes that thus far, there is no significant impact of COVID-19 pandemic on the financial position and performance of the company".

"The net profit for the quarter was ₹650 crore up by 7% year on year," it said. The net profit for the year-ago period (Q4 FY19) stood at ₹608 crore.

For the full financial year ended March 2020, the company said its consolidated profit after tax stood at ₹3,299 crore, up 32% over the previous fiscal.

The statement, however, also mentioned that the results for the quarter and full year ended March 2020 include the impact of Ind AS 116 accounting norms and the same are not comparable with the past period results.

The company also extended the deadline for merger with Indus Towers by two more months to June 24

According to the company, its consolidated revenues for the full year ended March 2020 stood at ₹14,447 crore, almost flat compared to the previous period.

The company's board took note of the status of the scheme of arrangement between Indus and Bharti Infratel and further extended the 'Long Stop Date' till June 24, 2020. This is "subject to agreement on closing adjustments and other conditions precedent for closing, with each party retaining the right to terminate and withdraw the scheme", it added.

Commenting on the earnings scorecard, Bharti Infratel chairman Akhil Gupta said, "After a few tumultuous years, the Indian Telecom industry took much needed constructive measures in the year gone by in the form of tariff increases. This along with encouraging trends on overall wireless data consumption has led to enhanced focus on improving the quality of networks."

ITC's Sanjiv Puri braces for 'longish' fight against Covid-19

FE BUREAU
Mumbai, April 23

ITC'S CHAIRMAN AND managing director Sanjiv Puri is bracing up for a "longish" fight against Covid-19. While the conglomerate that he heads has worked out various scenarios, he is working with a realistic and worst-case scenario to calibrate responses. Like some other industry captains, he too believes that the longer the lockdown lasts the bigger will be the economic impact. He told *FE*, "We are making an assumption that it will be a longish fight and, therefore, we have to adapt ourselves to a new normal. We have to do business with fewer resources. I cannot predict if it will finish in the first quarter or spill over into the next. We are taking the worst-case scenario and calibrating our interventions."

In his view, the longer economic activity is shut down or is working at a feeble capacity, the more stress it would put on industry and economy — consequently more support would be required from the government.

Supply chains continue to be strained and factories are operating well below optimum capacities as running factories is not easy, Puri said. Even in the essential products category, capacity utilisations for ITC currently vary from 20% to 50% depending on the location of the manufacturing unit. ITC has 120 manufacturing units spread across the country, of which only 70-80 are operating. Puri expects the first quarter to be very bad due to the lockdowns, which will have a substantive impact on the economy.

Asked on reviving the economy and how long it would take, Puri said that measures and steps needed to revive the economy would depend on how long the lockdowns last. His prescription to revive the economy is to restart economic activity as soon as possible in areas outside the containment zones. He said, "It is most important to revive economic activity by allowing manufacturing outside the containment zones to pick up without restriction on type of industry, because value chains are intertwined and to restart them and to get them to a reasonable capacity will take quite some time."

Commenting on supply shortages, Puri said that because of shortage of delivery vehicles and people, retailers were queuing up outside their depots to pick up supplies as distributors didn't have enough trucks.

CENTRE'S RESPONSE SOUGHT

Can't pay extra profit to govt from Barmer block as oil prices crashed: Vedanta in HC

Vedanta has contended that if it has to pay additional 10% profit petroleum to the Centre, then it could 'plausibly threaten' continued production from the block

PRESS TRUST OF INDIA
New Delhi, April 23

THE DELHI HIGH court has sought the Centre's response on the Vedanta plea that the contract to operate Barmer oil block be extended till 2030 without having to pay 10% extra to the government as global oil prices have crashed due to Covid-19 pandemic.

Vedanta has contended that if it has to pay additional 10% profit petroleum (PP) to the Centre, then it could 'plausibly threaten' continued production from the block in Rajasthan, leading to lower output and impacting the country's energy security.

It could also lead to increase in import dependency as the output from Barmer block accounts for 25% of domestic crude oil, Vedanta has said in its application.

A bench of Justices Jayant Nath and Prateek Jalan issued notice to the Centre and sought its response to the application by May 6 as the production sharing contract (PSC) between Vedanta and the government is to be extended on May 14.

The bench, during the proceedings held via video conferencing, also asked the Centre, represented by central government standing counsel Amit Mahajan, and Vedanta to 'co-operate and ensure that the agreement and other formalities are completed in terms of the interim order passed by this court dated July 3, 2018'.

The high court, in its July 3 order, had recorded the mutual agreement of both sides that Vedanta's application for extending PSC from 2020 to 2030 will be processed under a new policy which would entail a 10% increase in the government's share of profits.

However, Vedanta is now seeking modification of the July 3 order to the extent that it be implemented without asking for the 10% increase in profits.

The application has been moved in the Centre's petition challenging a single judge order of May 31, 2018 directing the government to extend the PSC from 2020 to 2030 on same terms and conditions as of May 15, 1995 when it was first executed.

The July 3, 2018 interim order was passed during pendency of the appeal which is listed for hearing on June 17, 2020 due to the limited functioning of the high court in the wake of Covid-19 pandemic, the application said.

Revenue, profitability of pvt hospitals hit in short term: Icra

FE BUREAU
New Delhi, April 23

THE COVID-19 EPIDEMIC has not just impacted the functioning of hospital sector, but has also dragged down the short- term outlook to negative on account of a sharp fall in volumes both at the out- patient department (OPD) and the in-patient department (IPD).

According to Icra, short-term outlook for the sector has turned negative due to a sharp fall in volumes at the OPD and IPD with recovery expected to be gradual.

However, the long-term outlook of the sector remains stable.

As the epidemic has significantly impacted hospital operations, the occupancy has dropped sharply, from 60-70% in weeks just preceding the spread of Covid-19 to 25-30%.

Revenues too are expected to decline by over 50% and the high operating leverage inherent in hospital business, coupled with sharp drop in revenues is likely to translate into losses for the players in Q1 FY2021, it warned.

Commenting on the sector's performance, Icra's assistant vice president, Kapil Banga said short-term outlook for the sector has turned negative due to a sharp fall in volumes.

Two SpiceJet lessors in talks to reclaim aircraft over missed payments

ADITI SHAH & ANSHUMAN DAGA
New Delhi/Singapore, April 23

TWO LESSORS TO Indian carrier SpiceJet are in talks to terminate contracts and repossess planes via mutually agreed deals with the airline over missed payments, according to two sources directly involved in the discussions.

One of the leasing companies started to pull out a few planes earlier this year after SpiceJet failed to pay maintenance fees due since late last year and lease rentals since last month, said one source, adding that talks were continuing over other jets.

The second lessor began discussions, which are ongoing, last month just as the coronavirus pandemic started crippling the airline industry, according to the second source. About 10 planes in total have been or could be repossessed, with leases terminated with the airline's agreement, according to the sources, who declined to be named due to the sensitivity of the matter.

A SpiceJet spokesman described queries related to the discussions with lessors as 'speculative, misleading and baseless'.

"We share excellent relationships with all our partners and lessors and our agreements with them are confidential," he added.

"Our fleet structure and exits have been planned exits at our option to cater to the demand requirements," he said, adding SpiceJet was taking various steps to re-align its operations with current travel restrictions worldwide. **- REUTERS**

Extended lockdown to prolong disruption at OEMs: Crisil

FE BUREAU
Pune, April 23

THE INDIAN AUTOMOBILE industry is now staring at a severe and prolonged disruption as the global situation and domestic lockdown has snapped major links of its supply chains and this will badly hurt auto-part clusters in NCR and Pune. If rising Covid-19 infections lead to the lockdown being extended again in NCR and Pune clusters, there would be a material disruption in component supplies to vehicle makers – both sourced locally and imported, says a Crisil Research. Extended lockdown in NCR and Pune spells bad news as these clusters are important for North and West-based OEMs, says Crisil Research after assessing cluster-wise impact of the lockdown for component makers and OEMs.

Ajay Srinivasan, director, Crisil Research, said, "Any extension of lockdown would dramatically increase the sourcing risk for products such as cast engine parts and transmission drives because major capacities are located in the Pune and Delhi-NCR belts. Passenger vehicles and two-wheelers will be particularly impacted since these two clusters are their major source of components."

Delhi-NCR is home to Maruti Suzuki India, Honda Motorcycles and Scooters India, India Yamaha Motors, Honda Cars Hero MotoCorp, Suzuki Motorcycles India and International Tractors and all these brands are volume players. Maharashtra, with its Pimpri-Chinchwad and Chakan belt has two-wheelers players such as Bajaj and PV players like Tata and Mahindra. Both these clusters source over 60% from within the cluster.

As per the Crisil report, the Indian automotive industry sources 80-85% of components for all vehicle segments domestically, mainly from NCR including Gurgaon, Manesar, Faridabad & Greater Noida and from Pune that includes Chakan, Talegaon and Ranjangaon and from Mysuru in Karnataka and Sriperumbudur and Hosur in Tamil Nadu.

Opinion

FRIDAY, APRIL 24, 2020

LOCKDOWN LITMUS

Congress leader Manmohan Singh

"Success of lockdown is to be judged finally on our ability to tackle Covid-19. Cooperation between the Centre and states is key... and the fight would very much depend upon the availability of resources"

The RJio-WhatsApp test for India's regulatory regime

India's regulatory regime has been prone to capture; vital to grow out of this if complex deals have to be approved

WHILE THE $5.7-BILLION Facebook-RJio deal will have to be cleared by the competition authorities, this may end up being relatively easy, if time-consuming. Much more difficult, as it happens, will be ensuring the combined juggernaut—Rjio has 388 million users while WhatsApp has 400 million in India—does not kill competition in the market over a period of time. Regulating any large entity, or a group of brick-and-mortar entities planning to combine operations, is always difficult, but it is even more tough in the digital space. Unlike in traditional M&As or combinations, where the usual fear is the to-be monopolist/oligopolist hiking prices once the competition has been finished off, this is hardly ever an issue in the digital world. Given how so many digital offerings—email, messaging, even payments—are either free or next-to-free, the customer is never in danger of being price-gouged even after a merger; indeed, this may result in her getting a lot more services bundled up. And, the merged entity is able to earn more from other sources—as the competition gets wiped out—whether it is advertising, or using the data gathered about consumer habits to sell more products. In the net neutrality debate, for instance, one of the issues raised was that of telcos 'throttling' the data speeds of some players while giving faster speeds to others; charges such as these are notoriously difficult to actually prove, and competition authorities like the Competition Commission of India (CCI) and the Telecom Regulatory Authority of India (Trai) will have to show that they are up to the job.

Possibly due to the fact that most competition authorities in India have really tiny budgets, and nowhere near the staff that their US counterparts do, they have come across quite poorly in many cases. The CCI's inability to act on RJio's below-cost pricing, for instance, is a big reason for the state the telecom industry is in today, and Trai has even been pulled up for its performance by the Supreme Court and the telecom appellate tribunal (Tdsat); indeed, even the highest government-body on telecom has asked Trai to justify its recommendations in the past (*bit.ly/3eDeMbs*).

Another important issue, though unrelated to competition, is that of the power that such platforms have in the political process. Facebook has been accused of meddling in the US election process, and there are enough instances of how WhatsApp has been used as a force multiplier for fake news; indeed, a constant tension between the Indian government and WhatsApp has centred around the US messaging platform being asked to give the Indian government more information on the flow of this fake news. There is no easy way to tackle this—it also raises issues of privacy—but civil society needs to try and come up with acceptable solutions.

While it will be interesting to see how the issue of traceability pans out—Rjio's own messaging system is not encrypted—the government's role is also important from the standpoint of regulatory neutrality. An important part of the Facebook-RJio partnership will, for instance, relate to e-commerce, and it doesn't help that, so far, the government has different rules for Indian players—who, as it happens, also have large dollops of FDI—and global ones like Amazon and Walmart. The prohibition on 'deep discounting', difficult as it is to actually quantify, doesn't apply to Indian e-commerce players, for instance (*bit.ly/3eGkoBQ*). How the regulators and the government navigate such issues will go a long way in shaping investor perceptions about India.

Protecting the healers

Ordinance with 7-year jail term could help deter attacks

THE SEVERAL INCIDENCES of healthcare personnel being attacked or facing harassment in the past few weeks—much of it boils down to the fear of Covid-19 transmission, since frontline healthcare workers are a high-risk group—are not just reprehensible, but also downright criminal. There have been reports of hostility from across the country: In Indore, healthcare personnel were assaulted and pelted with stones, in Chennai, a doctor who died of Covid-19 that he contracted from patients at the hospital he owned was refused burial, and his colleagues, who were accompanying his body, chased away with sticks and stone pelting, in Surat, a doctor was verbally harassed by her neighbours, and in Bengaluru, a group of ASHA workers on Covid-19 surveillance duty were attacked by the residents of a locality. There have also been reports of Covid-19 patients misbehaving with hospital staff. The government, therefore, did well to amend the Epidemic Act, 1867 through the ordinance route, to criminalise such attacks, and make them a non-bailable offence, with a maximum prison sentence of seven years.

Frontline workers, be it healthcare workers, civic workers, emergency responders, or even police personnel, are working under great duress at the moment. Among them, healthcare workers are particularly vulnerable as they endure exposures of the maximum length and intensity to the Covid-19 pathogen. The shortage of manpower—India needs 6,00,000 more doctors, and 20 lakh more nurses than what it has now—already places a heavy burden on the existing workforce. The pandemic, and the pace of its progress, has compounded this many times over. Despite facing conditions that make work even tougher—the shortage of personal protective equipment, for instance—most healthcare workers are still soldiering on. And, if India eventually ends up seeing the worst infection spread and hospitalisation numbers projected for it, it will need every trained healthcare hand available. If the masses are not sensitised to the need to support healthcare and other frontline workers, India's battle against the disease will well and truly be lost. To that end, the ordinance's provision for harsher punishment and its strict enforcement should serve as a deterrent. While the ordinance rests on the Epidemic Act being invoked, the government must look at a more permanent way to protect healthcare workers. To be sure, it did frame the Healthcare Service Personnel and Clinical Establishments (Prohibition of Violence and Damage to Property) Bill 2019 to deter attacks on, and harassment of hospital staff, but this is yet to be enacted. At the same time, it must run awareness campaigns to address citizens' fears about exposure to the pathogen via healthcare workers—for instance, there have been reports of landlords and neighbours of healthcare workers wanting them evicted—apart from perhaps arranging to house healthcare workers in separate facilities, in order to minimise exposure. It could perhaps enlist hotels and guest-houses against a fair compensation to house healthcare workers.

WageSUPPORT

SC did well to reject petition to direct govt to pay wages to migrant workers, but govt must pay heed to their plight

THE SUPREME COURT has done well to uphold the principle of separation of powers by declining to direct the government to provide wages to migrant workers whose wage flow has stopped because of the Covid-19 lockdown decision. A PIL by eminent activists Harsh Mander and Anjali Bhardwaj had tried to make the case for this at the apex court. Indeed, the SC deemed it best not intervene in a manner that would have implications for the budgetary considerations of the Union government. It said that such calls have to be taken by the legislature—be it at the state level or at the Centre—and the executive that are trying their best to provide succour and relief to the migrant workers.

