

PRONAB SEN The Centre is using Covid-19 to practise coercive federalism SUNIL JAIN Govt shouldn't get caught up in 'flattening the curve' rhetoric, must do more antibody testing SOLAR ASSETS SALE Shapoorji Pallonji Infra inks ₹1,554-cr deal with Nayar-led KKR India AMID LOCKDOWN Amazon to use 55 rail routes in India for faster deliveries

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GLOBAL CASES HIT 3,000,000; INDIA NEARS 30,000

PM puts emphasis on economy

Hints economic activities may restart at least in green zones after May 3, tells CMs to use crisis to push reforms

FE BUREAU New Delhi, April 27

PRIME MINISTER Narendra Modi on Monday asserted that the nationwide lockdown since March 25 has saved thousands of lives and underlined the need to give due attention to the economy as well, in an indication that the Centre may relax guidelines for the resumption of economic activities, at least in the so-called green zones, after May 3. In his fourth interaction with chief ministers via video conference since March 20, Modi called for using the crisis to push for various reforms. Sources said the Prime Minister called on the states to firm up standard operating procedures (SOPs) for restarting manufacturing in a "graded" manner in green zones. Industry bodies had blamed a lack of SOPs in various states for their inability to resume manufacturing after it was allowed in risk-free areas from April 20. However, since most of the key industrial belts across important states like Maharashtra, Gujarat, Tamil Nadu and Telangana are still considered red zones, where business activities won't be allowed even if the lockdown is lifted after May 3, economic output will continue to falter. In nominal terms,



Prime Minister Narendra Modi interacts with chief ministers on the Covid-19 situation through a video conference, on Monday

COVID-19 UPDATE 29,197 TOTAL CASES 939 DEATHS SO FAR 1,463 NEW CASES

Centre considering proposal to guarantee ₹3L-cr MSME loans

SIDDHARTHA SINGH New Delhi, April 27

INDIA IS CONSIDERING a proposal to guarantee as much as ₹3 lakh crore of loans to small businesses as part of a plan to restart Asia's third-largest economy, which is reeling under the impact of a 40-day lockdown, people with knowledge of the matter said. Under the proposal, small firms will be eligible to borrow an additional 20% of their credit limit, the people said, asking not to be identified as the discussions are private. The extra debt will be fully backed by Prime Minister Narendra Modi's administration, the people said. The government will set up a special fund to pay for any defaults, they said. The government and regulators are slowly coming out with programmes as everyone, from companies to fund managers, struggle under the world's biggest lockdown, which has halted manufacturing and wiped out consumption.

Continued on Page 2

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INDIA IS CONSIDERING a proposal to guarantee as much as ₹3 lakh crore of loans to small businesses as part of a plan to restart Asia's third-largest economy, which is reeling under the impact of a 40-day lockdown, people with knowledge of the matter said. Under the proposal, small firms will be eligible to borrow an additional 20% of their credit limit, the people said, asking not to be identified as the discussions are private. The extra debt will be fully backed by Prime Minister Narendra Modi's administration, the people said. The government will set up a special fund to pay for any defaults, they said. The government and regulators are slowly coming out with programmes as everyone, from companies to fund managers, struggle under the world's biggest lockdown, which has halted manufacturing and wiped out consumption.

Continued on Page 2

'Nipah lessons helped'

● INTERVIEW: KK SHAILAJA, Kerala health minister

Kerala's handling of the Covid-19 outbreak is winning praise across the board, but the true test of its mettle will be how it handles the lifting of the lockdown. M Sarita Varma spoke with KK Shailaja, minister for health, social justice and woman and child development of Kerala, on the state's Covid-19 response and what lies ahead. Edited excerpts: You had donned the virus-tamer mantle earlier, during the Nipah outbreak. Has this headstart helped? We were the first to set up a Covid-19 control room, as early as on January 24. This is partly because of Kerala learning from its brush with the deadly Nipah virus. We had evolved our virus protocol with the WHO's hand-holding. Anticipating Nipah again, we had been on guard. The deaths in Wuhan put us on alert about the homecoming of Kerala medical students. So, we kept rapid response teams ready. When three students

RBI gov calls for fiscal support to economy

BLOOMBERG Mumbai, April 27

RBI GOVERNOR Shaktikanta Das has underlined the need for fiscal measures to support the economy, saying a slippage in budget gap target was unavoidable amid the coronavirus crisis. The government is working on an economic package to tackle the virus impact, Das told Cognition newswire in an interview whose transcript was released by RBI on Monday. Meeting the fiscal gap goal for the fiscal started April 1 — 3.5% of GDP — was very challenging and he expects the government to make a judicious call on managing the deficit. ■ Related report on Page 10

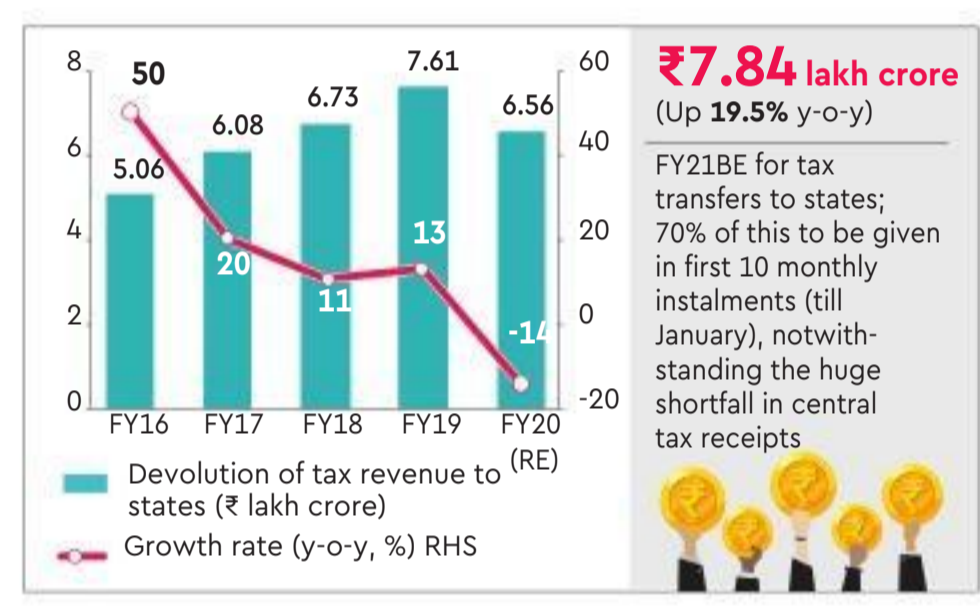
BIG BOOST

No cut in states' tax share till Jan

Centre to stick to convention, transfer 70% of budgeted FY21 tax share of states in 10 months

PRASANTA SAHU New Delhi, April 27

NOTWITHSTANDING A MASSIVE tax revenue shortfall it is faced with, the Centre is learnt to have decided to stick to the practice of keeping the mandatory transfers to the states from the divisible pool at the same rate as budgeted for FY21, till the 10th instalment due in January 2021. Though monthly tax transfers to states vary, the convention is that roughly 70% of the budgeted full-year transfers take place by January. The decision to adhere to this trend would give a huge boost to the states' ability to meet the increased expenditure requirements due to Covid-19 pandemic, without excessive front-loading of borrowings or resorting to other forms of costly fundraising. The NITI Aayog has estimated a tax revenue shortfall of ₹2 lakh crore in FY21 from the budgeted level. However, in a flat GDP growth scenario, the Centre's net tax revenue in FY21 could turn out to be even ₹3.3 lakh crore or 20% less than the budgeted level, assuming (a probable) tax buoyancy of 0.5. The practice is that tax devolution is made in 14 instalments to states in a fiscal, one in each month, up to February and three instalments in March. Continued on Page 2



India to cancel orders for Chinese test kits

THE INDIAN Council of Medical Research (ICMR) on Monday asked the states to stop using Covid-19 rapid testing kits procured from China due to their poor quality even as the government said not a single rupee will be lost in cancelling the orders as payments were not made to the Chinese suppliers, reports PTI.

India procured around five lakh rapid antibody test kits from the two Chinese firms, Guanzhou Wondfo Biotech and Livzon Diagnostics, and they were distributed to several states reporting rising cases of the coronavirus infection. In a communication to chief secretaries of all states and UTs, the ICMR asked them

to stop using the kits, saying it found "wide variation" in effectiveness of the equipment supplied by the two Chinese firms despite promise of good performance. "The ICMR has not made any payment in respect of these supplies...the government of India does not stand to lose a single rupee," the health ministry said.