However, the government must pay close attention to what the PIL had to say on the condition of migrant workers, if it is to provide effective economic relief to these workers and their families, who depend on their meagre remittances. SC lawyer Prashant Bhushan noted that, as per a survey involving 11,000 migrant workers, 90% had not received any ration or cooked/packaged food from the government. While the relief package announced by the Centre, as per Bhushan, caters for five lakh migrant workers, there were almost four crore migrant workers in the country. Given a significant number of migrant workers are not able to access even the basic support for survival such as food, drinking water, etc, for themselves, let alone ensuring this for their families—this is evident in their demand to be allowed to go to their homes, where they believe they can somehow manage to survive—providing them some kind of monetary support becomes crucial.

DISEASE AND DEBT

TIME TO GIVE MONTHLY UPDATES ON STATE GOVERNMENTS' ACCOUNTS AS THE CGA DOES FOR CENTRAL GOVERNMENT

How precarious are state finances?

RENU KOHLI

New Delhi based macroeconomist

Views are personal

THE CORONA CRISIS has brought the country's fiscal health into focus as never before. The sudden escalation in expenditure demands is starkly opposed to the paucity of public savings, or shall we say, the large magnitude of dissavings. It is now common knowledge that even the stingy income relief of central government is ill-affordable, and that state governments too have limited or no spare resources. Both have run out of money; neither has any fiscal space to spend for this crisis. Although the Centre's precarious finances, on and off-budget, were well known due to the keen macroeconomic scrutiny these attract each month, the states' actual fiscal position is not—only the budgeted revenue-expenditure profile is. It is time that state government finances, too, are subjected to similar concurrent examination as the Centre's are. For this crisis has made clear that going forward, the country cannot afford not to have fiscal space in the future. Therefore, monthly updates of state government accounts ought to be published as the Controller General of Accounts (CGA) does for the central government. Extending the public scanner so will enable more holistic consideration of the evolving deployment of public revenues or spending patterns against what is budgeted.

Presently, the only knowledge of state government finances is obtained from their annual budgets. Therefore, any shortfalls or overshoots in revenue-expenditures through the year, and under different heads, are known only at the year-end, or when the next year's budgets are presented. Real-time evolution of states' spending and revenues are not known because this data is not published. This precludes contemporary evaluation of state accounts for a very long interval. Because of this omission, for example, our extant knowledge about financial conditions of the states when the corona crisis erupted was simply that this was relatively better and improving. According to RBI's annual *State Finances: A Study of Budgets* (September 2019), states' aggregate fiscal deficit was budgeted at 2.6% of GDP for FY20, down from 2.9% the previous year; its analysis identified a strong consolidation trend over 2014-19.

As to what, and how, the actual revenue-expenditures outturns against budgeted amounts through FY20 were is impossible to determine for lack of contemporary, primary data. All we know is that health being a constitutionally-determined state subject, the epidemic's major financial burden towards medical and economic relief expenditures has descended on the states, for which they have little or no bandwidth. We know they are running short of money, but only from reported comments/interviews of individual chief and/or finance ministers, their repeated demands for timely and faster devolution of shareable taxes, and from their pleas for revising current fiscal rules to enable higher borrowing-spending limits. We also know of the states' financial desperation from their recent agreement to borrow from the market at sky-high yields, after which their WMA limits were increased. However, no one knows how financially fragile, less-weak, or robust each is.

By contrast, the Centre's evolving fiscal position is concurrently known as the CGA publishes disaggregated revenue-expenditure data each month. Thus, it is possible to keep tabs on, say, different revenue run-rates, or distribution of capital and current spending by government. Not only do these provide lead indications about the real economy, they are also early signals of potential adjustments or switches. Such current focus, which is excessively oriented towards central government spending, now needs to extend to the states as well.

While the precise financial architecture for corresponding monthly updates of states' accounts is not clear, i.e., the agency with mandate to compile and release this information, it is known the national statistical agency (CSO) obtains state government expenditure maintained by the Comptroller and Auditor General of India (CAG) to estimate quarterly GDP. Whichever be the mandated agency, the government should now originate similar publication of monthly state accounts on their websites too.

Another reason for monthly updates of state accounts is for a contemporaneous dissection of resource allocations and spending choice across states. The corona crisis has uncovered the disastrously negative fallout of ever-increasing shares of current expenditures in total spending, the overbearing preoccupation with populist freebies, and consequent neglect of essential investments such as health, spending on which has steadily declined. This is visible in the bare, inadequate health and medical infrastructure across states. The burden of this insufficient spending, in addition to the lack of fiscal room to ease the pain of a deliberately-induced recession, has fallen squarely upon all, but disproportionately more upon those whose earnings are most vulnerable to a stringent lockdown.

> **Lack of data makes it impossible to determine states' actual revenue-expenditure outturns against budgeted amounts through FY20**

Starting with food, subsidies have extended on increasing scale across the Centre and states—to electricity, homes, cooking gas connections and cylinders, and so on, including cash handouts—in a competitive, populist race-to-the-bottom. Such overbearing current expenditures are clearly unaffordable in the future. There cannot be a repeat of such dire financial straits, which has to be safeguarded against to be better prepared for exigencies. Fiscal spaces have to be created at all levels of government.

The states figure prominently in this regard for two reasons. One, the world as whole is likely to see a structural shift in public expenditure policies, making public health more central than before. This means higher investments in strengthening and extending health infrastructures, higher engagement of medical personnel, etc, even as it is acknowledged that no country can be fully prepared for an epidemic of this pace and scale. State governments will have to carve out the necessary spaces as they are at the forefront of health expenditure. If Kerala stands out in its epidemic management because of its strong public health capacities and well-functioning systems, other state governments can follow suit. From the standpoint of public investments and welfare, allocation choices are better off competing here than in free-this and free-that to win elections.

Two, if India has to sustain growth momentum ahead, public investment will have to fill up an even larger deficit in private spending than it does now. About two-thirds of total public capex is estimated to be contributed by states, making them more integral drivers of the country's growth. An up-to-date monitoring and evaluation of states' spending and revenue efforts is necessary from this standpoint too, especially as the productive capex is cut when revenues fall short while unwise or self-motivated spending is retained. Generation of debate, and peer comparisons are required in a democracy for oversight on how taxes and resources from public divestments and asset sales are spent.

Finally, questions on creation of fiscal capacities will soon surface as general government balances are reappraised, consolidation roadmaps revised—the additional crisis-expenditures will enlarge deficits at all levels of government, public debt stock will also rise. Further leverage build-up will have to be reduced in the medium-term. Public expenditure and its relative efficiency across the Centre and states will be re-examined from a macroeconomic stability perspective. All the more reason for responsible spending and revenue efforts by states too, for timely evaluation of India's debt dynamics, in which growth is the key variable; anticipating spending adjustments, e.g., capex cuts for larger current spending, will allow a better handle upon the real economy than what we have at present.

India faces this crisis with empty coffers. No one want such a financial situation to repeat in the future, when economic growth too may be at a premium. Leaner public balance sheets in future must also be of better quality. We hope the government accepts this suggestion and provide monthly state accounts updates for everyone's knowledge.

Covid data could be deadly for the old

Data scientists creating predictive algorithms to be used to allocate healthcare resources must realise that the available data are too flawed and endanger disadvantaged groups

CATHY O'NEIL

Bloomberg

THE COVID-19 PANDEMIC has brought out some ugly truths about modern-day ageism. A combination of the virus's properties, an overwhelmed healthcare system, and systematic neglect have taken a brutal toll on the elderly.

Unfortunately, it could get worse—if countries effectively automate ageism by allowing what has happened so far to dictate future decisions about care.

This crisis has highlighted a shocking lack of concern about older people. As one journalist at the UK's *Daily Telegraph* opined: "Covid-19 might even prove mildly beneficial in the long term by disproportionately culling elderly dependents." In the US, nursing homes are particularly vulnerable because the people who work there are so poorly paid that they must hold down multiple jobs, increasing the risk that they will spread the virus. The death count at such facilities is at least 7,000, but more are certainly coming from states such as Florida that have been slow to respond and report.

Older people also lose out as medical personnel, inundated by coronavirus patients, must make difficult decisions on rationing care. In Italy, for example, hospitals had to refuse care to older patients—a practice that undoubtedly increased the mortality rate in that age group.

In short, it is fair to say that the death rate among the elderly is probably higher than it would be if only physiology were at play. Now, consider what will happen if data scientists try to take this experience, bake it into predictive algorithms, and apply them in places where the pandemic is still on the rise, or where it flares up as countries attempt to reopen.

It is possible they'll recognise that they lack the information needed to build reliable algorithms. The data available are too deeply flawed to calculate overall mortality rates, let alone rates by age. It is hard to even use other proxy data, such as internet searches for "fever," to get a sense of the overall infection rate, because lockdowns have so radically changed peoples' behavior that we're all staying home, drinking tea, watching Netflix, and googling symptoms. Basically, we're acting sick.

> **Causation will be lost, creating a denuded description of the past—which, in turn, will skew against treating old people in the future**

But, I wouldn't count on humility. Researchers have become far too accustomed to imagining that if they collect enough data—even if it is incomplete or biased—the sheer volume will provide a more or less comprehensive view. It is something that they've gotten pretty good at—for example, inferring your political party by looking at which articles you repost on Facebook. The flawed data we have will be seen as better than nothing.

The resulting models will lack critical context and nuance. They won't account for the likelihood of the patient surviving if they had been given better treatment. Causation will be lost, creating a denuded description of the past—which, in turn, will skew against treating old people in the future.

Suppose such a model were used to decide where to send ventilators. The scarce life-saving equipment would go to places where it saw high percentages of people likely to benefit. This might improperly tip the balance away from hospitals that serve large elderly populations, for example near The Villages in Florida, on the grounds that they'll just die anyway.

Although I'm focusing on older people, the same could apply to any number of disadvantaged groups, such as African Americans, fat people, prisoners. And, it wouldn't be new. A recent study, for example, found that a widely used health-care algorithm allocated inadequate resources to black Americans because it relied on data from a history of discrimination, in which less money was spent on black patients than on white patients with the same level of need.

In the scramble to model Covid-19 spread and fatalities, data scientists—and the officials who use their models—would do better to recognise and admit what they cannot do, rather than jury-rig something that could end up doing more harm than good.

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

LETTERS TO THE EDITOR

Food security during a crisis

The Railways' recent move to ensure food security nationally during the corona crisis by running freight trains to supply food is highly appreciated. The Railways initiative, through timetabled parcel express trains, has ensured timely supply of food and essentials, and thus helped achieve a balanced supply chain across the nation during the lockdown period. Further, the supply chain model, as followed by the Railways during this crisis, should be adopted on regular basis, too. Using the rail network to supply essentials, medicines, and food to remote corners of the nation contributes to an efficient distribution channel.

— Varun Damba, Bengaluru

Unpardonable crime

At a time when the country is engaged in a fight against Covid-19, attack on doctors and healthcare personnel attending and treating patients, at risk to their own lives, is unpardonable and a crime against humanity that needs to be dealt with in the severest possible terms. The Union cabinet's decision to make such attacks a cognisable and non-bailable offence, with a maximum jail term of seven years and a fine of ₹5 lakh is welcome, but it is still less than the crime deserves. The National Security Act should be slapped on those involved in such attacks, and the provisions should also be applicable on those attacking police and sanitation personnel on duty in these challenging times.

— MC Joshi, Lucknow

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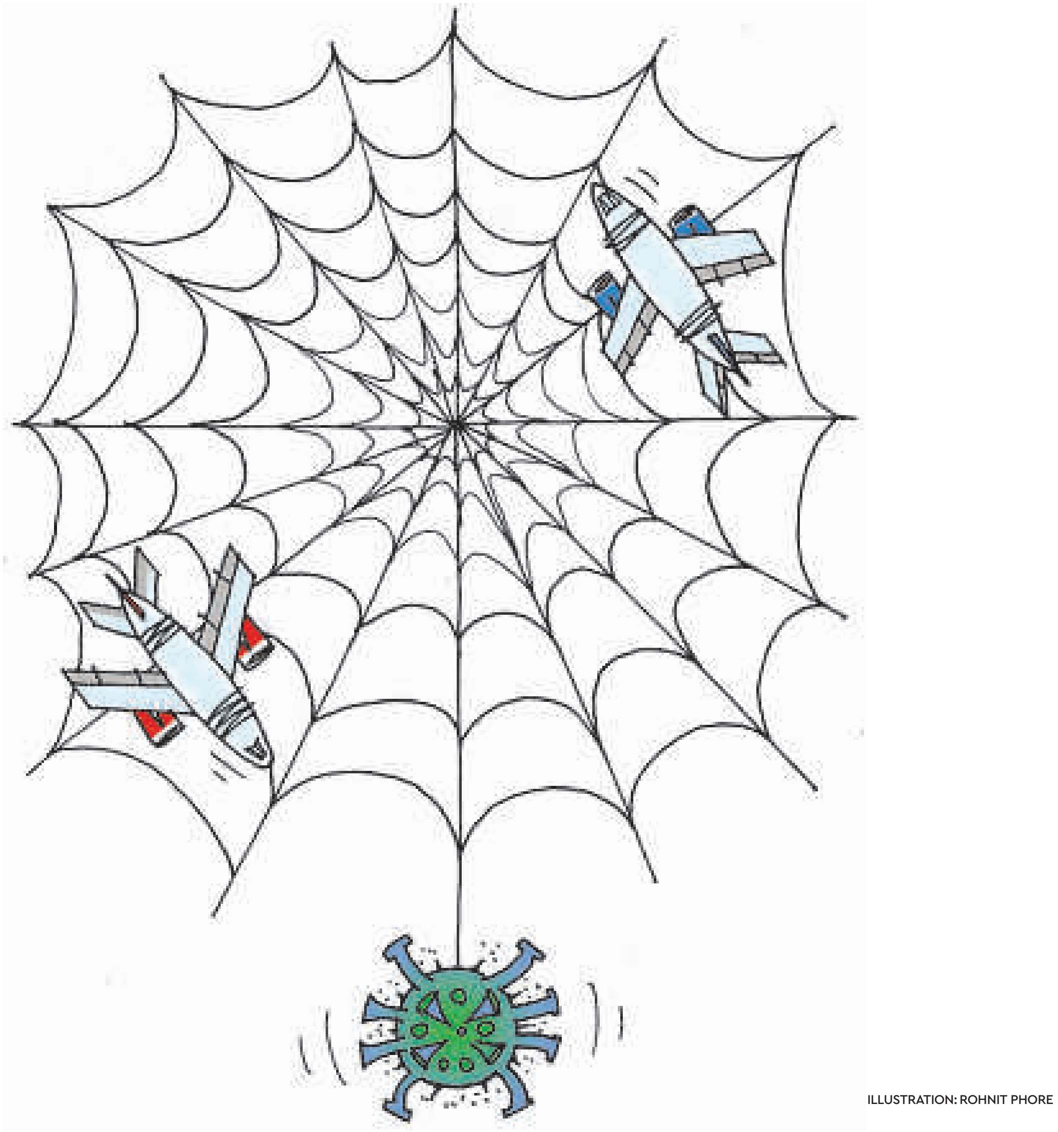
Regd. No: MM/PO/ WB/ RNP-75/ 2003 RNI No. 53038/91 Printed and Published by V Srinivasan on behalf of The Indian Express Private Limited and Printed at Saraswati Print Factory Pvt.Ltd, 789, Chowbhaga (West), Kolkata -700105 and Published at The Indian Express (P) Ltd . JL No.29 & 30, N.H.-6, Mouza - Prasastha & Ankurhati, P.O. - Salap, P.S.-Domjur, Howrah - 711 409..Ph : 033 66043800 Fax : (033) 66043825 & 66043847 (Cover price: North East States & Andaman: Mon-Fri ₹10, Sat ₹13, Sun ₹13). Chairman of the Board: Viveck Goenka, Managing Editor: Sunil Jain, Deputy Managing Editor: Shobhana Subramanian * (*Responsible for selection of news under the PRB Act).



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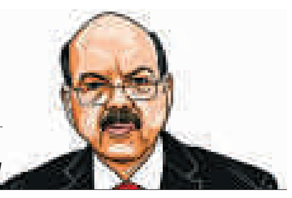


NASIM ZAIDI
Former Secretary MoCA, ICAO Council Member and DGCA. *Views are personal*

COVID-19 & AIRPORTS

Mayday!

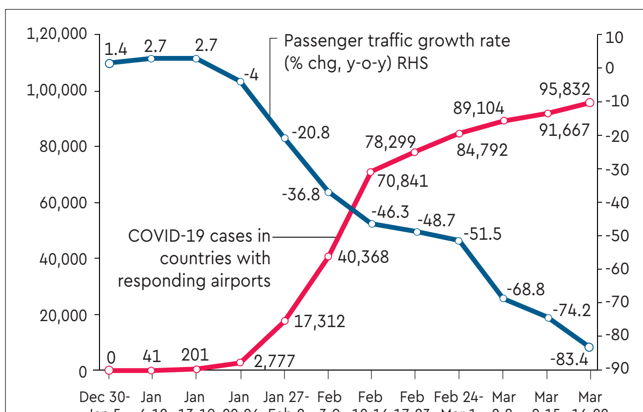
Airports would need government support to stage a recovery. It is important that the government opens new channels for funding and reduces taxes to address cash requirements

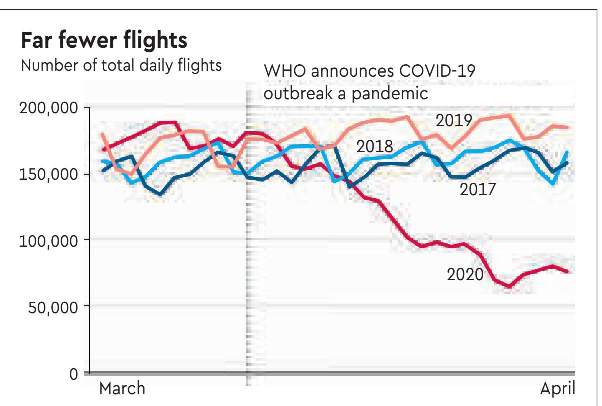
THE COVID-19 PANDEMIC HAS wreaked havoc in over 190 countries. Governments are doing their best and taking measures, like lockdowns, curfews and travel restrictions, to contain the spread. Several governments have either sealed their international borders or applied severe restrictions on travel—more than 120 countries have imposed travel bans. Lockdown has become the new normal.

These restrictions, however, have led to severe downfall in air travel. Numerous airlines and airports across the globe have shut operations either partially or entirely. The Indian government has also halted all domestic and international air travel from March 24.

Airport Council International (ACI), the apex body of global airports, estimates a traffic loss for Asia Pacific airports at around 1.5 billion passengers in case of a prolonged outbreak. ACI's analysis of preliminary weekly passenger data from January 2020 to March 2020 at 12 major hubs in Asia-Pacific, including Indira Gandhi International Airport, Delhi, shows a decrease in traffic flow by more than 80% compared to the same period last year. Traffic at airports in India had fallen 50-60% from normal business levels, for both domestic and international travel, by the time the national lockdown was announced. The lifting of the lockdown, scheduled May 4, is also not likely to bring a breather for the civil aviation sector in general and for airports in particular. Airports, after lockdown, will start with a zero-passenger level and may see ~20-25% passengers as compared to the normal level, owing to anticipated cautionary behaviour towards air travel.

Loss of traffic impacts both the prime revenue streams—aeronautical and non-aeronautical—for airports. Non-aeronautical concessionaires, airlines and other airport stakeholders have already started asking for relief measures from airport owners, which, in turn, impacts airport operators' revenues. ACI estimates place the first-quarter loss for airports in Asia-Pacific in the range of $5.6 billion, and the full year 2020 loss at $23.9 billion. Center for Asia Pacific Aviation (CAPA) estimates the first-quarter loss for airports in India to be around $1.5 billion.





Source: Flightradar24, April 3, 2020/BBC

The infrastructure created by airports and the corresponding financial burden in terms of interest outgo is of a fixed nature. To the extent possible, airports are already implementing cost-containment measures, including postponing capital investments. Going forward, they will have to adopt more efficient methods of management. However, their cost base remains largely unchanged, as more than two-thirds of airports' operational costs are fixed.

With largely fixed expense levels and plummeting traffic levels and revenue, the cost of serving each passenger shoots up. However, airports cannot levy charges beyond the limits determined by airports economic regulator—Airports Economic Regulatory Authority (AERA).

Despite these adverse financial circumstances, airports have stepped up to the challenges and ensured compliance with government advisories on screening of passengers—by deploying additional workforce as well as incurring necessary expenditure on personal protective equipment (PPE), masks, sanitisers and floor cleaners.

All the above measures are also impacting airports' finances adversely and making them cash-starved.

Airports are the engine of the national economy in terms of jobs created and GDP growth. A government study in 2016 estimated the aviation industry in India as employing around one million personnel directly, and around three million indirectly. The report also projected 68% of this to come from airports, including cargo, ground handling, and other airport ecosystem stakeholders. Further, aviation is not just an employment-intensive industry, it also spurs economic growth and sustains it.

The government must step in with the necessary relief measures directed not just at providing relief to tide over current financial stress but help them revive faster and be prepared to serve passenger demand as the economy revives. Relief measures from the government should also help airports in future capacity augmentation.

The measures for immediate cash requirements could be two-pronged—first, reducing outgo, and the second, infusing assistance for fixed liabilities. Outgo can be reduced through immediate suspension of national and local taxes on airports, suspension or waiver of concession fee to the government for a defined period and a moratorium on interest payments for at least six to nine months till emergence of signs of recovery. Such relief measures have been provided to airports by several governments abroad. The government will also need to enable airports to fund their operations through short-term loans with subsidised or nil interest rates.

The government should also work together with the airports for a revival of air traffic via confidence and trust-building measures. These could be through operational aspects like adequate screening, awareness and welcome campaigns.

For capacity augmentation as part of future expansions to meet demand, the government should allow airports to secure funding through multiple channels. Easing guidelines to enable insurance companies and pension funds to invest in "A" category rated securities issued by airport companies and airport holding companies can be one criterion. It can also allow infrastructure development funds to provide long-term funding for fresh capex (against the current guidance to allow only take-out financing) and guide infrastructure banks like IIFCL & IFCI to support new capital requirements. The government should also consider easing ECB norms for airports, including waiver of withholding tax on International Bonds, and relaxation on RBI guidelines for airports holding companies to help them in arranging funds for equity requirements.

The government should support the airport sector to revive these economic engines as a part of the overall economic revival.

REALIGNING PRIORITIES

Budgeting for Covid-19

RAHUL RENAVIKAR
MD of Acuris Advisors Pvt Ltd
Views are personal

States and the Centre need to come together to overcome this pandemic and make India business-ready

WE ALL HAVE a fear of the unknown, what one does with that fear will make all the difference in the world" So said Lillian Russel. The past month has been a test of grit and determination for the entire country. The top-most priority of the government is to stop the pandemic and save as many lives as possible. It is about time that quick and hard steps are taken to bring the economy back on track. A slew of measures like interest rate reduction, loan repayment moratorium, etc, have already been announced. There have been two lockdowns, but the possibility of another extension cannot be completely ruled out, especially in the worst-affected areas. The learning and the experiences from both, the developed and the developing nations, have been a mixed bag, and India, given its uniqueness, has to have a different approach to tackle the looming economic crisis. Most economists have already downgraded India's GDP outlook for FY21. The full picture will only emerge when normalcy is restored.

The timing of the pandemic is unfortunate. Economic activity was already slowing and many efforts such as a reduction in corporate tax rates in September 2019, an introduction of optional lower personal income tax scheme in the Budget 2020, etc, had been taken to give a fillip to the economy. It will be a herculean task to restore growth. The economy seems to be under a severe recession threat; the labour situation is grim; credit lines have dried up; the unemployment rate is at an all-time high, and businesses are staring at huge losses. The situation is alarming.

Second-hand machinery imports should be allowed for those who wish to switch their manufacturing base to India

The Indian growth story has been largely dependent on domestic consumption, supported by exports. Crude is trading at historic lows, and the commodity markets are also witnessing the pressure. The drastic reduction in crude oil prices is not helping the Indian consumer as there is zero or very less consumption. There are also reports in some parts of the media that many companies want to move their manufacturing operations out of the worst affected areas immediately and scout for new countries to set up the manufacturing facility. India needs to respond to this opportunity.

First, and foremost, is making available land and other infrastructure to shift manufacturing. Many state governments have earmarked large parcels of land for industrial development. These can be immediately made available for businesses willing to shift the manufacturing base to India. A strong collaborative approach between the Centre, state and local authorities needs to be adopted to cater to their requirements. The next step could be relaxing the norms for import of second-hand machinery. It is nearly impossible for the manufacturers to order fresh, new machinery to start the manufacturing process, that too when the machinery in the manufacturing plant in the Covid-19 affected areas is rendered redundant. Relaxations could be provided in select sectors, and then gradually expanded. These may be granted for a limited period, say, a couple of months.

Given the efforts and the resources required to fight the pandemic, it would be helpful if the Centre as well as the state governments re-work their respective Budgets for FY21. Tax revenues, which were already under stress, and allocation of expenses, need a re-look. Mobilising additional resources would be a big challenge as there is very little room for raising tax rates. Spending priorities have changed drastically since the outbreak, and the government needs to provide for expenses to cater to the relief mechanism. One of the options is to re-allocate funds. The private sector would continue to play its role in supporting the government's efforts, and it must be ensured that there is enough and more budgetary support for undertaking mass relief programmes. International financial institutions such as the IMF, ADB have also announced aid. Swift action is needed to contain the spread.

Tax relief for recovery

GST concessions can go a long way in supporting businesses

PRAVEEN WILLIAM
Partner, Indirect Tax, KPMG. *Views are personal*

VARIOUS MEASURES HAVE been taken by the government to tide over the Covid-19 storm. It has announced relief via relaxations in GST compliances. Price controls have been imposed on various essential commodities. Recently, it also announced exemptions on customs duties and health cess for some products. GST rates should be suspended/reduced on critical items, including surgical masks, disposable gloves, ventilators, hand sanitisers, etc.

Hospital services are exempt from output GST. However, hospitals routinely incur several input taxes, including huge GST outlay on capital procurement of equipment, and recurring GST on medical devices/items/drugs and services such as rent/marketing/R&D. As ITC facility is not available for exempt-supply, these credit costs are built into the price. Hospital services can be 'zero-rated' allowing refund of such ITC. This would reduce the cost of service and deliver benefits to patients.

Similarly, private healthcare premiums are currently taxed at the 18% rate. Through exemption/reduction of GST, private insurance can also be made affordable.

Strong anti-profiteering mechanisms with sensitisation of end customers can ensure the transfer of benefits.

Routine business activity post-recovery may encounter several hurdles under GST:

■ Disruptions will lead to non-performance of contracts. Parties may commercially settle liability contractually through liquidated damages or arbitration. The department has typically demanded GST on settlement amounts as 'acts of toleration'. This would delay dispute resolution.

■ Companies have actively assisted in relief efforts in response to the government's call to action. Manufacturers of essential items such as masks and FMCG retailers have distributed a proportion of their inventory as relief. ITC on such items may not be available as a blocked credit.

■ The auto sector will be key to any post-crisis recovery. Auto entities scrapping existing inventory under newly introduced BS-VI standards may also need to reverse ITC, a double blow to this critical sector for a bona fide policy change.

■ A rebound in exports is also essential. Exporters hitherto had the option of filing applications under SEIS for FY17 until March 31. There is ambiguity if this date has also been extended till December 31. Currently, there is already a significant backlog of SEIS applications. Delay in disposal and lapse will further hurt service exporters. Proactive redressal will, thus, go a long way.

The post-Covid economic scenario will be extremely cost-sensitive. Seamless flow of ITC can greatly reduce cost stress.

During lockdown, companies will still incur routine expenses (such as rent, IT) without revenue. As business picks-up, offset of ITC against output will be staggered. Stressed sectors such as travel and tourism may prefer an immediate inflow of cash of ITC, rather than prolonged adjustment. Crunch in cash flow can hinder credit validity. Payments not made to suppliers within the statutory 180 days period or withholding of payment for non-performance can lead to credit loss. Vendors may default in filing returns or discharging tax payment even over an extended period due to genuine business difficulties. This will make reconciliation a difficult task. Deferring the statutory date for credit claim would be ideal. Thus, rather than digital signature filing of applications should be done with Aadhar-linked electronic verification code (OTP). Exemption from uploading invoices for GST refund should be given. Scanned copies of instead of actuals should be considered.

A collaborative approach is the need of the hour. Let us all move together to 'un-tax' the coronavirus.

(with inputs from Sandip Jain, CA)

Learning from UP's transport success

How Uttar Pradesh managed to ferry four lakh workers in four days

RAJ SHEKHAR
MD, Uttar Pradesh State Road Transport Corporation. *Views are personal*

IT WAS AROUND 9 PM on March 27, when my phone rang. Additional chief secretary, home, Awanish Kumar Awasthi, who was sitting in front of UP CM Yogi Adityanath, told me that the CM wanted 1,000 buses to reach the Delhi-UP border immediately.

Before I could respond, the home secretary said, "Situation on Delhi borders is challenging, kids, females and elderly in large numbers accompany those wishing to return. They are without food and water. CM is asking to make arrangements immediately".

No transport was available as the nationwide lockdown was announced to contain the spread of coronavirus. Uncertain of their future, this massive sea of workers was at the border wanting to go back home.

Add to this, only 10% of the staff at the transport department was on emergency duty. I called all my officers and asked them to reach the office within an hour. By midnight, the department was ready for the action. Orders were issued to start plying buses by 8 AM, March 28. We had decided to deploy 1,000 buses within 24 hours. Target was to scale up deployment to 3,000 buses.

Additional chief secretary, home, has also sent a message to all the DMs to facilitate plying of buses. By 8 AM, about 600 buses were ready on the Delhi border. We decided to move 100 buses every hour.

CM Yogi Adityanath himself was monitoring the situation. When the first lot of buses left Delhi border, CM reached Mohan Road Toll Plaza of Lucknow-Agra Expressway and interacted with the passengers.

On the first two days, i.e., March 28 and 29, 2,000 buses carrying workers had left for destination. However, gathering at the border was so huge that on March 30–31, I was again told that at least 600–700 additional buses were required.

Between March 28 and 31, nearly four lakh people were transported. Buses made 6,489 trips, and drivers and conductors were provided masks and sanitisers.