'WFH to continue for 1m IT employees'

MORE THAN 1 million IT employees are expected to continue to work from home even after the coronavirus-inflicted lockdown situation returns to normalcy, says IT industry veteran Senapathy (Kris) Gopalakrishnan, reports PTI. ■ Report on Page 5

SOLIDARITY IN ADVERSITY- WE CARE A RED initiative appears in today's edition of Financial Express. This page is an initiative of the marketing solutions team of The Indian Express Group and contains content paid for by the advertisers. This page should be read as an advertisement.

Special Feature Debt funds in turmoil: Check credit risks As credit risk funds may see redemption pressure because there are no takers for lower-rated paper, investors can opt for liquid, overnight funds ■ Personal Finance, P9

● LOW-INCOME USERS

No outgoing calls under extended validity

KIRAN RATHEE New Delhi, April 27

THOUGH MOBILE OPERATORS have extended the validity of the subscribers who fall in the low-income, prepaid category till May 3 — the period of extended lockdown — these users cannot make outgoing calls but can only receive incoming calls. This is not being seen an impactful relief for this section of people as they automatically become dependent on their benefactors. They will not be able to communicate for any of their needs with their kith and kin who fall in similar category. Mobile operators and the Telecom Regulatory Authority of India justify the measure of allowing only incoming calls stating that a very small section of subscribers are thus affected and somebody up the social rung can always recharge on their behalf. Further, operators maintain that by seeing their usage pattern they have found that such users use their phones for mostly incoming calls. But critics say that such usage pattern does not hold in times of crisis. Continued on Page 2

VIRUS WOES

Asset quality could come under stress: IndusInd Bank MD & CEO

FE BUREAU Mumbai, April 27

INDUSIND BANK COULD see asset quality deteriorate as a result of the disruption to the economy after the Covid-19 outbreak, MD and CEO Sumant Kathpalia said on Monday. Speaking to the media in his first post-results interaction, Kathpalia indicated the private sector lender's credit costs could go up to as much as 180 basis points (bps); in a business-as-usual scenario, the lender's credit cost would have ranged



Sumant Kathpalia, IndusInd Bank MD and CEO

around 120-130 bps, he said. The projections are based on an internal analysis of the risks posed by the pandemic, assuming a scenario where 50% of the country opens up between the

AMID COVID UNCERTAINTY

Arvind Subramanian at Express e-Adda today

ENS ECONOMIC BUREAU New Delhi, April 27

AS COVID-19 PUSHES the world economy into a recession, policymakers in India are struggling to balance the imperatives of public health and economic well-being. To discuss the contours of a prudent yet compassionate macro-economic policy framework, The Indian Express will host its first online Express Adda on Tuesday with former chief economic adviser (CEA) Arvind Subramanian. He will be in conversation in the Express Adda webinar



Arvind Subramanian, former chief economic adviser

The Indian Express E-ADDA Associate Partner

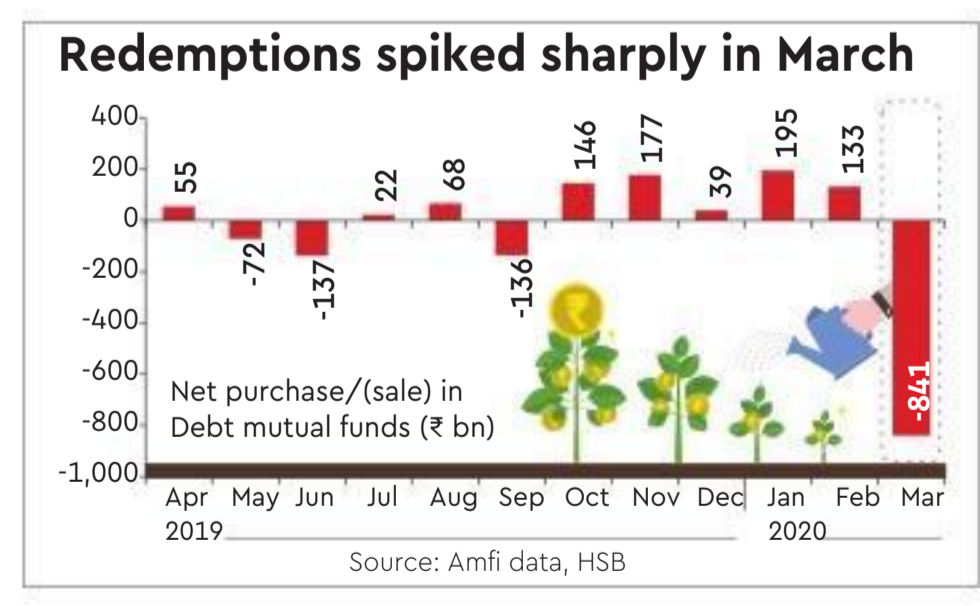
₹50,000-CR SUCCOUR

RBI's credit window for MFs calms markets

FE BUREAU Mumbai, April 27

WHILE THE Reserve Bank of India's ₹50,000-crore special line of liquidity for mutual funds (MFs) calmed the markets on Monday, experts believe there could be some redemptions by investors from debt schemes. RBI announced the exclusive facility following the nervousness in the markets and apprehensions of large redemptions on Friday after Franklin Templeton wound down six debt schemes late on Thursday. Experts, however, pointed out the RBI's special window would not necessarily convince banks to buy illiquid paper

from mutual funds. Ananth Narayan, professor-finance at SPIJMR told FE that, at best, it would help provide funding for mutual funds via banks against good quality paper. "Banks are likely to remain averse to credit risk in these uncertain times. Effectively the credit transmission has broken down due to risk aversion and hence liquidity itself will not solve the issue," Narayan observed. Fund managers, too, said banks may continue to buy only highly-rated paper from mutual funds. Continued on Page 2 ■ Sebi's enhanced borrowing limits in March didn't help MFs, Page 11



Quick Picks

RIL board to consider Q4 results and rights issue on April 30

THE BOARD of Reliance Industries (RIL) is scheduled to meet on April 30 to consider and approve financial results for the quarter ended March 31 and the full fiscal 2020, the company informed the exchanges on Monday, reports fe Bureau in Mumbai. The board of RIL also consider the dividend payout for the year and a proposal to issue equity shares to existing shareholders via rights issue, subject to regulatory approvals.

Rice purchase for central pool to touch a record 50 mt

THE CENTRE is set to procure a record 50-51 million tonne of rice in 2019-20 (October-September), which is 43% of the production estimate, as farmers are eager to sell their paddy to government agencies for getting the minimum support price after lockdown reduced chances of sales through mandis, reports fe Bureau in New Delhi. States like Telangana and Andhra Pradesh, major producers of the grain, are planning to buy the entire rice crops in their states. The Food Corporation of India (FCI) has already bought 39.4 million tonne (MT) of rice as on March 31 during 2019-20 season. Due to the impact of corona, officials expect 10-11 MT rabi rice will be purchased taking the total to about 50 MT this year. PAGE 2

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Economy

TUESDAY, APRIL 28, 2020

EXPERT VIEW

Lockdowns are showing a disastrous impact on the economy and could lead to a permanent loss of GDP, unemployment and poverty, despite relief packages.

— Crisil

Quick View



Wheat procurement reaches 8.86 MT

AMID COVID-19 LOCKDOWN, wheat procurement is progressing at a fast pace in major growing states and 8.86 million tonne of grains have been purchased so far in this marketing year, the Food Ministry said on Monday. The wheat procurement target has been set at 40.7 MT for the 2020-21 marketing year (April-March).

Crisil lowers growth forecast

CRISIL ON MONDAY nearly halved its GDP forecast for India to 1.8% for 2020-21 while projecting total losses of Rs 10 lakh crore or Rs 7,000 per person due to "disastrous" lockdowns to control COVID-19 pandemic.

Ind-Ra cuts FY21 growth forecast

INDIA RATINGS AND Research (Ind-Ra) on Monday revised its FY21 economic growth forecast for the country further down to 1.9%, lowest in the last 29 years, citing the COVID-19 and lockdown.