When these buses reached the district headquarters, the concerned departments conducted health check-ups. Those with Covid-19 symptoms were quarantined and sent home only after mandatory 14-day isolation.

Carrying over four lakh migrant workers safely with every precaution was no small feat. It was possible because of the guidance of CM Yogi Adityanath, transport minister Ashok Katiyar, and of course, due to the cooperation of transport department employees, and district administration.

International

FRIDAY, APRIL 24, 2020

OF ALL THE PEOPLE
Donald Trump, US president

As president, I am absolutely determined to deliver a great future for Americans of every race, religion, colour, and creed.

CORONA CRISIS

Pandemic sends global economy into deep spiral

Governments and central banks around the world have unleashed unprecedented amounts of fiscal, monetary support

REUTERS
London/Tokyo, April 23

GLOBAL ECONOMIC ACTIVITY all but ground to a halt this month as government-imposed lockdowns due to the coronavirus pandemic took a particularly heavy toll on the world's service industry, surveys showed on Thursday.

The outbreak, which has infected more than 2.6 million people and killed more than 180,000 globally, has also crippled manufacturing, shutting factories and upending supply chains.

Meanwhile, with restaurants, bars and other leisure options closed, holidays cancelled and travel restricted, the situation in the services industry was dire.

To try and support economies reeling from the coronavirus pandemic, governments and central banks around the world have unleashed unprecedented amounts of fiscal and monetary support.

But Asia's economic woes, seen in flash purchasing managers' indexes, were echoed in surveys from Europe. Data from the United States later on Thursday are expected to show massive contractions in the factory and services sectors there, too.

In the euro zone, IHS Markit's Flash Composite Purchasing Managers' Index (PMI), seen as a good gauge of economic health, sank to 13.5, by far its lowest reading since the survey began in mid-1998 and considerably below all forecasts in a *Reuters* poll.

Even the most pessimistic contributor to the poll had predicted a reading of 18.0.

As countries began to shut down last month the index staged its biggest one-month fall on record in March, hurtling below the 50 mark that separates growth from contraction to 29.7.

"As expected, the euro zone April PMI fell even further, confirming the deep contraction," said Bert Colijn at ING.

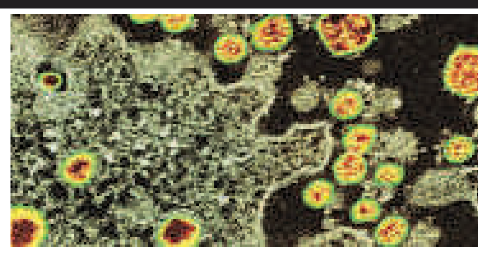
"What does the survey really tell us that we don't already know from looking out the window and seeing empty streets and closed shops? Not that much actually."

IHS Markit said the PMI was consistent with the bloc's economy contracting 7.5% this quarter. A *Reuters* poll published on Wednesday had a 9.6% contraction penciled in.

MAPPING THE VIRUS

Global cases
2.6 million
Deaths exceed
184,000

- Trump signs executive order suspending immigration
- Six vaccines in human trials stage, WHO says
- Coronavirus leading to Europe's highest deaths in decades
- Temperature checks, constant anxiety in pandemic's city zero
- Slow pace of UK rescue loans sparks ire
- Pakistani doctors urge government to reimpose mosque restrictions
- Trump's crisis handling spikes number of undecideds



As many as half of the people killed by coronavirus in Europe were residents in long-term care facilities, the World Health Organization said on Thursday.

Siemens Healthineers has developed an antibody test that can tell in 14 minutes whether someone was infected with the virus. The test is more than 99% accurate and will be available by late May, the former Siemens AG subsidiary said in a statement.

Europe's health regulator warned of exacerbated heart risks from the combination of an old malaria medicine with an antibiotic, a treatment regimen for Covid-19 that was endorsed by Trump.

Spain reported the most new coronavirus cases and fatalities in almost a week, a day after the government secured parliamentary approval to extend a state of emergency through May 9. There were 4,635 new infections in the 24 hours through Thursday, taking the total to 213,024.

Europe's economy suffered a massive blow in April when government restrictions to contain the coronavirus left companies fighting to stay afloat. An estimate of private-sector activity in the euro area plunged to just 13.5 from 29.7 in March, IHS Markit said Thursday.

Lagarde tells EU leaders GDP may fall up to 15%

BLOOMBERG
April 23

EUROPEAN CENTRAL BANK President Christine Lagarde told EU leaders that the euro area's gross domestic product could fall by as much as 15% as a result of the pandemic, and that they risk doing too little, too late, according to three people familiar with the remarks.

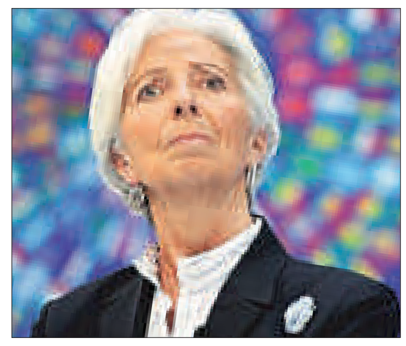
Lagarde spoke during a video conference meeting of the European Union's 27 heads of government, who are discussing how to mitigate the economic fallout of the virus.

One of the officials, who asked not to be identified because the deliberations are private, said that a 15% recession is the extreme scenario singled out by Lagarde, with the ECB president saying her baseline estimate is a 9% cut in output this year.

With more than 100,000 fatalities in the region, Europe has been hard hit by Covid-19 and the fallout from the crisis is tearing at the fabric that holds the group of nations together. Strict lockdowns have shuttered factories and halted travel, pitching the trading bloc into the worst recession in living memory.

The European Commission, the bloc's executive arm, has floated a 2 trillion-euro ($2.2 trillion) plan for economic recovery that would rely heavily on the EU's budget, according to a draft copy of the proposal obtained by Bloomberg. This plan would include the Commission borrowing 320 billion euros on the capital markets and then channeling the proceeds to member states hit the worst.

France, Spain and Italy have called for the EU to introduce joint debt sales but governments such as Germany and the Netherlands have rejected so-called coronabonds over fear that they'd be stuck with the bill. There is also disagreement over who how to share the costs of the recovery, and under what terms the pooled funds would be disbursed.



15% recession is the extreme scenario singled out by Lagarde, with the ECB president saying her baseline estimate is a 9% cut in output this year

US jobless claims wipe out gains from longest boom

REUTERS
Washington, April 23

A RECORD 26 million Americans sought unemployment benefits over the last five weeks, confirming that all the jobs created during the longest employment boom in US history were wiped out in about a month as the novel coronavirus savages the economy.

The Labor Department said on Thursday 4.427 million more people applied for unemployment benefits for the first time last week, down from a revised 5.237 million the week before. The median expectation among economists in a Reuters poll was for claims to have fallen to 4.2 million last week, although estimates had ranged as high as 5.5 million.

The latest data brings the cumulative unemployment benefits claims to more than 26 million since the week ending March 21, representing about 16% of the labor force. The economy created 22 million jobs during the employment boom which started in September 2010 and abruptly ended in February this year.

Though weekly jobless filings remain very high, last week's data marked the third straight weekly decline, raising hopes that the worst may be over.

Zoom privacy backlash widens with Daimler, Ericsson and BofA curbs

BLOOMBERG
New York, April 23

SOME OF THE world's largest companies have advised against the use of Zoom Video Communications' conferencing app, fueling a growing backlash against a service that shot to prominence during the Covid-19 pandemic.

Daimler, Ericsson, NXP Semiconductors and Bank of America are among a wave of companies forbidding or warning employees against using Zoom because of concerns about its security, according to people familiar with their operations. They join corporations like Tesla. and government agencies from Taiwan to Singapore that have banned the app's use, though the city-state has since backtracked. India has deemed Zoom an unsafe platform and initiated a public contest to develop a secure homegrown video-chat alternative.

Zoom emerged during the global coronavirus lockdown as a home for everything from virtual cocktail hours to cabinet meetings and classroom learning. It passed the milestone of 300 million daily meeting participants this week, having never crossed 10 million before the start of this year. Its share price remains close to a record high achieved in March. However, cybersecurity researchers warn hackers can exploit flaws in the software to eavesdrop on meetings.

Daily users surge to 300 million despite woes

ZOOM HAS BEEN lambasted for its security flaws, but the backlash hasn't slowed growth. The company reported a 50% surge in use of the online meeting application in the past three weeks.

On April 21, more than 300 million people used Zoom's videoconferencing app, up from about 200 million on April 1, CEO Eric Yuan said Wednesday during a webinar focused on security. While some companies and school districts have dropped the app, Zoom's response has reassured investors and sent shares climbing. **—BLOOMBERG**

Quick View

Consumer sentiment in US at 11-year high

MORE US CONSUMERS than at any time in the last 11 years said prospects for the economy were deteriorating and a weekly measure of sentiment extended its slide — the consequence of business shutdowns and longer unemployment lines as the nation battles the coronavirus pandemic. Fifty-eight percent of consumers in April, the largest share since February 2009, said economic expectations were getting worse compared with 34% who said so a month earlier.

Expedia names new CEO, seeks $3.2 bn for recovery

EXPEDIA NAMED A new chief executive officer and finance chief and said it's raising about $3.2 billion to shore up its finances after virus lockdowns decimated the travel industry. Vice chairman Peter Kern, who's been running Expedia alongside chairman Barry Diller since December, was named CEO, the company said in separate statements on Thursday.

Credit cards start cutting limits for people in US

MAJOR US CREDIT-card issuers are starting to lower customer spending limits as the pandemic leaves millions of Americans jobless. Discover Financial Services just became the largest lender yet to acknowledge it's begun reining in lines of credit.

Foreign labourers in Gulf trapped, sickened by virus

Workers wearing protective face masks work on a residential construction sitein Dubai, United Arab Emirates
REUTERS

ASSOCIATED PRESS
Dubai, April 23

LONG A LIFELINE for families back home, migrant workers in oil-rich Gulf Arab states now find themselves trapped by the coronavirus pandemic, losing jobs, running out of money and desperate to return to their home countries as Covid-19 stalks their labor camps.

Whether on the island of Bahrain, hidden in the industrial neighborhoods behind Dubai's skyscrapers or in landlocked cities of Saudi Arabia, a growing number of workers have contracted the virus or been forced into mass quarantines. Many have been put on unpaid leave or fired.

The United Arab Emirates is even threatening the laborers' home countries that won't take them back with possible quotas on workers in the future — something that would endanger a crucial source of remittances for South Asian countries.

Workers like Hunzullah Khaliqnoor, an IT manager from Peshawar, Pakistan, who shares a room in Dubai with his two brothers, just wants to escape.

Khaliqnoor said he has been pleading daily with the Pakistani Consulate to fly him and one of his brothers out. "Our job is gone and we need to move."

It's a cruel fate for the millions of mostly South Asian migrants who left their homes. They've missed priceless years and family milestones for more lucrative wages in the Gulf.

Their work is essential for the region that hosts them and for their home countries. Their remittances are a lifeline for nations like Afghanistan, India, Nepal, Pakistan and the Philippines.

Some 35 million laborers work in the six Arab Gulf states of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE, as well as in Jordan and Lebanon, according to UN figures.

Apple aims to sell Macs with its own chips starting 2021

BLOOMBERG
Los Angeles/Taipei, April 23

APPLE IS PLANNING to start selling Mac computers with its own main processors by next year, relying on designs that helped popularize the iPhone and iPad, according to people familiar with the matter.

The Cupertino, California-based technology giant is working on three of its own Mac processors, known as systems-on-a-chip, based on the A14 processor in the next iPhone. The first of these will be much faster than the processors in the iPhone and iPad, the people said.

Apple is preparing to release at least one Mac with its own chip next year, according to the people. But the initiative to develop multiple chips, codenamed Kalamata, suggests the company will transition more of its Mac lineup away from current supplier Intel.

Unilever drops targets as consumer habits change

REUTERS
April 23

UNILEVER DITCHED ITS annual sales targets on Thursday and warned that its performance could deteriorate in the current quarter as it adjusts to a world in which people consume more at home.

The Anglo-Dutch maker of Dove soaps and Knorr soups said it had been hit by changes caused by the pandemic, with more people eschewing restaurant visits and ice-creams in the sun and instead cooking their own meals.

"Things will get more difficult before they get better," Chief Executive Alan Jope said on a call, pointing specifically to the impact on ice cream sales and a food solutions business that caters to canteens, restaurants and cafes.

Unilever, however, said it was positive that people would focus more on personal hygiene, driving sales of laundry detergents, hand sanitizers and soap-based products even after the pandemic subsides.

The FTSE-100 listed company has accelerated production of hand sanitisers, once a small part of its business, and has 30 facilities producing the hydroalcoholic gel.

We are adapting to new demand patterns and are preparing for lasting changes in consumer behaviour as we move out of the crisis & into recovery

— ALAN JOPE, UNILEVER CEO

SELECTIONS FROM

The Economist

BRITAIN
DEFICIT FINANCE

Why the Bank of England is directly financing the deficit

The Bank is doing what it hates, but what needs to be done

MONETARY FINANCING IS a modern term for one of the oldest taboos for central banks: printing money to fund government spending. On April 5th Andrew Bailey, governor of the Bank of England, insisted in the Financial Times that the bank would not directly fund the government since such action would damage its credibility. Four days later the bank announced that some monetary financing would in fact take place via an expansion of the so-called Ways and Means facility.

Bailey had described the facility, which is as old as the bank itself, as a "historical feature". It is a bit like an overdraft. The bank will create new money and transfer it to the government, which will later, it says, borrow in financial markets to pay the balance down. During the global financial crisis of 2007-09 some £20bn ($25bn) of borrowing was funded this way.

Monetary financing, with its echoes of Zimbabwe and Weimar Germany, raises fears that investors will lose confidence in a central bank seen to be under the thumb of a finance ministry—hence Mr Bailey's earlier caution. But modest use of the Ways and Means facility is not likely to lead to inflation, let alone hyperinflation.

The bank's actions so far look like sensible support for the government in exceptional circumstances. Tax receipts are plummeting just as spending is rising to cushion the economic impact of covid-19. The Office for Budget Responsibility, a watchdog, reckons this year's deficit could reach 14% of gdp. Even with its new line of credit from the bank the government plans to issue £45bn of gilts in April alone, well above the previous monthly peak of £28bn in September 2009. The overdraft at the bank allows the government to smooth its borrowing in markets over a longer period, rather than risk investors choking on the sudden surge in its debt.

Bailey's volte-face is unlikely to do him much harm. During a crisis "being right is more important than being consistent," argues a fund manager. Gilt investors are relaxed about the temporary use of the facility and confident about the bank's independence; government bond yields barely budged on the news. Bailey can afford to relax a little, too.

Andrew Bailey

Covid-19 test makers rise on progress reports

BLOOMBERG
New York, April 23

A HANDFUL OF healthcare companies that are developing or selling tests to diagnose the coronavirus traded higher on Thursday after Cowen analysts highlighted the rise in the number of tests being conducted in the US.

Hologic and Laboratory Corp of America were the top performers in the S&P 500 Health Care Index in early trading, as Cowen analysts led by Doug Schenkel said the ramping number of coronavirus tests was "encouraging and consistent with our expectation that testing capacity could expand significantly" to about 500,000 per day by the end of May.