Rice purchase for central pool to hit record 50 MT

FE BUREAU
New Delhi, April 27

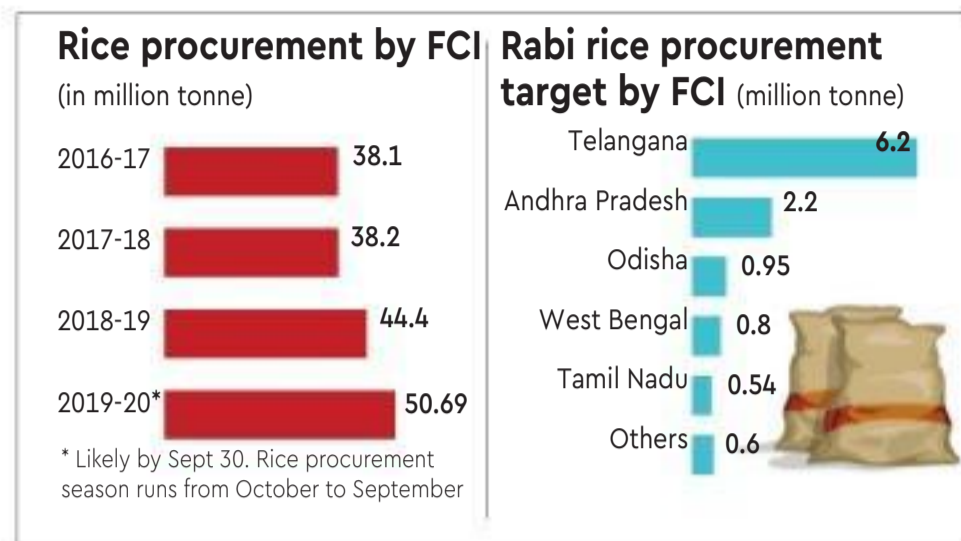
THE CENTRE IS set to procure a record 50-51 million tonne (MT) of rice in 2019-20 (October-September), which is 43% of the production estimate, as farmers are eager to sell paddy to government agencies for getting the minimum support price, with the lockdown reducing chances of sales through mandis.

States like Telangana and Andhra Pradesh, major producers of the grain, are planning to buy the entire rice crop in their states.

The Food Corporation of India (FCI) has already bought 39.4 million tonne (MT) of rice as on March 31 during 2019-20 season. Due to the impact of corona, officials expect 10-11 MT rabi rice to be purchased, taking the total to about 50 MT this year.

During the last procurement season, the FCI had purchased 44.4 MT of rice, which was the highest for any year till then. The current paddy MSP is ₹1,815/quintal for the common variety and ₹1,835/quintal for grade A.

The FCI, which has been managing the central pool



stocks of rice and wheat, had record 73.85 MT of food grain — 49.15 MT of rice and 24.7 MT of wheat — as on April 1, which is three-and-a-half times the buffer norms (including strategic reserves) of 21.04 MT.

Since the FCI has a total storage capacity (own and hired) of 75.85 MT — 62.64 MT under covered godowns and 13.2 MT covered and plinth (CAP) for the central pool, it has not lifted 25.24 MT of unmilled paddy lying with millers to create space for 16.91 MT (rice equivalent of unmilled paddy). However, this space is highly insufficient considering it has kept a target to buy 52 MT of grains — 40.7 MT wheat and 11.3 MT rabi-grown

rice from April 1 to July 15.

Though rabi rice procurement continues till the end of September, the maximum procurement happens by July 15 before monsoon covers the entire country.

"The government has allocated 12 MT of rice and wheat under the corona package while additional 15 MT can be distributed under regular NFSA quota by June-end. Only option left for the government is to allow the paddy to remain with millers and create additional storage space in open," said a government official.

The CAP storage is used only for wheat (not paddy) — the grain is kept in open field on plinth and covered with polythene sheets.

AP launches app to track buyers at pharmacies

FE BUREAU
Hyderabad, April 27

THE MEDICAL AND health department of Andhra Pradesh has launched a mobile application, Covid Pharma, to keep track of people purchasing medicines over-the-counter (OTC) from medical stores for cough, cold and fever.

Using the app, pharmacies will have to take down details of persons and their mobile numbers, who are making OTC purchases of medicines, including Paracetamol, for common ailments, and report that to the government.

"In the prevailing scenario, this will help us easily trace persons with any kind of likely symptoms of coronavirus," Katamaneni Baskar, commissioner of health, said in a statement. This also includes buying medicines with prescriptions. The medical shops association has consented to collect details of persons making such purchases and share those with the health department for better monitoring, he said.

The state reported 80 new Covid-19 cases in the last 24 hours, taking the overall tally to 1,177.



YS Jagan Mohan Reddy

Meanwhile, the state government has recruited 1,174 doctors on a temporary basis for a year to meet emergent requirements. Most of these doctors would be posted in the Covid-19 hotbed districts like Kurnool, Guntur, Krishna and Chittoor, Baskar said.

Chief minister YS Jagan

"The state agencies of Punjab and Haryana are well experienced in keeping wheat in CAP storage. Scientifically-built CAPs are quite secure, but this year, there may be a need to store some wheat in unscientific CAPs. So, there might be a risk of damage at some low lying locations, if there were heavy rains," said former agriculture secretary Siraj Hussain.

In 2008, the government had launched the Private Entrepreneurs Guarantee scheme under which it was decided to add 15 MT capacity. This scheme was highly successful and 13.4 MT has already been added. On the other hand, construction of steel silos has not progressed at the desired pace. About 4,50,000 tonne silo capacity has been built since 2015, against a target of 10 MT.

Due to the decision to distribute additional food grain to all ration card holders free of costs during April-July, the agency has been evacuating over 1 lakh tonne of rice on a daily basis from Punjab to consuming states. Also, rice from Telangana is being sent to West Bengal and other states in eastern part to create space for fresh purchase.

CBDT again defers GST, GAAR reporting in I-T audit form

PRESS TRUST OF INDIA
New Delhi, April 27

THE INCOME TAX Department on Monday deferred for the third time the requirement for companies to include in their I-T audit report the details of the GST and GAAR.

The reporting requirement of these details in income tax audit form has been kept in abeyance till March 31, 2021 — meaning that all income tax audit reports need not include details on the GST and the General Anti-Avoidance Rules (GAAR) till March 2021.

Business entities having a turnover of more than ₹1 crore (or ₹2 crore if they have opted for presumptive taxation) and professionals with gross receipts of more than ₹50 lakh

The reporting requirement of these details in I-T audit form has been kept in abeyance till March 31, 2021.

have to comply with the tax audit requirements.

The due date for its filing is September 30 and if the taxpayer is covered by transfer pricing provisions, the due date is November 30.

The Central Board of Direct Taxes (CBDT), in an order issued on Monday, said the board has received representations with regard to difficulty in implementation of reporting requirements under clause 30C (pertaining to GAAR) and clause 44 (pertaining to GST compliance) of the Form No

3CD in view of the global pandemic due to Covid-19 and requested for deferring its applicability.

"The matter has been examined and in view of the prevailing situation due to Covid-19 pandemic across the country, it has been decided by the board that the reporting under clause 30C and clause 44 of the tax audit report shall be kept in abeyance till March 31, 2021," the CBDT said.

In July 2018, the I-T department had changed the tax audit form, 3CD, seeking details under the GST as well as the GAAR, which seeks to prevent companies from routing transactions through other countries to avoid taxes.

The changes were to come into effect from August 20, 2018.

Mumbai Metro lines 2A & 7 to miss December deadline

VIKAS SRIVASTAVA
Mumbai, April 27

THE MUMBAI METRO lines 2A and 7 which were to connect important destinations of the Central and Western Mumbai region from December this year will miss the commissioning timeline despite the resumption of construction activity by the Mumbai Metropolitan Regional Development Authority (MMRDA) from April 23. The Covid-19 induced lockdown has now shifted the trial runs for the two projects to February-March of 2021 from the earlier planned July-August of 2020, a senior MMRDA official told FE.

The Metro line 2A of around 19 km will run between DN Nagar and Dahisar (W) while the Metro line 7 of 17 km will run between Dahisar (E) and Andheri (E). The two projects being built at a cost of over ₹12,000 crore will also connect several stations on the existing Metro line 1 which runs from Ghatkopar to Versova and are



expected to see a combined ridership of 15.7 lakh in 2021.

Almost 90% of the construction work for the two projects are complete and MMRDA had initiated the last mile connectivity with the residential and commercial complexes in March.

BG Pawar, joint metropolitan commissioner of MMRDA, told FE, the two trains for test runs are expected by September-October from Bengaluru, but it is difficult to ramp up the civil work to catch up with the earlier commissioning time-

line of December. "The lockdown has impacted the projects and we are trying to estimate the impact in terms of time and cost. However, as far as other projects with commissioning in 2022 and 2023 are concerned we will make up for the lockdown impact in due course."

However, the official believes the current lockdown has given the advantage of working 24x7 on the projects which was not the case earlier. "Due to reduced traffic on the highways we can work during the daytime as well, which was not allowed earlier. Also, low noise activities can be conducted during the night time. It will allow us to catch up with the lost work," Pawar said.

MMRDA secured approval for construction activities for its projects on April 23 after the Maharashtra government revoked the relaxations given on April 20 for Mumbai and Pune region following the increase in coronavirus cases beyond 5,000 mark in Maharashtra.

From the Front Page

Centre considering proposal to guarantee ₹3L-cr MSME loans

WITH THE economy set to contract for the first time in four decades, Modi's endorsement is the only way to make it attractive for banks, which are concerned about rising delinquencies, to lend to small businesses.

"A large part of the fiscal package of developed countries such as the US and UK have involved loan guarantees," said Teresa John, an economist at Nirmal Bang. "If targets are set for banks and shadow banks for availing refinancing under such a scheme, along with credit guarantees this will, to an extent, ensure credit flow to MSMEs and ultimately help in reviving growth," she said, referring to micro, small and medium enterprises.

A finance ministry spokesperson was not immediately available for comment.

Earlier on Monday, the country's central bank offered ₹50,000-crore credit line to mutual funds to avoid distress sale of assets and calm investor concerns after Franklin Templeton shut six of them last week citing a lack of liquidity.

Small businesses, which form the bedrock of the \$2.7-trillion economy, have been the worst hit by the lockdown with their activity coming to a halt. An estimated 100 million workers in mining, construction, manufacturing and services sectors have been rendered jobless due to the lockdown, Subhash Chandra Gar, a former top bureaucrat in the finance ministry, wrote in a blog. **BLOOMBERG**

No cut in states' tax share till Jan

THE CENTRE has already transferred ₹46,038 crore as the states' share of central taxes in April.

With the Centre's decision, which some state governments confirmed to FE that they have been informed about, nearly Rs 5.45 lakh crore or 70% of ₹7.84 lakh crore (BE) estimated to be transferred to states in FY21 from the divisible tax kitty, will be distributed among the states by January 2021. This would of course necessitate massive adjustments in the transfers in the final two months of the fiscal year (February-March).

The move might necessitate additional borrowing requirements for the Centre in FY21, but it may not make any material difference to the general government debt, which is seen rising in the current year. The widely apprehended shifting of debt burden to the Centre and states in the current scenario will be arrested to an extent by the move.

"The likely (extra) devolution up to January will be adjusted in the last four transfers. That means, we have to be ready to sustain on our own virtually without any tax devolution from the Centre in February and March," a senior official from a state government told FE, on condition of anonymity.

Of course, states aren't complaining of this arrangement as they are aware of the precarious financial position of the Centre. That could explain the Centre's decision to avail Rs 2 lakh crore in ways and means advances (WMA) in H1FY21, 1.67% more than in H1FY20, to meet expenditure commitments including planned devolution to states. The WMA facility is in addition to the Centre's H1FY21 gross

Focus on economy, PM tells CMs

HOWEVER, SOME north-eastern states have said they will extend the lockdown beyond May 3.

Modi highlighted the importance for states to enforce guidelines strictly in the hotspots (red zone areas) and said states must strive to convert the red zones into orange and thereafter to green zones through containment measures.

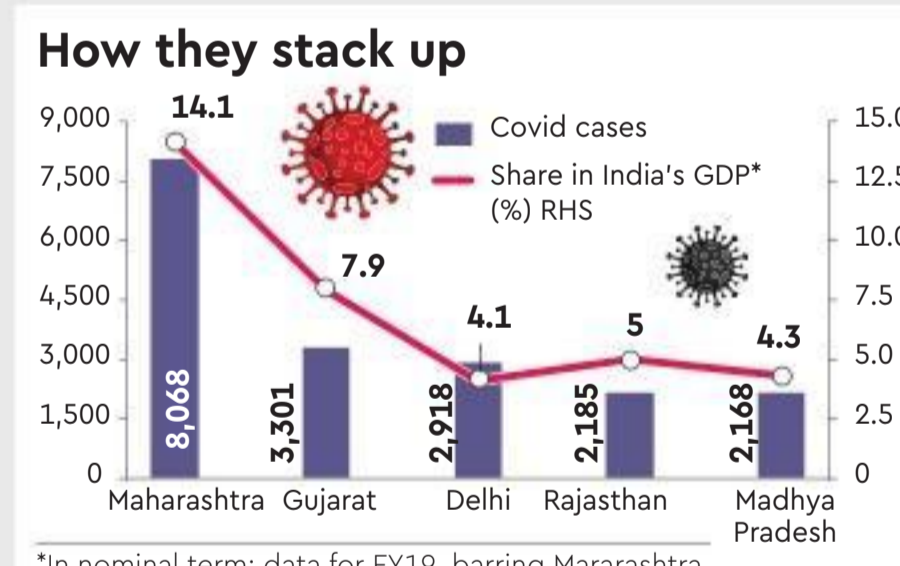
"The Prime Minister said we have to give importance to the economy as well as continue the fight against Covid-19. He emphasised on the importance of usage of technology as much as possible and also to utilise time to embrace reform measures," the Prime Minister's Office said in a statement after the meeting.

Uttarakhand chief minister Trivendra Singh Rawat said businesses should start operations in a phased manner, after taking precaution-

ary measures. He added that development work under certain schemes, including MGNREGS, is taking place in his states.

Himachal Pradesh chief minister Jai Ram Thakur said his state was in a position to resume economic activities.

Puducherry chief minister V Narayanasamy has urged the Centre to boost the supplies of personal protective equipment (PPEs) and



market borrowing of Rs 4.88 lakh crore or 62.6% of its full year borrowing plan. Many analysts project the Centre's full year gross market borrowings could be much higher than Rs 7.8 lakh crore estimated for FY21.

Tax devolution to states in the past five years show that after a sharp 50% increase in FY16 (due to implementation of the 14th Finance Commission's recommendation to increase states' share in the divisible tax pool to 42% from 32%), the growth rate has continuously declined, partly due to rise in levy of cess and surcharge by the Centre but also because of a decline in revenue buoyancy. The receipts from cess and surcharge are not part

of the divisible pool and the Centre has resorted to these imposts to mitigate the impact on its finances from the 14th Finance Commission award.

Accordingly, the share of cess and surcharge in the Centre's gross tax revenue (GTR) rose from 9.3% in FY15 to 11.8% in FY16 and was estimated to be 15% in FY20BE. Similarly, the devolution to states from the Centre's GTR fell from 34.8% in FY16 to 32.9% in FY20BE and it is estimated to be 32.4% in FY21.

Unable to avoid the additional spending obligations to combat Covid-19, many states are even disregarding the exorbitant costs of borrowings in a clearly risk-averse, jittery market. With many states planning

even while staying within investment grade," Balasubramanian said.

Experts said the debacle at Franklin could lead to redemptions from other debt schemes. Investors could lose a big chunk of the ₹25, 800 crore worth of assets held in the six debt schemes that Franklin has wound down. The industry manages close to ₹15 lakh crore of debt investments. Nitesh Shah, MD & CEO of Kotak Mahindra AMC, said the move was a good confidence-building measure to ensure continued confidence of the investors in MFs and also allow the markets to function normally. Nimesh Shah, MD & CEO, ICICI Prudential AMC, said the RBI's objective in offering a special liquidity window was to reduce the stress building up in the corporate bond segment.

RBI said in a release the funds drawn under the special facility by banks should be used exclusively for meeting the liquidity requirements of MFs, either by lending to fund houses or by buying investment-grade corporate bonds, debentures, CPs and CDs held by MFs. The investment can be classified as held to maturity (HTM), even in excess of 25% of total permitted investment and will be excluded for computation of adjusted non-food bank credit as also exempt from banks' capital market exposure limits. Moreover, the exposures under this facility will not be reckoned under the large exposure framework.