BrandWagon

FRIDAY, APRIL 24, 2020

NUMEROLOGY

Genre-wise growth in TV viewership amid Covid-19 crisis:

■ News: 298% ■ Infotainment: 63% ■ Movies: 56%

— Nielsen-BARC report

COVID-19 IMPACT

Continuity of communication

How should brands steer conversations when times are tough and the intent to spend is low?

NEENA DASGUPTA

OUR WORLD OF transactions is bucketed simply between buyers and sellers, whether it was the time of barters or in times as modern as ours. Its premise is formed clearly on the platform of need and the willingness to pay for the need. With intense competition, the willingness to pay keeps shifting based on different variables. However, the one that does not change ever is the need; only its degree varies.

In good times and bad, each seller needs to ensure that they continue to communicate with the buyer(s). For if we keep the willingness to pay variable in mind, it follows only post consideration. And that requires building a relationship that allows for continued or growing market share and continuity in the conversation.

Keep talking

How should these conversations change when times are tough and the intent to spend or the willingness to pay is low? The relationship link needs to be fed with assurances and a sense of security. Each brand must do two primary things at this time: define their link or hook to strengthen the bonds — it needs to be something that goes beyond the service/ product and take the hue of serving; and define the medium where the conversation can take different shapes and form, and continue to travel through a neural network of individual connections. And in a way that it can be managed for the long term.

In the current circumstances, owing to the pandemic, it seems the digital medium is the one that remains efficient and effective. It's important to, of course, understand digital consumption trends before the brand stitches a sustained communication plan.

The platforms that are leading consumption currently and are likely to continue growing are social media (Instagram leads the lot currently), OTT (video and audio), gaming (emerging) and search (though underutilised, its relevance is significant). Augmented reality will be expected to gain traction across sectors, and has the potential to change customer experience altogether. With significant investments driving voice, e-commerce businesses and brands will lead engagement with the next billion users to drive purchases.

It is imperative that these platforms are used in a plan by paying focussed attention to the content to be used, the ad message to be displayed, and using data to amplify the reach of the message further by retargeting. It's also important to shift to a combination of a buying audience, content archetype and the environment allowing the best reach and engagement with prospects. The digital trends today are directing us to think at the levels of engagement and outcome, both being aligned to long-term business objectives and not limited to short-term objectives of RoI.

What seems to have started as an outcome of the lockdown, will continue in large parts as a habit as soon as a new balance is found in business and life.

Wording it right

A few critical inputs are required to keep consumer continuity in the digital medium.

Consumer segmentation: Each brand must focus on segmenting their consumers by their psychographics, and design content basis their content archetype.

Creative segmentation: The creatives must be designed for each segment and related audiences, ensuring the message is received in different formats, moods and context. What appeals to the brain is the beauty and relevance, and special attention must be given to both.

Analytical segmentation: Marketers must unify their entire connect initiative reporting on a single platform, allowing them to optimise by parameters such as content, creative, destination and audiences.

Audio integration: OTT audio must be an integral part of the communication process, given that this medium will continue engaging the consumer post the lockdown. Listening is the new watching.

Commercial consideration: Work with partners who bring business outcomes using the best technology and tools available to deliver pure results. Retainerships must be revisited at this time.

Crisis situations tend to lead us to curbing costs of communicating. However, it is this investment at this time that's going to hold a brand/ organisation in good stead, because they will strengthen their connect, remain in contact and do so in a quiet environment where consumers are listening.

The author is CEO and director, Zirca Digital Solutions

BLOGGER'S PARK

Be an agent of hope

A guide to marketing in the time of coronavirus

Abhishek Gupta

THE CORONAVIRUS PANDEMIC that has hit us like a tidal wave, will bring a seismic shift in our lives. Across countries, governments, healthcare ecosystems, corporations and regulators are leading from the front to preserve stability. During such a time, the role of marketing has become more pronounced than ever. Marketers have been encumbered with the task of keeping their brands relevant and visible without being tone-deaf and unsympathetic.

With brands walking this tightrope, corporate social responsibility has come to the fore. Brands are making sizeable donations and even building necessary equipment for people and healthcare workers. Marketers are winning hearts of their stakeholders — be it the customers, employees or distributors — by providing comfort through action and communication.

So, what are the takeaways for managing such brand disruptions?

Think new-age: A brand must know how to use new-age platforms when the situation demands it. Take Mumbai-based Marico, for instance, which has stayed ahead of the curve in fulfilling customer needs. Considering its reliance on traditional means of distribution, the FMCG sector has been affected by India's nationwide lockdown. But Marico partnered with Swiggy and Zomato to facilitate easy access for its customers. This reflects its emphasis on customer centricity along with business continuity.

Agility is crucial: Agility is the cornerstone of any brand that hopes to stay relevant in the longer term. Your communication must evolve as the situation changes. In early March, as the Covid-19 crisis escalated across the US, automotive major Ford pulled back its vehicle ads and quickly replaced them with its coronavirus relief initiatives. The company promoted the Ford Credit programme which provides financial relief to buyers during extraordinary disasters.

Voice of and to the customer: Marketers have a unique opportunity of being the customer's confidante by assuring them that their interests are safeguarded. During such crises, financial concerns can seem daunting and add to the burden. American banking major Chase is offering payment assistance to its auto and home loan borrowers who are unable to keep up with their payments.

Interact with stakeholders: Transparency and constant communication can help restore the confidence of your stakeholders. With fear over health running

high, brands can help manage the wellbeing of their employees. Be a credible source of information and a friend that constantly assures them. Axis Bank is among various brands offering virtual meditation sessions and online learning modules to safeguard employees' mental health.

Put PR into overdrive: PR is crucial in preserving the brand's tonality. Any corporate action or communication must undergo scrutiny, as what you do and say today will stay with your stakeholders for a long time. You don't want to be a 'publicity-hungry' brand, but one that walks the talk. Mahindra Group, for instance, has struck the right balance by backing up its PR drive with meaningful action of building ventilators.

Equip your salesforce: Some sectors like insurance have always relied on personal interaction. With social distancing norms in place, marketers must equip the salesforce with new methods to interact with customers. Many insurance players have created virtual training to guide its salesforce in reaching out to their customers digitally, by leveraging platforms like webinars.

Prepare now for normalcy: Believe that the world will return to normalcy. You don't want to be caught off-guard, while the rest of the world recuperates. Armed with new learnings, you can have a deeper impact on your stakeholders. For instance, as China limps back to normalcy, e-commerce giant Alibaba and Taobao Live partnered to livestream Shanghai Fashion Week, which featured over 150 brands.

The author is CMO, Edelweiss Tokio Life

AFTER HOURS

RITESH GHOSAL
CMO, CROMA – INFINITI RETAIL

The Job

I HAVE BEEN a nomad all my professional life, shopping for interesting assignments and bagging quite a few. What I love about my role at Croma is the ability to innovate at speed — decisions taken on a Monday are in execution across the country by Thursday, and a preliminary report card is available for review the next Monday. Add to this the culture of attacking the problem and not the person, and impatience with long, prepared presentations — suffice to say, I have not once felt tired at the beginning of the day in the last five years.

What I dislike — and this is not specific to Croma but across the 10 organisations I have been associated with — is the way HR functions. HR is tasked with regulating rather than inspiring talent in large organisations. An alternate model of managing large teams is waiting to be discovered, or perhaps I am just dreaming.

The Weekdays

BY THE TIME I enter the office in the morning, I have had around three hours to collect my thoughts and prepare my plan for the day — being an early riser helps as does the Mumbai traffic. Most days, I am not able to follow the plan. Retailing is a daily business and there are always issues to address and opportunities to chase that come up in the course of a day. Typically, I recharge and clear my mind of all office-related matters on the way back home.

The Weekend

TYPICALLY, I SPEND the weekend lazing with the family. On the rare occasion when I feel like braving the Mumbai traffic, I catch up with old friends at some restaurant serving interesting food. As I have got older, I have started putting a premium on time spent with old friends — people I can be 'young' with. One thing I have started enjoying immensely are road trips with family or friends.

The Toys

I USE A lot of gadgets to simplify my life or make it more enjoyable. From the Kindle I read on, to the smartwatch I keep track of my lifestyle with, I am pretty 'wired'. The one app I can't live without is Google Maps — it's a critical part of my strategy in navigating Mumbai traffic and also a companion on my travels.

The Logos

THE STRONGEST CONNECTION I have felt is to the world view expressed by Sprite in its brand's communication of the late '90s and early 2000s. Sadly, the recent work of the brand has diluted this position, but I continue to be a '*baaki sab bakwaas*' guy.

Personal Finance

TAX SAVING OPTIONS

ELSS: A good bet now for Section 80C

If you want the market upside, benefit of current low prices and have appetite for volatility, you may invest in ELSS now in a staggered manner, that is, via SIP

Joydeep Sen

ILLUSTRATION: SHYAM KUMAR PRASAD

THERE ARE A host of investments eligible for Section 80C benefits, which have already been discussed earlier. Today, since the market situation is different, we have a new perspective:

■ One, time period for savings for financial year 2019-20 has been extended till June 30, 2020, hence you have time to think. If you have not done it already, you can do your 80C investments now. If you have done already, you can invest for financial year 2020-21.

■ Two, the sharp market correction makes Equity Linked Savings Schemes (ELSS) funds available at a cheaper price.

ELSS proposition

The USP of ELSS, among the host of options under Section 80C, is that it offers the market upside. The other options — EPF, PPF, Post Office products, bank fixed seposits, etc. — are contractual return products, popularly referred to as guaranteed products. In insurance, ULIPs are market linked and endowment policies are somewhere in between, but more towards fixed income. That is, in ELSS, you get tax benefits as well as market-linked upside.

Current situation

The market upside mentioned above, is not just undiluted upside, but subject to volatility. The market is going through one of the sharpest corrections ever. As of April 3, 2020, the average 3-year return from the basket of ELSS funds is negative (-) 5.5% per year (regular option, source AMFI). The 5-year return is -0.3% per year (regular option, source AMFI). To be noted, the 10-year average, even after the market correction, is 6.88% per year.

What do we observe from this?

■ One, if someone invested three years ago, with a horizon of three years, he would have got the tax benefit only. Even over the last five years, barring a few funds, returns are negative. The horizon for investment in equity should not be just three years. In ELSS funds, three years is the lock-in period, but horizon should be longer.

■ Two, it may sound like stating the obvious, and it has been stated many times in the recent past, returns as of today's date is poor because prices are cheap, valuations are attractive. Hence, if you invest today, returns over the next three years / longer period would be better. As the punchline goes, past performance is not an indicator of the future.

■ Three, volatility is part of equity investments. If you want tax benefit, safety and stable returns, then you have to look at the contractual return avenues.

PPF for comparison

Taxation of PPF is exempt-exempt-exempt i.e. you get tax benefit when you invest, the interim payments, i.e. interest, is exempt and the final withdrawal also is exempt from tax. In ELSS, dividend payments and capital gains are taxable. PPF is safe, i.e. there is no default risk. The rate of interest is reviewed by the government every quarter, but any revision in interest rate would definitely not be as volatile as ELSS and would be more than bank deposit rates. The rate of interest in PPF, after the latest revision, is 7.1% from April 1, 2020, revised downwards from 7.9%.

Conclusion

If you want the market upside, benefit of current low prices and have appetite for volatility, you may invest in ELSS now in a staggered manner, e.g. SIP, because nobody knows the market bottom. If you want assured returns, then you have the benchmark of 7.1%. To be noted, PPF has an upper ceiling of deployment of ₹1.5 lakh per year. In ELSS the limit for Section 80C is ₹1.5 lakh per year but otherwise, there is no upper limit for investment.

The writer is founder, Wiseinvestor.in

Know when your income can be clubbed

The income of a spouse or child is clubbed together with the income of major earner of the family when certain conditions are met

TAX TALK

SANDEEP KANOI

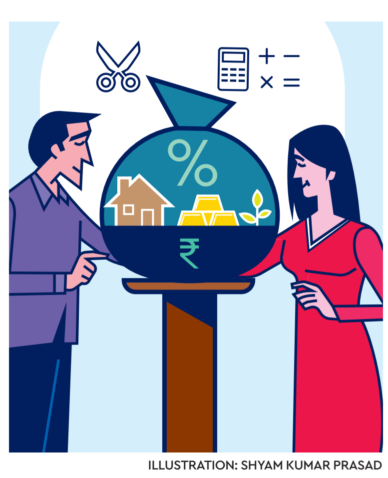


ILLUSTRATION: SHYAM KUMAR PRASAD

CLUBBING OF INCOME means the inclusion of income of a person in the gross total income of the major earner while computing his/her taxable income. In general, these clubbing provisions are applicable among family members. The income of a spouse, child are clubbed together with the income of major earner of the family.

Relationship of husband and wife

The relation between the transferor and transferee as husband and wife must subsist at the time of transfer of the asset and at the time when income is accrued. Therefore, if the asset is transferred before marriage, then such transfer is outside the scope of this section.

In a situation where the transferor-spouse dies, income, though continued to be enjoyed by the transferee, cannot be clubbed in the hands of the deceased transferor's heir, as a widow or widower is not a spouse.

Income from assets transferred to spouse

In computing gross total income of an individual, all the income arising (direct or indirect), subject to Section 27(i), to the spouse of such individual from assets transferred directly or indirectly without adequate consideration or in connection with an agreement to live apart shall be included. Where a husband (being the major income earner) transfers any asset to his wife, then the income generated from such transferred asset shall be clubbed in the income of the transferor (husband) to the extent of the inadequacy of consideration.

Section 64(1)(iv) is applicable only if the following conditions are satisfied:

1. The assessee is an individual.

2. The assessee has transferred an asset (other than house property).

3. The asset is transferred by the assessee to his/her spouse.

4. The transfer of the asset may be direct or indirect.

5. The asset is transferred otherwise than for adequate consideration or in connection with an agreement to live apart.

If the abovementioned conditions are satisfied, any income arising from such transferred asset shall be clubbed to the income of the transferor and the same shall be deemed to be the income of the transferor. However, the income arising from transferred asset should be computed in the same way as it would be if the asset has not been transferred. All exemptions and deductions in respect of such income can be claimed by the transferor.

The provisions under Section 64(1)(iv) is not applicable in the following cases:

1. Where the assets are being transferred before marriage.

2. Where the assessee transfers the assets for adequate consideration.

3. Where the assessee transfers the assets in connection with an agreement to live apart.

4. Where on the date of accrual of income, no husband and wife relationship exists between transferor and transferee.

5. Where the asset is acquired by the spouse out of pin money.

In the above mentioned cases, income-generating from transferred asset cannot be clubbed in the hands of the transferor.

The writer is a chartered accountant
Source: Tax Guru

Markets

FRIDAY, APRIL 24, 2020

COVID CRISIS

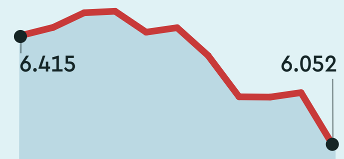
TT Srinivasaraghavan, MD, Sundaram Finance

"One is medical consequences, another is economic consequences, and — more importantly — social consequences, because livelihoods are being destroyed. The social fabric of this country is what I worry about a lot."