Low-income users: No outgoing calls under extended validity

IN THE first round, when the operators had on March 30 extended the validity till April

17, they had credited a talktime of ₹10 each in the account of such subscribers. Reliance Jio had provided 100 free outgoing calls. However, no such thing was done in the second extension.

The Cellular Operators Association of India had said that the operators had incurred a cost of ₹600 crore by such extension. Divided amongst three operators, this amount comes to roughly ₹200 crore each which will be around 2% of their revenues. The COAI's logic was that if the extension needs to be broad-based then the government should reimburse the operators by dipping into the Universal Social Obligation Fund (USOF).

There are around 500 million 2G users, of which around 200 million fall in the category who generally recharge from physical stores.

Asset quality could come under stress, says IndusInd Bank CEO

AT THE same time, Kathalia cautioned the lender's commercial-vehicle (CV) portfolio may continue to slow down at least till Q2FY21 due to the impact of the pandemic and the migration to BS VI norms. "The second half will be better if everything moves up on the commercial-vehicle portfolio. On the microfinance portfolio, it's a question of when the lockdown is lifted and the rural economy will be the first to come back," he said.

The lender's gross NPAs stood at 2.45% of gross advances as on March 31, 2020, up from 2.18% on December 31, 2019, while the net NPA ratio stood at 0.91% of net advances as on March 31, 2020, down from 1.05% on December 31, 2019.

The total provisions for the March quarter stood at ₹2,440 crore, up 56% year-on-year (y-o-y), including floating provisions worth ₹260 crore to account for the impact on the economy due to Covid. This is over and above ₹23 crore worth of provisions which are equivalent to the mandated 5% against accounts availing the loan moratorium.

The lender's provision coverage ratio (PCR) stood at 63.3% at the end of March. The bank has fully provided for its exposure to an infrastructure financing company, understood to be entities from the Infrastructure Leasing & Financial Services (IL&FS) group.

IndusInd Bank's net profit fell 16% y-o-y to ₹302 crore in the March quarter as a result of higher provisions. Its net interest income (NII) increased 45% y-o-y to ₹3,231 crore and net interest margin (NIM) increased 10 bps sequentially to 4.25%. Total advances grew 11% y-o-y to ₹2.07 lakh crore as on March 31, 2020.

Kathalia said the bank's March retail collections were upwards of 95% across portfolios. The bank has also seen credit flows in the transaction account happening even in the month of April in the MSME section of its client portfolio.

"On the corporate portfolio, we reached out to our clients. We are seeing very few clients come back to us. It's early days and we still have to watch," Kathalia said.

IndusInd Bank's shares closed at ₹407.35 on Monday on the NSE, up 6.33% from their previous close. The results were declared after the close of trade.

SC refuses to stay MHA order on full salaries to workers during lockdown

The apex court asked the ministry to explain as to why its order should not be stayed

FE BUREAU
New Delhi, Apr 27

THE SUPREME COURT on Monday refused to stay the government circular asking private establishments, including MSMEs to pay full salaries to their employees during the Covid-19 lockdown. However, the apex court directed the ministry of home affairs (MHA) to put on record its policy decision and also asked it to explain as to why its order of March 29 directing private enterprises to pay off full wages without any deductions should not be stayed.

A bench led by justice NV Ramana issued notice to the

government and asked solicitor general Tushar Mehta to file reply within two weeks.

It was hearing various petitions filed by companies including Ludhiana Hand Tools Association and Ficus Pax seeking quashing of the MHA's March 29 circular directing all private enterprises to continue payment of full salaries for the duration of the lockdown. The MHA order had also warned of legal consequences if the directions for payment of full salaries were not complied with.

Ludhiana-based association of hand tools manufacturers, comprising of 41 MSMEs, has blamed the government of passing such orders without due care and deliberation on the financial implications for the employers and had warned that making such payments would lead to the closure of many of the units and which in turn would cause permanent unemployment and will adversely affect the economy.



Such a blanket direction for payment of full salaries is manifestly arbitrary, unconstitutional and unsustainable, MSMEs had said, adding that private employers should be completely exempted from paying their workmen during the lockdown as the one-sided implementation of contract alone was not permitted.

Ludhiana Hand Tools Association also said the MHA order violated the private com-

panies' right to carry on any occupation, trade or business guaranteed under Articles 19(1)(g) of the Constitution.

MSMEs also argued that the Centre lacked the power to direct payment of wages as the provisions of the Disaster Management Act, 2005 cannot "impinge upon express provisions of the Industrial Disputes Act, 1947 and take away the right to layoff workmen during times of natural calamity."

It is irrational to treat all private establishments alike irrespective of profit, loss, debt, or turnover, the petition said, adding that a blanket direction by MHA is akin to a tax without any statutory backing.

"Government has not taken any steps for workforce instead put the burden on employers to pay full wages," MSMEs said, adding that an employer and employee have reciprocal promises whereby the right of an employee to demand salary is reciprocal to performance of work by such employee.

Besides, the petition said, that an employer has a right not to pay if no work is done.

As an alternative, the association had stated that hundreds of crores of unclaimed provident fund and Employees State Insurance Corporation contribution lie in banks attracting interest and the government should utilise these funds rather than burden the private sector.

Centre, DGCA get notice on plea for full refund of cancelled air tickets

PRESS TRUST OF INDIA
New Delhi, April 27



THE SUPREME COURT on Monday sought responses from the Centre and DGCA on a plea seeking directions to airlines operating domestic and international flights in India to refund full amount collected for tickets due to cancellation of flights in wake of the lockdown and restrictions imposed to contain Covid-19 pandemic.

A bench of justices NV Ramana, SK Kaul and BR Gavai, which heard the matter through video-conferencing, issued notices to the Centre and the Directorate General of Civil Aviation (DGCA) on the plea which has urged the court to declare the alleged action of airlines of not refunding entire value of cancelled air tickets as violative of the civil aviation requirement issued by the authority.

"It is submitted that the airlines instead of providing the full refund of the amount collected for the tickets due to cancellation, are providing a credit shell, valid upto one year, which is clear in violation of the Civil Aviation Requirement of May 2008 issued by the DGCA which clearly states that 'the option of holding the refund amount in credit shell by the airlines shall be the prerogative of the passenger and not a default practice of the airline,'" said the plea, filed by the NGO, 'Pravasi Legal Cell'.

Referring to the earlier prevalent practice, it has said in case of credit card payments, re-

fund shall be made by the airlines within seven days of the cancellation to account of the credit-card holder and in case of a cash transaction, the refund shall be "made immediately" by the airline office from where the ticket was purchased.

The Civil Aviation Requirement of May 2008 sets a limit of 30 working days for airlines to complete the refund process for tickets booked through travel agents/portals, the plea has said.

The plea has referred to the April 16 office memorandum of the ministry of civil aviation which deals with refund of ticket amount collected without levy of cancellation charge.

It has claimed that the April 16 office memorandum directing airlines to provide full refund of amount paid to only those people who booked tickets during the lockdown period and "leaving out people who booked tickets prior to lockdown but the flights cancelled due to lockdown

amounts to treating equals unequally and thus the same is in clear violation of the fundamental rights guaranteed under the Constitution."

"It is clear from the office memorandum that directs the airlines to refund only those tickets that were booked during the lockdown period, leaves out the vast majority of passengers who had booked tickets before the flights were banned.

Which indirectly approves to the practice of the airlines providing credit shell for booking effected before the lockdown, though the same clearly violates the refund rules of the DGCA," the plea has alleged.

There was no question of anyone booking a ticket during the lockdown knowing that schedule passenger flights were cancelled for period of travel and this made office memorandum of the ministry of civil aviation "ambiguous and devoid of any logic," the plea has claimed.

This institution is not hostage of govt: SC

PRESS TRUST OF INDIA
New Delhi, April 27

"THIS INSTITUTION IS not hostage of government," the Supreme Court said on Monday as it sought reply from the Centre on a plea seeking direction to authorities to allow migrant workers across the country to return home after conducting coronavirus tests.

The top court's remark came after advocate Prashant Bhushan told the court that the government's view is being blindly considered without verifying it, while fundamental rights of people especially migrant workers are not being enforced.

A bench of justices NV Ramana, Sanjay Kishan Kaul and BR Gavai questioned Bhushan, appearing for petitioners

Jagdeep S Chhokar, former director-in-charge of IIM, Ahmedabad, and lawyer Gaurav Jain, and said as to why should the court hear him, if he does not have faith in the system.

Bhushan said that this is an institution created by Constitution but the fundamental rights are being violated of these migrant workers and I am entitled to express my anguish.

The bench told Bhushan, "You don't have faith in judiciary. This institution is not hostage of government."

Clarifying that he never said that he has no faith in this system, Bhushan added he could be wrong but similar opinion is expressed by some retired judges.

The bench told him that he claims to be practising in the apex court for past 30 years

The remark came after advocate Prashant Bhushan told the court that the government's view is being blindly considered without verifying it, while fundamental rights of people especially migrant workers are not being enforced

and then he must know that some orders are favourable and some are not and therefore he should not say such things.

Solicitor general Tushar Mehta, appearing for Centre told Bhushan that he should not be under the impression that he is the only one who is

concerned with enforcement of fundamental rights.

He said the government is very much concerned with the issue and trying to provide all possible help to migrant workers.

Bhushan said that if there was any objection with regard to his appearance as a lawyer in the case, then he was willing to withdraw from the matter and some other lawyer will appear.

The bench said that it had never asked him to withdraw from the matter.

Bhushan said the central government seems to have shut its eyes and should consider the distress situation faced by the migrant workers during the lockdown.

He said that more than 90% migrant workers have not received the ration or wages;

they are in desperate situation and should be allowed to go to their native places.

Mehta however said that these are incorrect reports and questioned the basis of the data given by the petitioners.

He said the Centre is consulting states on the issue as to how many of migrant workers have to be transported, how many have to be given help and what kind of help.

The bench told Mehta that it means that Centre is in consultation with states and is ready to examine the issue.

Mehta replied that the government is examining everything but the ideas of petitioner are not required and urged the court to not keep the petition pending as there are already several pleas, which have similar prayers.

'Smart bin system' to prevent Covid-19 spread

FE BUREAU
Chennai, April 27

INDIAN INSTITUTE OF Technology -Madras (IIT-M) incubated startup Antariksh Waste Ventures has developed an IoT-enabled 'Smart Bin System' to prevent the spread Covid-19 through waste generated at CVPs (contagion vulnerable points — primarily hospitals, clinics, public bins, quarantine zones. Called 'AirBin,' it enables re-

mote monitoring of waste accumulation levels and clearances through IoT systems. This smart bin can be retrofitted on to existing garbage bins on nearby poles, walls or the bin lids, said a press release here on Monday.

The AirBin will make it easier to remotely monitor waste levels in bins; get timely alerts when bins are getting filled up; plan and improve waste management process for speedier collection, transportation and

disposal; get automated cumulative reports of waste clearances and estimated waste generated by categories of wastes, locations, priority, among others; update concerned sanitation teams with status of bin levels periodically, and update concerned recycler or incinerator for scheduling pickup of waste or route optimisation for best pickup route, if across multiple clinics, the release pointed out.

TN freezes DA for govt staff, pensioners

FE BUREAU
Chennai, April 27

TO TIDE OVER the financial constraints in view of the severe crisis arising out of Covid-19 pandemic and in line with the Centre's decision, the Tamil Nadu government on Monday announced freezing of dearness allowance (DA) to its employees and pensioners at current rates till July 2021.

The state government said that the order is also applicable to the teaching and non-teaching staff working in aided educational institutions, employees under local bodies and employees governed by UGC, among others.

"Following the orders issued by the government of India and in view of the severe fiscal crisis arising out of Covid-19 pandemic, the government has decided to adopt the decision of the government of India for state



government employees, teachers and pensioners for freezing the DA at current rates till July 2021," a government order said.

The Union government last week had issued an order freezing the DA to the Central govern-

ment employees and Dearness Relief (DR) to Central government pensioners at current rates till July 2021. The additional installments of DA and DR due from July 1, 2020, and January 1, 2021, according to the order, will not be paid.

Meanwhile, the Tamil Nadu chief minister Edappadi K Palaniswami on Monday requested Prime Minister Narendra Modi for ad-hoc grant of ₹1,000 crore from National Disaster Relief Fund (NDRF) and Custom Milled Rice (CMR) subsidy of ₹1,321 crore. Palaniswami requested for an ad-hoc grant of ₹1,000 crore from NDRF for purchase of medical and protective material.

"The chief minister's public relief fund may be made eligible to receive Corporate Social Responsibility (CSR) contribution under Schedule-III of the Companies Act, 2013," he said.

The chief minister also asked

Modi for a relief package for the power sector and extension of support to micro, small and medium enterprises (MSME) units for payment of salaries to their employees, payment of PF and ESI dues on their behalf and waiver of interest on term loans and working capital loans for a period of six months. Payment of GST Advance Tax and income tax may be deferred for six months to help the MSMEs, Palaniswami said.

Pointing out various welfare measures taken by his government for the benefit of the poor, Palaniswami said 42 companies have started manufacturing of Covid-19 related medical equipment and drugs after a special package was announced. "In order to double farmers' income, I request you to provide transport subsidy to the Farmer Producers Organisations, so as to take the farmers produce directly to the consumers," Palaniswami said.

Gujarat's ₹25k-cr textile processing industry facing demand crisis

FE BUREAU
Ahmedabad, April 27

EVERN THOUGH THE Gujarat government has granted permission to recommence operations, the Ahmedabad-based ₹25,000 crore textile processing industry will not be able to function as there is no demand (domestic and international) of processed textile in wake of Covid-19 pandemic.

Till March 24, 2020, over 300 textile processing units situated in and around Ahmedabad used to process on and average nearly 1.5 crore metre cloths on daily basis. With announcement of nationwide lockdown, this highly labour intensive industry suddenly ceased.

"It is not easy to resume work. Markets across the globe are almost closed. Even if some demand generates in near future, it would take at least a fortnight to make a textile processing unit to function normally. Migrant labourers have left for their native places and most of the local labourers residing in red zones declared by authorities. Hence, they wouldn't be able

to leave their areas till further orders," says Nitin Thakker, president of Ahmedabad Textile Processors Association (ATPS) adding that in such situation it would be impossible to run a unit with immediate effect.

Already owners of textile processing units are under severe pressure to pay their instalments of loans, salaries of their employees and contract labours and other fixed expenditures, said Thakker, who is also member of a committee formed by Union ministry of textile for the development of textile sector in the country. According to him, currently people's priorities are food and medicine, textile and apparels would come later and hence there wouldn't be any demand in near future.

The highly labour intensive textile processing sector of Ahmedabad provides direct employment to nearly 1 lakh people and indirect employment to more than

three lakh people. He further said that it would be extremely difficult to follow social distancing guidelines of government in the case of textile processing units as textile processing requires large number of labourers.

Crores of rupees have been stuck as these textile processors have supplied processed textile all across the country on credit and due to sudden lockdown pur-

chasers are not able to pay them. "We can't blame on buyers as they haven't been neither able to do value addition on processed textile or sell it to their buyers. Hence they don't have money to pay us. Nobody knows when this vicious chain would end," said an owner of a large textile processing units, whose ₹75 crore have been stuck due to lockdown requesting anonymity.

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Companies

TUESDAY, APRIL 28, 2020



REVIVAL OF GROWTH

Gautam Adani, Adani Group chairman

We are confident of India's ability to revive its economic growth engine and power up through hard work for the next phase of prosperity for its vast and energetic population. As India's leading infrastructure conglomerate, the Adani Group is ready to partner the country on its path to sustainable growth

Quick View



Paytm Mall to team up with 10,000 kirana stores

E-COMMERCE PLATFORM PAYTM Mall on Monday announced that it would partner with over 10,000 kirana stores, small shops, and businesses for hyperlocal deliveries. According to Paytm Mall, there has been a massive uptick in the sales of grocery essentials from tier-II and tier-III towns. Cities including Indore, Ahmedabad, NCR, Bengaluru, Lucknow, Pune, Chennai, Ludhiana, and Bathinda have all seen a rise in orders. The company said leading logistics players, including GATI, Ecom Express, Delhivery, Blue Dart and FedEx, are working with Paytm Mall.