Money Matters

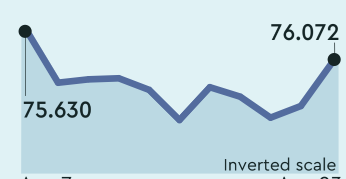
G-SEC

The benchmark yield fell due to buying support 0.171%



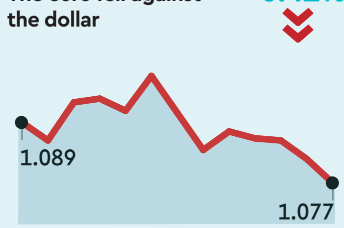
₹/$

The rupee appreciated on global cues 0.78%



€/$

The euro fell against the dollar 0.42%



YIELD AT 11-YEAR LOW

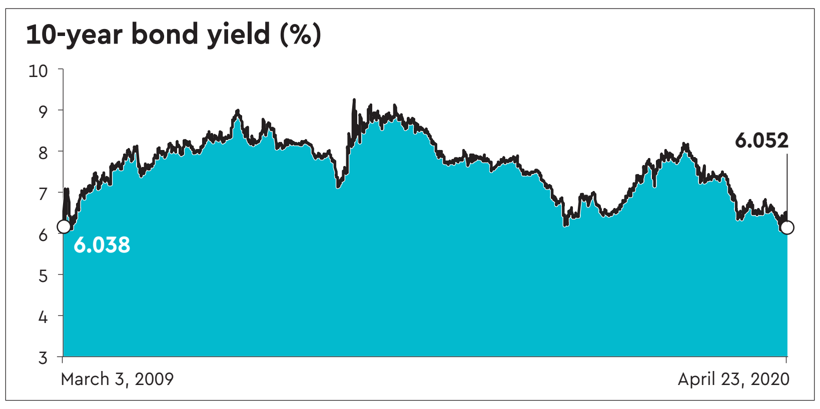
Bond market cheers as RBI announces special OMO

FE BUREAU
Mumbai, April 23

BONDS RALLIED ON Thursday with the market cheering the announcement of Operation Twist by the Reserve Bank of India (RBI) through which the central bank will simultaneously buy and sell long-dated and short-tenor government securities, respectively, via open market operations (OMOs). The benchmark yield closed 16 basis points down at an 11-year low of 6.06%. During the day, the yield fell to as low as 6.01%.

RBI notified that it will buy long-dated bonds maturing in 2026, 2028, 2029 and 2030, while it will sell short-dated securities maturing between June 2020 and April 2021. Both the purchase and sale will be worth ₹10,000 crore each.

Independent market expert Gopikrishnan MS said the central bank is definitely anticipating additional borrowing by the government and in the run-up to that, it has commenced this twist operation to reduce the burden of additional supply on the market. "Revenues are going to crash this year and you need additional money to manage the Covid-19 crisis. It's too early to predict the extra borrowings that may be needed, but the current estimates are anywhere around ₹2.5-3 lakh crore. RBI could be looking at buying

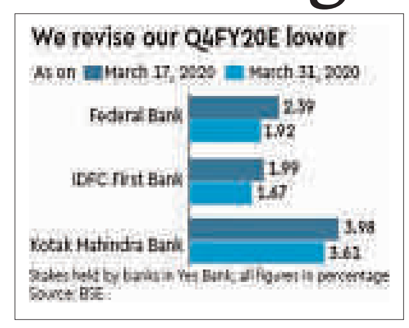


Indian government securities through OMOs, auctions and switches (Operation Twist) to the tune of this amount during this fiscal," Gopikrishnan said.

RBI had earlier conducted its 'Operation Twist' in December last year when the term premia — the difference between the policy repo rate and the government securities' yield — was moving higher. Going forward, experts say a lot will depend on the announcement of the second fiscal package by the government as well as RBI's plan to tackle the potential additional borrowing by the government.

Siddharth Shah, head of treasury at STCI Primary Dealer, believes the endeavour is to bring the long-term rates down and eventually pass on the reduction in these rates to the lending rates in the economy. "A crucial impact of this will be a reduction in the government's borrowing costs. The 10-year benchmark yield can definitely go to 5.75%. That will happen by the end of June and will depend on how the government brings the fiscal package and what has been planned by RBI in this context. In the absence of further knowledge, the market is taking the OMO news very positively which is reflecting in the yields," Shah told *FE*.

Three private banks cut stake in Yes Bank within two weeks of investing



SHRITAMA BOSE
Mumbai, April 23

THREE PRIVATE BANKS — Federal Bank, IDFC First Bank and Kotak Mahindra Bank — have reduced their stakes in troubled Yes Bank within two weeks of investing in the lender, shareholding data shared with the stock exchanges has showed.

Between March 17 and March 31, Federal Bank's stake in Yes Bank fell to 1.92% from 2.39%, IDFC First Bank's fell 1.67% from 1.99% and Kotak Mahindra Bank's dropped to 3.61% from 3.98%. The other financial institutions who had come to Yes Bank's rescue in May continue to hold on to their stakes, with State Bank of India (SBI) holding a 48.21% share.

After the Reserve Bank of India (RBI) imposed a moratorium on Yes Bank and superseded its board on March 5 this year, a number of institutions from the financial sector came together as white knights to infuse equity into the capital-starved bank. At the time, they had agreed to lock in at least 75% of their investment for a three-year period. The other investors are ICICI Bank, Axis Bank, Bandhan Bank and Housing Development Finance Corporation (HDFC).

After the implementation of the reconstruction scheme, Yes Bank has been relying on certificates of deposit (CDs) to raise money for its operations at a time depositors' confidence in private banks has been shaken. On March 26, Yes Bank's board had approved equity fundraising of up to ₹5,000 crore. Analysts expect the bank to go for a rights issue in the months ahead, which would involve existing shareholders bringing in more money.

Sector analysts said the success of the scheme for reconstruction of Yes Bank is crucial for the bank's future. In a note dated March 7, HDFC Securities wrote, "It is difficult to assess the quantum of stressed exposure at YES (fund+non-fund based) and possible addition to the same. In the event funds infused are not able to offset the increase in NPLs (non performing loans) and required provisions, the scheme may not succeed."

Thereafter, Yes Bank in its results for Q3FY20 reported a net loss of ₹18,560 crore against a net profit of ₹1,002 crore a year ago. The loss came on the back of a 4,400% year-on-year jump in provisions, which stood at ₹24,766 crore for the December quarter.

Slippages for the quarter were to the tune of ₹24,587 crore, while gross non-performing assets (NPAs) stood at ₹40,709 crore, or 18.87% of the loan book. The bank's provision coverage ratio (PCR) improved to 72.7% from 43.1% in the September quarter. Its capital adequacy tier-1 (CET-1) ratio dropped to 0.6% from 8.7% a quarter ago. The bank had said the number would improve to 7.6% after the fresh round of infusion by multiple banks.

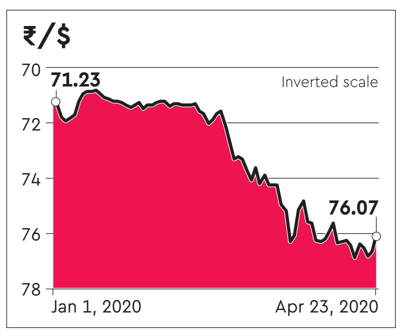
On Thursday, Yes Bank's shares ended 4.39% lower than their previous close at ₹28.30 on the BSE.

Rupee surges by 62 paise to two-week high of 76.06

PRESS TRUST OF INDIA
Mumbai, April 23

THE RUPEE SOARED by 62 paise to settle at a two-week high of 76.06 against the dollar on Thursday, tracking gains in domestic equities as hopes of another stimulus package from the government bolstered investor sentiment.

Forex traders said investor sentiment strengthened after RBI said it would undertake additional purchase of government securities through open market



operations (OMOs).

At the interbank foreign exchange, the rupee opened higher at 76.31 rose further to the day's high pf 76.00. The rupee finally settled at 76.06 against the dollar, registering a rise of 62 paise over its previous close. This is the highest closing level since April 7.

On Wednesday, the rupee had settled at 76.68 against the dollar.

The dollar index, which gauges the greenback's strength against the basket of six currencies, was trading 0.08% up at 100.46.

Quick View

LIC Housing Fin cuts lending rate to 7.5% for new homebuyers

LIC HOUSING Finance (LICHFL) on Thursday announced reducing its lending rate to 7.5% for new homebuyers having a Cibil score of 800 and above. "RBI has taken a number of steps to provide enough liquidity into the system. We are also getting cheaper cost of funds and we want to pass on that benefit to customers. This will also help in bringing back consumers' confidence back to the sector," managing director and CEO Siddhartha Mohanty said.

Anup Agrawal appointed LazyPay business head

PAYU CREDIT India on Thursday said it has appointed Anup Agrawal as business head of LazyPay, while Vikas Sekhri has joined as the chief product officer. The strategic hires come at a time when PayU Credit India is focused on scaling up the business model and building a full-stack digital lending platform to accelerate its credit business vision, the company said in a statement.

ICICI Bank to deploy mobile ATMs in TN

ICICI BANK on Thursday said it will launch mobile ATM services in Tamil Nadu after its successful launch in New Delhi, Mumbai and Varanasi, aimed at serving customers at their respective residences in view of the Covid-19 lockdown. Customers can also transfer funds, change PIN on these ATMs.

Sidbi issues notification to banks and NBFCs for deployment of ₹15,000 crore released by RBI

SHRITAMA BOSE
Mumbai, April 23

THE SMALL INDUSTRIES Development Bank of India (Sidbi) has sought applications from banks and non-banking financial companies (NBFCs) to avail funds from the ₹15,000-crore special liquidity facility announced by the central bank last week.

Sidbi will be extending liquidity support to schemes being offered by banks and NBFCs, including microfinance institutions, (MFIs) to offer term loans to MSMEs. "The schemes would cover all eligible entities having investment grade ratings irrespective of the size of the organisation to ensure wider coverage," Sidbi said in a communication to the lenders, dated April 22.

NBFCs and MFIs that apply for access to funds must have an external rating of at least 'BBB-' and their capital adequacy ratio must not have fallen below regulatory requirements at any point in the last 24 months. Banks will be eligible to access the facility only if they have made profits in at least two of the last three years and have a net worth of ₹100 crore.

Also, their capital to risk weighted assets ratio (CRAR) should be a minimum of 9% and their net NPA ratio should be no more than 10%. The eligibility threshold in terms of net worth is the same for small finance banks, but their CRAR should be at least 15% and their gross NPA ratio should be no more than 7%.

The tenor of Sidbi's lending to financial institutions will be 90 days. MSMEs have been cash-starved for a few years and the lockdown is a body blow to their revenues. According to TransUnion Cibil, the total lending to MSMEs with an aggregate credit exposure of up to ₹50 crore is estimated at ₹17.94 lakh crore and represents about 28% of commercial credit outstanding. The NPA ratio for MSMEs has increased continuously over the last few years to reach 12.6% as of December 2019, the credit bureau said.

RBI allows banks to issue electronic cards to customers with overdraft a/cs

PRESS TRUST OF INDIA
Mumbai, April 23

RELAXING NORMS, THE Reserve Bank of India (RBI) on Thursday permitted banks to issue electronic cards to persons having overdraft accounts that are only in the nature of personal loan without any specific end-use restrictions.

Banks, as per the central bank's July 2015 directions, were permitted to issue debit cards to customers having bank/current accounts but not to cash credit/loan account holders. "...it has been decided to permit banks to issue electronic cards to natural persons having Overdraft Accounts that are only in the nature of personal loan without any specific end-use restrictions," RBI said in a circular. However, the card should be issued for a period not exceeding the validity of the facility and should also be subject to the usual rights of the banks as lenders.

The electronic card for overdraft accounts in the nature of personal loans should be allowed to be used for domestic transactions only, RBI added. "Further, adequate checks and balances shall be put in place to ensure that the usage of such cards is restricted to facilitate online/non-cash transactions," it said.

ANALYST CORNER

Reiterate 'buy' on NTPC with target price of ₹148

MOTILAL OSWAL

NTPC'S FY20 COMMERCIALISATION at an all-time high sets the tone for FY21 earnings. Amid a nationwide lockdown, India's power demand has declined 20-25% year-on-year. However, regulated utility companies such as NTPC remain well-insulated from these external conditions. NTPC's profitability is largely dependent on the ability to operate and declare availability for its plants.

The direct impact of lower power demand/plant utilisation is seen largely in the form of lower PLF incentives (1-2% of earnings). Given the essential nature of power generation, operations continue at NTPC's plants. Coal stocks at power plants have also increased amid a ramp-up in Coal India's production and lower power demand, thus reducing risks related to fuel availability. Moreover, NTPC has commercialised 5.3 GW of plants in FY20, the highest ever in a single fiscal. While an extended countrywide lockdown could impact upcoming commercialisation plans (FY21 guidance: ~5GW), we note: even if we assume no incremental commercialisation, NTPC should register 6-7% earnings growth in FY21 as the full benefit of recent additions flows through. We build in some delays on execution and expect commercialisation of 3.6 GW in FY21. The current stock price implies 0.8x FY21 P/BV, which is at a ~40% discount to its long-term averages. Reiterate our 'buy' rating on the stock, with a target price (TP) of ₹148/share.

The back-ended nature of commercialisation (1.7 GW over Feb-March '20) means the full benefit of these would be realised in FY21. We note the recovery of RoE/fixed charges for these plants depend on NTPC's ability to operate and declare availability. Muted power demand and production ramp-up at Coal India's mines have resulted in an increase in coal stocks at power plants. This bodes well for NTPC.

As per our interaction with NTPC, the movement of coal through rail or road has not been a challenge. The current low-demand scenario has presented the company with the opportunity to cushion itself from any coal-related supply shocks in the near future.

Markets rally on stimulus hopes; bank & IT stocks rally

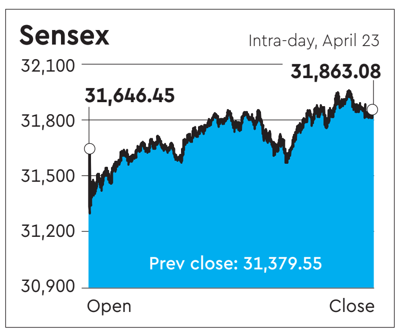
PRESS TRUST OF INDIA
Mumbai, April 23

EQUITY BENCHMARKS MARCHED higher for the second day on Thursday, helped by IT and banking stocks, as hopes of another stimulus package from the government bolstered investor sentiment amid the coronavirus overhang.

The 30-share BSE Sensex surged 483.53 points or 1.54% to close at 31,863.08, a six-week high. The broader NSE Nifty advanced 126.60 points, or 1.38%, to settle at 9,313.90. Kotak Bank was the top gainer in the Sensex pack, rallying 8.59 %, followed by TCS (5.97 %), Infosys (5.67 %), ICICI Bank (4.97 %), HCL Tech (3.61 %) and ONGC (2.98 %).

On the other hand, Titan, HUL, PowerGrid, NTPC and L&T were among the top laggards, shedding up to 4.18 %.

A sharp recovery in the rupee also lifted the market mood, traders said. "Indian benchmark indices traded positive, boosted by financials and IT. Hopes of another stimulus package are giving some support to the markets. The rising cases of



infections are a worry and markets are hoping that it will peak soon. The sustainability of this rally will depend on government measures to boost the economy and support the industries, once we emerge out of the lockdown," said Vinod Nair, head of research at Geojit Financial Services.