Covid-19: Amazon with 4 NGOs to raise ₹100 crore

ONLINE RETAIL MAJOR Amazon India has tied up with four non-profits — Habitat for Humanity India, Oxfam India, United Way India and Akshaya Patra — to help raise at least ₹100 crore to help fight deadly COVID-19 pandemic. The Amazon offer is to collect donations from the users of its media vertical Prime and other customers and match their contributions with its own. "Our target is to contribute at least ₹100 crore to the government," an Amazon India spokesperson said.

Fitr raises \$2 million in pre-Series-A funding

PUNE-BASED FITNESS START-UP Fitr has raised \$2 million in pre-Series A funding from Surge, Sequoia Capital India's rapid scale-up program for early-stage start-ups in India and Southeast Asia.

Lincoln Pharmaceuticals gets nod to make HCQ

AHMEDABAD-BASED LINCOLN PHARMACEUTICALS said it recently received approval to manufacture hydroxychloroquine (HCQ) among other critical drugs to fight COVID-19 from the Gujarat Food & Drug Control Administration. It can now manufacture varied dosages of hydroxychloroquine tablets and hydroxychloroquine sulphate tablets among others at its plant situated on the outskirts of Ahmedabad.

True Balance disburses ₹23-crore loans

FINTECH APP TRUE Balance on Monday said that it had disbursed loans worth of ₹23 crore in March, 2020. In the first quarter (Q1) of CY20, True Balance disbursed a total loan figure of nearly ₹50 crore.

India Cements resumes ops at select plants

AFTER A MONTH of closure due to COVID-19 lockdown, India Cements has announced the resumption of production in some of its plants across country. Tamil Nadu government, where the company has four plants, in a recent notice said that based on the requests from industries, cement among 10 other sectors have been classified as continuous process industries. Further, it has ordered to permit the skeletal staff for essential maintenance of all closed industrial units to ensure the safety of the machinery/installation.

'V-C investment in India's tech to remain challenging'

VENTURE CAPITAL INVESTMENT IN India's technology companies is expected to remain challenging in the short term, according to a recent study by KPMG. V-C firms invested \$2.2 billion in domestic tech firms across 181 deals in the three months to March 2020, marginally lower than \$2.3 billion invested in the year-ago period. VC financing stood close to \$6 billion in the October-December quarter, 2019. "Gaming could also see an uptick in V-C investment in India," the report said.

UNITS LOCATED IN MAHA, TN

SP Infra to sell 5 solar energy assets to KKR for ₹1,554 cr

FE BUREAU
Mumbai, April 27

SHAPOORJI PALLONJI INFRASTRUCTURE Capital (SP Infra) will be selling five operational solar energy assets to global investment firm KKR for a total consideration of ₹1,554 crore, company said on Monday. The portfolio to be sold comprises 169 MW in Maharashtra and 148 MW in Tamil Nadu.

Mukundan Srinivasan, managing director of SP Infra, said, "This deal further demonstrates SP Infra's continued track record of developing high-quality infrastructure assets in its chosen spaces, creating value for further growth in its businesses, and be the partner of choice for high-quality international investors like KKR."

David Luboff, head (Asia Pacific Infrastructure) at KKR, said, "Given the growing demand across Asia Pacific for sustainable energy solutions, we also see this as a great example of how KKR can bring capital and expertise to assets to help meet the demand for infrastructure development."

Sanjay Nayar, CEO, KKR India, added, "Given the government's ambitious target of achieving 175GW of renewable energy



capacity by 2022, we believe this is an attractive time to invest in this portfolio and provide even greater solar energy solutions to communities across India."

India is a key part of KKR's Asia Infrastructure strategy, and this announced transaction is the Firm's second investment in the country as part of its dedicated infrastructure strategy, company said. The transaction is subject to customary approvals.

The deals momentum has been high in the energy space of late. According to Grant Thornton, driven by three high-value deals of over \$500 million each with eight other deals, energy and natural resources sector topped the value chart in the three months of January-March 2020.

Energy and natural resources formed

13% in terms of the overall deal value in the mergers and acquisition space, with \$1,316 million worth of transactions. In the private equity space too, deals in the energy and natural resources space formed 15% of the deal value, with \$728-million transactions.

Some of the notable deals during the quarter included Total SA making a strategic investment in Adani Green Energy, and Goldman Sachs and Varde Partners investing \$570 million in RattanIndia Power which made it the biggest debt resolution deal by an international stressed asset funds in India and one of the biggest outside the insolvency resolution framework, without any change in management, according to Grant Thornton deal tracker report of April 2020.

Lenders receive money for Alok Industries resolution from RIL and JMFARC

ANKUR MISHRA
Mumbai, April 27

A YEAR AFTER the National Company Law Tribunal (NCLT) approved the resolution for Alok Industries, the lenders of troubled textile manufacturer have finally received ₹5,052 crore last month from Reliance Industries (RIL) and JM Financial Asset Reconstruction Company (JMFARC), as part of resolution plan, sources in the know told FE.

This development assumes significance as banks will be able to write back the transferred amount completely in March quarter, as they had already provided 100% for the troubled company. According to sources,

the lead creditor, State Bank of India (SBI) will write back ₹1,660 crore in the March quarter after receiving money for Alok Industries. The Ahmedabad bench of NCLT had approved the joint bid by RIL and JMFARC in March, 2019.

Alok Industries was part of the first twelve accounts, released by Reserve Bank of India for insolvency proceedings in June 2017. The firm owed lenders a total of ₹30,000 crore. The total bid of ₹5,052 crore by RIL and JMFARC implied around 85% haircut for the lenders.

Apart from SBI, other lenders included IDBI Bank, Bank of Baroda, Canara Bank and Bank of India, among others. RIL has also bo-

ught 37.7% in textile manufacturer Alok Industries for ₹250 crore, as part of resolution plan. RIL and SBI did not respond to the queries sent by FE till the time of filing this copy.

Alok Industries posted a net loss of ₹189 crore in the December quarter, compared to loss of ₹1,259 crore in the same quarter last year. The total income of the company in December quarter stood at ₹827 crore, compared to the same quarter last year. The firm is an integrated textile manufacturer headquartered in Mumbai with interests in the polyester and cotton segments. Alok Industries had informed exchanges earlier that it had shut its manufacturing units and offices from March 25, 2020 due to Covid-19.

Financial package demanded for organised retail sector

FE BUREAU
New Delhi, April 27

THE SHOPPING CENTRES Association of India (SCAI) has written to the RBI governor seeking a financial package for the organised retail sector that is reeling under the impact of Covid-19.

The association said in the absence of stimulus from the Reserve Bank of India (RBI), more than 500 shopping centres are likely to be on the verge of bankruptcy that may lead to the banking sector starting at non-performing assets (NPAs) of ₹25,000 crore.

In its submission, the SCAI has urged financial institutions to consider a moratorium period in repayment of bank loans, interest, EMI without levy of any penalties. The association said the moratorium offered should be extended till March 31, 2021, at the minimum.

SCAI has also requested permission for a one-time loan restructuring with lower rates of interest for the sector.

"Banks are now writing to shopping centres/mall owners directing them to deposit rental payments even for the month of April in escrow accounts against lease rental discounting facility availed by the industry. Unable to deposit lease

rentals, SCAI believes this will result in significant amount of defaults," SCAI said in the letter to RBI governor on April 22.

The SCAI also sought a facilitating and forward-looking support provision of short-term financing options for a period of 6 to 12 months, at a lower interest rate to meet the increased working capital requirements.

The association further appealed that goods and services tax (GST) rebates be granted to offset the losses on account of and for the period of closure of business. The SCAI has requested to permit flexibility to deposit GST "as that needs to be deposited immediately upon raising of invoice, while corresponding payments are likely to be much delayed."

Last month, the SCAI had submitted a representation to the Prime Minister's Office (PMO) seeking his intervention in bailing out the sector from financial distress. The association had enlisted similar requests in its letter to the PMO.

The Shopping Centre industry covers more than 650 shopping centres of over 100,000 sq ft of which over 550 are owned by standalone developers. While revenue for the sector has come down to zero amidst the lockdown, it continues to incur fixed costs.