BSE IT, teck, bankex, finance, metal, auto and energy indices closed up to 4.85% higher, while consumer durables, FMCG, power, utilities and telecom lost up to 1.43 %. Broader BSE midcap and smallcap indices surged up to 1.35 %.

Reliance Capital misses NCD payment on April 22

FE BUREAU
Mumbai, April 23

RELIANCE CAPITAL FAILED to make payment for non-convertible debentures (NCDs) maturing on April 22, the company informed the stock exchanges through a release.

According to PRIME Database, Reliance Capital needed to make payment of ₹1,070 crore for NCDs maturing on Wednesday.

The company also cautioned investors that there will be a delay in debt servicing. "It is expected that the debt servicing of the company in relation to the accelerated amounts and otherwise will be delayed," Reliance Capital further said in its release.

In September 2019, CARE Ratings had downgraded Reliance Capital's ₹17,000-crore debt to default grade 'D'. The agency attributed its action to the company delaying by a day its payment on several NCDs it had issued. However, Reliance Capital maintained that the delay in payment was due to a technical glitch on bank servers. The company reiterated its claim in the release issued on late Wednesday, and said, "The downgrade has initiated acceleration of various facilities and consequential demands for immediate payment of amounts that were otherwise due and payable in a phased manner over the next eight years."

The company also cautioned investors that there will be a delay in debt servicing

The company also cited legal hurdles for not being able to proceed with its asset monetisation.

According to a Crisil report, non-banking financial companies (NBFCs) are likely to face liquidity challenges, partly due to poor collections amid the Covid-19 lockdown. NBFCs have debt obligations of ₹1.75 lakh crore till June 2020, as per Crisil. Many lender banks are not providing moratorium to NBFCs on instalments as per the Reserve Bank of India's Covid-19 package announced on March 27. However, NBFCs are offering their customers a moratorium.

Retain 'reduce' on Dabur with unchanged FV of ₹440

KOTAK INSTITUTIONAL EQUITIES

EVEN AS WE expect Dabur's portfolio to be relatively more resilient than its peers in the current and post-Covid environment, a couple of parts of the India portfolio could be challenged. GCC exposure could mean some weakness in the international portfolio as well. We factor these aspects into our model; FY21E/22E EPS forecasts see a 9%/6% cut. Retain 'reduce' in light of still punchy valuations; fair value (FV) unchanged at ₹440 per share.

Primary sales of all companies have been hit on account of supply-chain disruptions. We are focusing more on the end-consumption impact. As long as end-consumption demand is intact, primary sales would come back. A good chunk (nearly 65%) of Dabur's India portfolio — health care, oralcare, home-care and health supplements — would not have seen any material dip in baseline end-consumption. Demand for health supplements (Chyawanprash, honey, etc) in particular may already have increased or could potentially increase. Other segments (skin, OTC/ethical, digestives & fruit juices) would perhaps not be as resilient. Even the resilient segments could be challenged on growth on account of a potentially slower economy. All put together, we now estimate a 4% year-on-year growth in Dabur's domestic business in FY21E, down from around 12% earlier.

Nearly 50% of Dabur's international business comes from West Asia and Africa, where economies could come under significant pressure on account of weak crude prices and demand. Cross-currency movements add another layer of unpredictability. We now build in a 6% drop in Dabur's international business in FY21E in rupee terms. For FY22E, we assume growth rebounding to 15% levels.

We have raised our Ebitda margin assumptions despite the sharp cuts in revenue growth forecasts. We do not expect much SOV pressure. Our revised EPS forecasts stand at ₹10 and ₹11.3 for FY21E and FY22E, respectively. DCF-based fair value stands unchanged at ₹440 per share. 'Reduce' stays.

Centre directs Nafed to commence onion procurement for buffer stock

NANDA KASABE
Pune, April 23

THE CENTRE HAS directed the National Agricultural Co-operative Marketing Federation of India (Nafed) to commence procurement of 40,000-50,000 tonne of summer onions towards the creation of buffer stock.

According to Nanasaheb Patil, director of Nafed, the agency was given a target of procuring one lakh tonne in January itself from Maharashtra and Gujarat, and this year, Madhya Pradesh had also expressed interest in participating the procurement process. Normally, around 50% of the target is allocated to Maharashtra since the state is strong in terms of storage facilities.

Meetings are still in progress at Nafed regarding the price since this is a very unique situation. Usually procurement was done under the Price Stabilisation Scheme where Nafed purchases onions at the market price, he said. A clear picture is likely to emerge within the next two to three days, Patil said.

Procurement is likely to commence only after May 3 when the lockdown period ends since labour is required in large numbers when bulk purchase is done, he said.

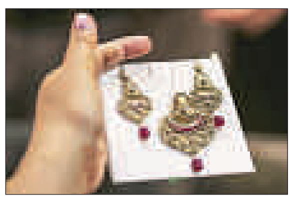
Last year, too, the Centre had procured 57,000 tonne of onions through Nafed to create a buffer stock. Earlier, the target was 50,000 tonne, but Nafed had made additional procurement as per instructions from the central government. Of the total 57,000 tonne procured, around 48,000 tonne of onions were procured from different pockets of Maharashtra, while the remaining 9,000 tonne were bought from Gujarat.

Nafed officials said that directions have been given for the procurement from Maharashtra to kept the prices of onions in check and prevent any kind of scarcity during the lockdown. Officials expect the notification to be issued in a couple of days.

Arrivals at Lasalgaon — the country's largest wholesale market for the bulb — touched 11,000 quintal on Thursday for summer onions with modal prices at ₹850 per quintal.

Large number of retail investors open to buying gold: WGC

FE BUREAU
New Delhi, April 23



A SURVEY OF Indian retail investors by the World Gold Council (WGC) has revealed that as much as 29% of them, who have never bought the precious metal in the past, are open to purchasing it in the future.

As much as 52% of investors already owned some form of gold, with 48% having invested in the one year preceding the survey, which was conducted between June and December 2019, before the Covid-19 outbreak in the country. But gold analysts say the precious metal's attractiveness as an investment instrument has only enhanced after the pandemic spread its tentacles far and wide and caused a flight to safe-haven assets. About 76% of urban investors in India have said they invested in gold bars and coins in the past and 21% of the respondents, who have never bought the metal, wish to do so in the future. This suggests gold currently has a deeper penetration among urban investors. Nevertheless, 37% of rural investors would consider buying gold in the future despite never having done so before. And while these rural gold considerers offer a lower value opportunity than urban counterparts, they offer significant growth potential.

The survey came at a time when India's gold demand dropped 9% year on year in 2019 to hit a three-year low of 690.4 tonne.

Demand crashed 18% y-o-y in the December quarter despite festive consumption, as record prices of the metal and an economic slowdown had put a leash on retail purchases. In fact, the September-December 2019 was the second worst quarter for Indian gold demand in a decade, while the July-December period marked the worst half-yearly performance since 2009. The survey's findings are reflective of the immense potential for the yellow metal to emerge as an attractive investment option for the public, with appropriate policy intervention.

Somasundaram PR, MD, WGC India, said: "India's retail investment landscape is evolving, underpinned by government-led financial inclusion programmes, the surge of fintech, and increasing investor knowledge. And, this clearly affects the gold industry. Businesses are constantly striving to leverage technology to make gold more accessible to retail investors."

The survey points out that both rural and urban investors need further simplicity and reassurance from their investments. Also, the survey, titled 'Retail gold insights 2019', revealed that while 48% of respondents were deterred from buying gold due to a lack of trust, as much as 61% of Indian 'considerers' identified issues around trust as a barrier to buying the precious metal. "But there is, nonetheless, a sizable opportunity to increase penetration of gold investment among the Indian retail investor base. In total, almost one third of Indian investors who have not bought gold before are open to doing so in future. We call this group 'gold considerers' and they represent a significant pool of untapped demand," the WGC said.

The survey also showed the gold industry has the potential to appeal to a sizable new audience. Technology can play a key role in opening up new avenues for gold investment; easy online accessibility is a must in this era of increasing global digitisation. Similarly, 65% of potential gold investors said they have gaps in their knowledge around gold.

Sebi gives breather to firms that default on money mkt securities due to Covid-19

FE BUREAU
Mumbai, April 23

THE SECURITIES AND Exchange Board of India (Sebi) said on Thursday that money market or debt securities held by mutual funds (MFs) would not be classified as default, if payment of interest or principal was impacted due to Covid-19 pandemic or or the moratorium by the Reserve Bank of India (RBI).

The changes announced by the markets regulator shall be in force till the period of moratorium is permitted by the RBI. The move may help avoid any sharp movement in the value of securities in the near term and, thereby, prevent swings in the net asset values of debt schemes. What this means is that if companies that have issued debentures or bonds either defer payment or default due to the pandemic or moratorium granted by RBI, then the MF will not have to mark down these securities as is the practice.

The regulator said in its circular, "Based on the assessment if the valuations agencies appointed by the Amfi are of the view that delay in payment of interest, principal or extension of maturity by issuer is due to the lockdown or the moratorium permitted by RBI creating temporary operational challenges in servicing debt, then valuation agencies may not consider the same as a default for the purpose of valuation of money market or debt securities held by MFs."

The assessment of any default will have to be done on a case-to-case basis to assess whether it was solely due to the lockdown or loan moratorium. On March 27, RBI had granted a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. "With this announcement, difficulty in payouts on account of moratorium or lockdown will not have adverse effect on valuations," said Jimmy Patel, MD and CEO at Quantum AMC. However, some other MFs are of the view that the valuation agencies, which are subsidiaries of rating agencies, are not equipped to assess credit as it is not their domain. Also, asset management companies are of the view that it would be rather tough to establish a default that was purely due to Covid-19 pandemic.

While it may be easy to do so in case of some micro-finance institutions, it may not be true for all others. Under the current regulations, a money market or debt security shall be classified as "Default" if the interest or principal amount has not been received on the due date or when such security has been downgraded to "Default" grade by a credit rating agencies. However, in the same circular market regulator also mentioned that as per the principles of fair valuation, asset management companies shall continue to be responsible for true and fairness of valuation of securities. Officials in the MF industry say that even now fund houses can mark down their investments in specific debt securities if there is delay in payment of interest or principal amount by the debt issuer.

The Kangra Central Cooperative Bank Limited, Dharamshala (H.P.)-176215

NOTICE INVITING EXPRESSION OF INTEREST (EOI)
EOI/KCCB/IT/2020-1

The Bank invited Expression of Interest from eligible Firms to "Supply, Installation, Testing, Configuration, Integration, Implementation, Commissioning and Maintenance of Business Intelligence & Data Analytics (Dashboard) Software and Digital Marketing", EOI document can be downloaded from the Bank website: **http://www.kccb.in** after 11.30 A.M. on 24.04.2020.
Date of Pre-bid meeting: 3.00 P.M., 16.05.2020.
Last date of EOI Submission: Upto 1.00 P.M., 30.05.2020.
Venue for above activities: The Kangra Central Cooperative Bank Limited, Head Office Dharamshala, Distt. Kangra (H.P.)-176215.
The above schedule is subject to COVID-19 Lockdown/Curfew directions issued by Centre/ State/ District Administration from time to time. For update, please check Bank's website: http://www.kccb.in regularly.

Sd/- **Managing Director,**
The Kangra Central Cooperative Bank Limited, Dharamshala-176215
Dated: 24.04.2020 767/TKCC

SBI Cards outstanding borrowings at ₹17,363 crore at end of FY20

PRESS TRUST OF INDIA
New Delhi, April 23

SBI CARDS AND Payment Services has reported outstanding borrowings worth ₹17,362.86 crore at the end of March, 2020.

The company had the highest credit rating during the previous fiscal year ended March 2020 with AAA/Stable rating by Crisil and Icra, it said in a regulatory filing on Wednesday.

The credit card company, promoted by the country's largest lender SBI, said the borrowings at the end of the previous fiscal were provisional and subject to audit.

It further said that it shall be liable to pay a fine to BSE up to 0.2% of shortfall in case there is a deficit in the mandatory borrowing through debt securities, to be levied at the end of the two-year block period.

The company said its brand name is SBI Card and its registered name is SBI Cards and Payment Services.

Earlier in a regulatory filing on Tuesday, the company had informed the stock exchanges about its business continuity plan amid the nationwide lockdown which has been extended till May 3, saying that it continues to closely monitor its asset quality with regard to collections.

IDFC
IDFC MUTUAL FUND

NOTICE

Declaration of Dividend:

Notice is hereby given that the Board of Directors of IDFC AMC Trustee Company Limited (Trustee to IDFC Mutual Fund) has approved the declaration of dividend under the Dividend Option of the following Scheme/ Plan(s), subject to availability of *distributable surplus, with the Record Date as #Wednesday, April 29, 2020.

Scheme Name	Plan(s)	Option	Quantum of Dividend Per Unit (in Rs.)	NAV (in Rs.) Per Unit as on April 22, 2020
IDFC Fixed Term Plan - Series 129	Regular	Quarterly Dividend	*Entire Distributable surplus as on the Record Date i.e. April 29, 2020	10.2806
IDFC Fixed Term Plan - Series 129	Direct	Quarterly Dividend		10.2861

Face Value per unit is Rs. 10/-.

* TDS and other statutory levies (if any) shall be levied on the amount received by the investor. Considering the volatile nature of markets, Trustee reserves the right to restrict the quantum of dividend upto the per unit distributable surplus available on the record date in case of fall in market.

\# If in any case the Record Date falls on a non-business day, the immediately following business day shall be deemed to be the Record Date.

All investors whose names appear in the register of unit holders of the Scheme/Plan/Option as on the close of the record date will be eligible to receive the dividend.

Pursuant to the payment of dividend, NAV of the Scheme/Plan(s)/Option will fall to the extent of payout and statutory levy (if any).

Date: April 23, 2020

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

HDFC MUTUAL FUND
BHAROSA APNO KA
MUTUAL FUNDS Sahi Hai

HDFC Asset Management Company Limited
A Joint Venture with Standard Life Investments
CIN: L65991MH1999PLC123027

Registered Office: HDFC House, 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020. Phone: 022 66316333 • Toll Free Nos: 1800-3010-6767 / 1800-419-7676 Fax: 022 22821144 • e-mail: cliser@hdfcfund.com • Visit us at: www.hdfcfund.com

NOTICE

NOTICE is hereby given that HDFC Trustee Company Limited, the Trustee to HDFC Mutual Fund ("the Fund") has approved the declaration of dividend in the following Plan launched under the Scheme of the Fund and fixed **Wednesday, April 29, 2020** (or the immediately following Business Day, if that day is not a Business Day) as the Record Date for the same:

Name of the Scheme / Plan / Option	NAV as on April 22, 2020 (₹ per unit)	Amount of Dividend (₹ per unit)	Face Value (₹ per unit)
Plan launched under HDFC Fixed Maturity Plans - Series 35:			
HDFC FMP 1168D February 2016 (1) - Direct Option - Normal Dividend Option	10.8824	Distributable surplus, as reduced by applicable statutory levy	10.00
HDFC FMP 1168D February 2016 (1) - Regular Option - Quarterly Dividend Option	10.0479		

Pursuant to payment of dividend, the NAV of the Dividend Option(s) of the above Plan would fall to the extent of payout and statutory levy, if any.

Income distribution will be done / Dividend will be paid, net of tax deducted at source, as applicable, to those Unit holders / Beneficial Owners whose names appear in the register of Unit holders maintained by the Mutual Fund / statement of beneficial ownership maintained by the Depositories, as applicable, under the Dividend Option(s) of the aforesaid Plan as on the Record Date.

Unitholders who have opted to receive dividend by way of physical instruments may note that due to the unprecedented COVID-19 situation and depending on availability of postal / courier services, there may be a delay in delivery of dividend payment instruments.

For **HDFC Asset Management Company Limited**

Place : Mumbai Sd/-
Date : April 23, 2020 Authorized Signatory

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

Nippon india Mutual Fund (Formerly Reliance Mutual Fund)
Wealth sets you free
MUTUAL FUNDS Sahi Hai

Nippon Life India Asset Management Limited
(formerly known as Reliance Nippon Life Asset Management Limited)
(CIN - L65910MH1995PLC220793)
Registered Office: Reliance Centre, 7th Floor, South Wing, Off Western Express Highway, Santacruz (East), Mumbai - 400 055.
Tel No. +91 022 4303 1000 • Fax No. +91 022 4303 7662 • www.nipponindiamf.com

NOTICE CUM ADDENDUM NO. 7

Revision in Exit Load Structure

Notice is hereby given that Nippon India Mutual Fund ("NIMF")/ Nippon Life India Asset Management Limited ("NAM India") (formerly known as Reliance Nippon Life Asset Management Limited) has decided to revise the Exit Load of the Nippon India Gold Savings Fund w.e.f. April 27, 2020. The details of the same are as follows:

Existing Exit Load	Revised Exit Load
2% - If redeemed or switched out on or before completion of 1 year from the date of allotment of units.	1% - If redeemed or switched out on or before completion of 15 days from the date of allotment of units.
Nil - If redeemed or switched out after the completion of 1 year from the date of allotment of units.	Nil - If redeemed or switched out after completion of 15 days from the date of allotment of units.

W.E.F. October 01, 2012, Exit Load If charged to the scheme shall be credited to the scheme immediately net of goods and service tax, if any. The revision in exit load shall be applicable on a prospective basis to; (a) all the purchase transactions processed with NAV of April 27, 2020 and thereafter, irrespective of receipt of application. (b) all the systematic transactions such as Systematic Investment Plan and Systematic Transfer Plan etc. where registrations / enrolments have been done on or after effective date.

This addendum forms an integral part of the Scheme Information Document / Key Information Memorandum of the Schemes. All the other terms and conditions of the aforesaid documents read with the addenda issued from time to time will remain unchanged.

For NIPPON LIFE INDIA ASSET MANAGEMENT LIMITED
(formerly known as Reliance Nippon Life Asset Management Limited)
(Asset Management Company for Nippon India Mutual Fund)

Mumbai Sd/-
April 23, 2020 **Authorised Signatory**

Make even idle money work! Invest in Mutual Funds

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

MOTILAL OSWAL Mutual Fund

Motilal Oswal Asset Management Company Limited
Registered & Corporate Office : 10th Floor, Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai - 400 025
• **Toll Free No.:** +91 8108622222, +91 22 40548002 • **Email :** mfservice@motilaloswal.com
• **CIN No.:** U67120MH2008PLC188186
• **Website:** www.motilaloswalmf.com and www.mostshares.com

Notice cum Addendum to the Scheme Information Document (SID) and Key Information Memorandum (KIM) of the Schemes of Motilal Oswal Mutual Fund (MOMF)

Introduction of SIP Pause facility under the Schemes of Motilal Oswal Mutual Fund (MOMF)

Notice is hereby given to all the investors / unit holders that it has been decided to introduce 'SIP Pause Facility' (**'the Facility'**) under all schemes of **MOMF** offering Systematic Investment Plan (**'SIP'**). Under this facility an existing investor who has an ongoing SIP will have an option to temporarily pause the SIP instalments for a specified period of time. Upon expiry of the specified period, the SIP installments would re-start automatically. The facility shall be available to investors w.e.f. **April 24, 2020**.

The features, terms, and conditions for availing the facility are as follows:

a) The facility shall be available only for SIPs registered under monthly frequency with a SIP installment amount of Rs.1,000/- and above.
b) Investors / Unit holders can opt for the facility only twice during the tenure of a particular SIP.
c) The minimum gap between the pause request and next SIP installment date should be atleast 12 calendar days.
d) The facility shall get activated from immediate next eligible installment from the date of receipt of SIP Pause request.
e) The facility can be opted for minimum 1 installment and up to a maximum of 6 installments.
f) The facility shall not be available for SIP registered through Mutual Fund Utility ("MFU"), Stock exchange platforms, Channel Partners and Standing Instruction mode.
g) The facility once registered cannot be cancelled.
h) Investors / Unit holders can opt for the facility currently through mobile application of Kfintech i.e. 'KFinKart'. The facility shall be extended to online platforms of MOMF subsequently.
i) AMC / Trustee reserves the right to amend the terms and conditions of the SIP Pause facility and / or withdraw the said facility.
j) All other terms and conditions of SIP facility will remain unchanged.

This addendum forms an integral part of the SID and KIM of the scheme(s) of MOMF. All other contents remain unchanged.

For Motilal Oswal Asset Management Company Limited
(Investment Manager for Motilal Oswal Mutual Fund)

Sd/-
Place : Mumbai **Aashish P Somaiyaa**
Date : April 23, 2020 **Managing Director and Chief Executive Officer**

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

INFRADEBT
INDIA INFRADEBT LIMITED
CIN: U65923MH2012PLC237365
Registered Office: The Capital, "B" Wing, 1101A, Bandra-Kurla Complex, Mumbai – 400 051
Tel: +91 22 68196900 **Fax:** +91 22 68196910 **E-mail:** info@infradebt.in

Audited Financial results for the year ended March 31, 2020

(₹ in million)

SN	Particulars	Year ended March 31 2020 Audited	2019 Audited
1	Total Income from Operations	10,659.47	9,126.67
2	Net Profit / (Loss) for the year (before Tax, Exceptional and/or Extraordinary items)	2,444.65	1,802.23
3	Net Profit / (Loss) for the year before tax (after Exceptional and/or Extraordinary items)	2,444.65	1,802.23
4	Net Profit / (Loss) for the year after tax (after Exceptional and/or Extraordinary items)	2,444.65	1,802.23
5	Total Comprehensive Income for the year [Comprising Profit / (Loss) for the year (after tax) and Other Comprehensive Income (after tax)]	2,443.66	1,802.07
6	Paid up Equity Share Capital	8,678.71	8,678.71
7	Reserves (excluding Revaluation Reserve)	9,765.82	7,597.45
8	Net worth	18,444.53	16,276.16
9	Paid up Debt Capital / Outstanding Debt	102,598.06	86,465.20
10	Debt Equity Ratio	5.56	5.31
11	Earnings Per Share (Face value of ₹10/- each) (for continuing and discontinued operations)-Basic and Diluted:	2.82	2.53

Notes:
1. The above is an extract of the detailed format of yearly financial results filed with the Stock Exchange under Regulation 52 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015. The full format of the yearly financial results are available on www.bseindia.com and www.infradebt.in.
2. The above financial results have been reviewed by the Audit Committee and approved by the Board at its Meeting held on April 22, 2020.
3. As per section 10(47) of Income Tax Act, 1961, income of the Company does not form part of total taxable income and hence is exempt from income tax.
4. Previous year/period figures have been regrouped/ rearranged wherever necessary to conform to the current year figures.
5. The disclosures as per Regulation 52(4) of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 for the year ended March 31, 2020 are as follows:

a) Credit Rating and change in Credit Rating (if any):

CRISIL Limited	CRISIL AAA/Stable
ICRA Limited	ICRA AAA/Stable
India Ratings	IND AAA/Stable

There have been no changes in the Credit Rating assigned to the Non-Convertible Debentures issued by India Infradebt Limited.

b) Debt – Equity Ratio as on March 31, 2020: 5.56

c) Previous due date for the payment of interest/ repayment of principal of non-convertible debentures and whether the same has been paid or not for the half year ended on March 31, 2020 are as under:

Scrip Code	Type (Interest/Principal)	Due date for payment of Interest/Principal
957115 (ISIN - INE537P07398)	Interest	October 31, 2019
953942 (ISIN - INE537P07174)	Interest	November 05, 2019
953943 (ISIN - INE537P07182)	Interest	November 05, 2019
953944 (ISIN - INE537P07190)	Interest	November 11, 2019
953010 (ISIN - INE537P07067)	Interest	November 19, 2019
955389 (ISIN - INE537P07257)	Interest	November 30, 2019
954286 (ISIN - INE537P07208)	Interest	December 23, 2019
954287 (ISIN - INE537P07216)	Interest	December 23, 2019
955521 (ISIN - INE537P07265)	Interest	December 27, 2019
955522 (ISIN - INE537P07273)	Interest	December 27, 2019
958510 (ISIN - INE537P07455)	Interest	December 27, 2019
954333 (ISIN - INE537P07224)	Interest	December 30, 2019
953236 (ISIN - INE537P07075)	Interest	January 08, 2020
953237 (ISIN - INE537P07083)	Interest	January 08, 2020
957409 (ISIN - INE537P08024)	Interest	January 18, 2020
955628 (ISIN - INE537P07281)	Interest	January 20, 2020
953400 (ISIN - INE537P07091)	Interest	January 28, 2020
953401 (ISIN - INE537P07109)	Interest	January 28, 2020
951645 (ISIN - INE537P07034)	Interest	February 04, 2020
951645 (ISIN - INE537P07034)	Principal	February 04, 2020
951646 (ISIN - INE537P07042)	Interest	February 04, 2020
955829 (ISIN - INE537P07299)	Interest	February 24, 2020
957675 (ISIN - INE537P07406)	Interest	February 24, 2020
954840 (ISIN - INE537P07232)	Interest	February 29, 2020
954841 (ISIN - INE537P07240)	Interest	February 29, 2020
953549 (ISIN - INE537P07117)	Interest	March 09, 2020
953550 (ISIN - INE537P07125)	Interest	March 09, 2020
951857 (ISIN - INE537P08016)	Interest	March 20, 2020
953681 (ISIN - INE537P07133)	Interest	March 21, 2020
953682 (ISIN - INE537P07141)	Interest	March 21, 2020
953673 (ISIN - INE537P07158)	Interest	March 23, 2020
953675 (ISIN - INE537P07166)	Interest	March 23, 2020
956114 (ISIN - INE537P07307)	Interest	March 23, 2020

The payment of interest/principal for the aforesaid Non-Convertible Debentures was made on the due dates.

d) Next due date for the payment of interest/ principal along with the amount of interest and the redemption amount of non- convertible debentures for the next half year ending on September 30, 2020 are as under:

Scrip Code	Type (Interest/Principal)	Due date for Interest/Principal payment	Interest Payable (in ₹)
958760 (ISIN - INE537P07463)	Interest	April 23, 2020	270,000,000
956274 (ISIN - INE537P07315)	Interest	April 27, 2020	240,000,000
953942 (ISIN - INE537P07174)	Interest	May 05, 2020	24,120,967
953943 (ISIN - INE537P07182)	Interest	May 05, 2020	21,158,743
953944 (ISIN - INE537P07190)	Interest	May 11, 2020	71,093,377
957956 (ISIN - INE537P07414)	Interest	May 25, 2020	171,000,000
950306 (ISIN - INE537P07026)	Interest	May 28, 2020	160,050,000
956559 (ISIN - INE537P07323)	Interest	June 01, 2020	157,600,000
956559 (ISIN - INE537P07323)	Principal	June 01, 2020	2,000,000,000
956561 (ISIN - INE537P07331)	Interest	June 01, 2020	104,000,000
956563 (ISIN - INE537P07349)	Interest	June 01, 2020	80,200,000
958011 (ISIN - INE537P07422)	Interest	June 19, 2020	334,800,000
958012 (ISIN - INE537P07430)	Interest	June 19, 2020	134,125,000
956662 (ISIN - INE537P07356)	Interest	June 22, 2020	232,500,000
954286 (ISIN - INE537P07208)	Interest	June 23, 2020	51,420,000
954287 (ISIN - INE537P07216)	Interest	June 23, 2020	21,425,000
954333 (ISIN - INE537P07224)	Interest	June 30, 2020	49,277,500
956732 (ISIN - INE537P07364)	Interest	July 13, 2020	170,925,000
956736 (ISIN - INE537P07372)	Interest	July 13, 2020	118,800,000
952660 (ISIN - INE537P07059)	Interest	August 21, 2020	224,900,000
952660 (ISIN - INE537P07059)	Principal	August 21, 2020	2,600,000,000
954840 (ISIN - INE537P07232)	Interest	August 31, 2020	45,567,650
954841 (ISIN - INE537P07240)	Interest	August 31, 2020	39,353,880
956847 (ISIN - INE537P07380)	Interest	August 31, 2020	387,500,000
958205 (ISIN - INE537P07448)	Interest	August 31, 2020	179,000,000
953549 (ISIN - INE537P07117)	Interest	September 08, 2020	62,666,219
953550 (ISIN - INE537P07125)	Interest	September 08, 2020	66,988,027
953681 (ISIN - INE537P07133)	Interest	September 21, 2020	26,163,288
953682 (ISIN - INE537P07141)	Interest	September 21, 2020	30,523,836
953673 (ISIN - INE537P07158)	Interest	September 22, 2020	38,164,274
953675 (ISIN - INE537P07166)	Interest	September 22, 2020	35,562,164
959027 (ISIN - INE537P07471)	Interest	September 30, 2020	430,000,000

e) **Net worth for the year ended on March 31, 2020: ₹ 18,444.53 (in million)**
f) **Net profit after tax for the year ended on March 31, 2020: ₹ 2,444.65 (in million)**
g) **Earnings per share for the year ended on March 31, 2020: ₹ 2.82**
h) **A national lockdown was declared by Government of India with effect from March 24, 2020 as a result of the recent outbreak of Coronavirus, a virus causing potentially deadly respiratory tract infections (the "pandemic"). Amongst various measures announced to mitigate the economic impact arising from the pandemic, the Reserve Bank of India issued a circular dated March 27, 2020 ("RBI circular") allowing lending institutions to offer a moratorium to customers on payment of instalments falling due between March 1, 2020 and May 31, 2020. The Company' Board has approved a policy to extend the moratorium to its borrowers in accordance with the RBI circular. At March 31, 2020, the Company has recorded a provision for expected credit loss considering reasonable and supportable information available upto the date of approval of its financial statements. The Company has performed sensitivity analysis and stress testing on the assumptions used. Based on current indicators of future economic conditions, the Company expects to recover carrying amount of the financial assets. The Company will continue to closely monitor any material changes to future economic conditions and resultant impact, if any, on the expected credit loss provisions.**
i) India Infradebt Limited is a Non-Banking Finance Company registered with Reserve Bank of India and hence in terms of proviso to sub-regulation (4) of regulation 52 of SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 is exempted from the requirement of disclosure of certain line items mentioned in Regulation 52(4).

For and on behalf of the Board of Directors,
India Infradebt Limited
Sd/-
Place: Mumbai **Suvek Nambiar**
Date: April 22, 2020 **Managing Director & CEO**