INTERVIEW: ANAND KUMAR BAJAJ, vice-chairman, BCFI, and MD & CEO, PayNearby

'There is a need to multiply business correspondent network at least 2 times'

The Business Correspondent Federation of India (BCFI) had flagged a number of challenges faced by the business correspondents in ensuring the relief package announced by the government reach its intended beneficiaries across the country. A month after the lockdown began, the requests of business correspondents remain unheard by the government amidst other priorities, says Anand Kumar Bajaj, vice-chairman, BCFI, and MD & CEO, PayNearby, in a conversation with Hariprasad Radhakrishnan. Edited Excerpts:

Since the ₹1.7-lakh crore relief package announced by the finance ministry, the BCFI had flagged a number of challenges flagged by the industry body in ensuring the transfer. A month after the lockdown started, have these been addressed?

One request was to include business correspondents' work under essential services, and this was approved and I am glad that the government called us on national duty. It is not the time to ask for a pound of flesh, but it would be great if the government blessed us

and put an arm around us. There are four other key requests we had made to the government through the BCFI. First, there is a GST impact of 27% on BC services. It is unwarranted and may be unintentional. This has been communicated to the government, but there is no action on this. Second, there is a 10% TDS deducted from BC agents, many of whom run low-income kirana stores. The TDS (tax deducted at source) that is levied blocks capital, and the BC agents may not know how to get a refund. Third, for cash withdrawal of more than ₹1 crore in a year, the government exempted business correspondents last year from additional 2% TDS for cash withdrawal. Unfortunately, most banks do not recognise BC agents who are involved in DBT (direct benefit transfer) disbursements and the TDS gets levied. Fourth, just like the insurance cover given to medical forces, the government can provide all 10 lakh BC agents with insurance cover of ₹50 lakh in the event of death in the line of duty. Because of a sudden spurt in volume of small-ticket ₹500 transactions, the server



traffic has shot up exponentially. If we had a capacity of 10 lakh transactions earlier, we increased it to 20 lakh transactions a day, but we are now serving 30-40 lakh transactions. With the ticket size being very low, costs have shot up and income has gone down. We requested the government to give half a per cent of the 1.75-lakh-crore relief package as stimulus to BCs who are ensuring the distribution. These requests are unheard right now, as the government has other priorities. But it is important to understand the diffi-

Adani Power posts ₹1,312-cr loss in Q4

PRESS TRUST OF INDIA
New Delhi, April 27

ADANI POWER ON Monday reported a consolidated net loss of ₹1,312.86 crore for the March quarter, mainly due higher operating cost.

The company had posted a consolidated net profit of ₹634.64 crore in the year-ago quarter, Adani Power said in a BSE filing. Its total income slipped to ₹6,327.57 crore in the quarter from ₹8,077.89 crore in the year-ago period.

Total expenses in March quarter stood at ₹7,980.17 crore as compared to ₹8,162.01 crore in the same period of 2018-19.

A company official said the loss was mainly due to rise in operational costs in the quarter and entire fiscal.

Consolidated net stood at ₹2,274.77 crore in 2019-20 compared to ₹984.40 crore loss in 2018-19. Total income rose to ₹27,841.81 crore in last fiscal from ₹26,361.63 crore in 2018-19.

"The Adani Group has stood by its commitment to the nation, to ensure uninterrupted availability of power in the tumultuous times of the COVID-19 lockdown.

"We are confident of India's ability to revive its economic growth engine and power up through hard work for the next phase of prosperity for its vast and energetic population. As India's leading infrastructure conglomerate, the Adani Group is ready to partner the country on its path to sustainable growth," Adani Group chairman Gautam Adani said.

The company said that its average plant load factor (PLF) or capacity utilisation achieved during 2019-2020 was 68% as compared to 64% achieved in the previous year. The PLF was higher despite annual overhaul (AOH) and capital overhaul (COH) of 11 units in 2020, compared to 4 units in the previous year due to higher domestic coal materialisation and execution of supplementary power purchase agreement (SPPA) in Adani Power (Mundra) Ltd (APMUL). AOH and COH are referred to periodic maintenance and also repairs of power plants.

The company's electricity sale during the year was 1.6% higher at 64.1 billion units (BU) as compared to 55.2 BU sold during the previous year due to higher PLF



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and power sale of 4.3 BU from Raigarh Energy Generation (REGL) and Raipur Energen (REL).

Depreciation charge for the year was ₹3,007 crore, after incorporating the consolidation of REL and REGL as compared to ₹2,751 crore for the previous year.

Loss for the year includes exceptional item of ₹1,003 crore, pertaining to the write off of certain receivables and advances, owing to the acceptance of resolution plan submitted by the company for acquisition of Korba West Power Co, which is now renamed to REGL.

Average PLF achieved during the quarter ended March 31, 2020 was 66%, as compared to 79% achieved during the corresponding period previous year.

Lower PLF during the quarter, in comparison to the corresponding quarter of the previous year was primarily on account of AOH and COH in APMUL and Udipi Power Corporation Ltd (UPCL) units.

Further, subdued power demand and increased penetration of renewable energy also impacted the capacity utilisation of the Kawai and Udipi power plants.

Power sale during the quarter was 16.6 BU, similar to 16.6 BU sold during the corresponding period previous year, despite lower PLF, mainly due to sale of power from REGL and REL. Depreciation and interest charge during the quarter were higher mainly due to the incorporation of the consolidation of REL and REGL.

Plants to resume ops in Aurangabad, Kolhapur

GEETA NAIR
Pune, April 17

FACTORIES IN THE industrial estates of Aurangabad and Kolhapur are expected to reopen their factories with fewer workers, even as Pune and Mumbai region remain as hotspots with no clear signs of when the plants could re-start operations. Some steps being taken by industries in other industrial hubs of Maharashtra to resume manufacturing activities.

Bajaj Auto has resumed partial operations at the Waluj plant in Aurangabad. Bajaj manufactures three-wheelers and their smaller motorcycle range, for both domestic and export markets at Waluj. Around 20-30% of workers living around the plant and Bajaj Nagar are returning to work. Bajaj Auto's two main vendors, Endurance Technologies and Varroc Group, have said they are starting operations in Aurangabad.

Greaves Cotton, the other large OEM in Aurangabad, has initiated steps to start operations and resume partial manufacturing operations in the Shendra MIDC, Aurangabad. Powertrain and electric mobility company, Greaves Cotton (Greaves) got approvals from the Maharashtra government to commence its operation at its plant.

Varroc said it was resuming operations at its manufacturing plants, mostly located in Aurangabad and it will be operating at 10-30% capacity. Varroc has also started oper-



ations at Pantnagar. Bajaj Auto's vendor, Endurance, got approvals to resume working at Waluj in Aurangabad. Endurance counts almost every two-wheeler maker in the country as its customer and Bajaj Auto accounts for a large share of its business. Endurance has indicated that it would gradually ramp up to align with the off-take from its OEM customers. They are also resuming some operations at Pantnagar, too.

Mukund Kulkarni, chairman of CII - Aurangabad, and director of Expert Global Solutions, said 1,700 units across three industrial estates — Waluj, Shendra and Paithan Road in Aurangabad — have got approval to resume operations and they have spent the last couple of days in housekeeping, restarting machines and maintenance.

By another two days around 20-25% of the production of these units will start and those companies with export orders and firm orders have been given priority, Kulkarni said. "These units should be able to stabilise operations in a couple of days and material movement will start soon."

Sulajja Firodia Motwani, founder and CEO of Kinetic Green, said their manufacturing plant was in Ahmednagar and since this was not in the red zone, they were hoping to resume operation on May 4 and were awaiting clear guidelines.

Textile manufacturing firm Indocount Industries has announced that their manufacturing facilities at Kolhapur has received conditional permissions from the Kolhapur district authorities to restart partial manufacturing operations of its plants. Partial manufacturing operations at the Indocount's home textile as well as the spinning plant at Kolhapur have resumed on April 26 and April 27, respectively.

Skoda Auto Volkswagen India (SAVIPL), the other major OEM operating out of Aurangabad, will not be starting this month but are planning to start operations by May 4. SAVIPL has assured employees that there would be no salary cuts or job losses in the company. Gurpratap Boparai, MD, SAVIPL, said employees were their biggest asset and they will first attempt the most difficult things and relook at structural and overhead costs.

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are getting angry with the BC agents. It would help to process failed transaction reversals on priority.

Are there challenges in movement of BC agents during the lockdown?

There are some challenges that business correspondents are facing in a very few areas. In most of the places, BCs are supported by the local administrations.

The RBI had mentioned that 80% of BCs are active. Is the current strength sufficient to meet the demand?

There is a need to multiply the business correspondent network by at least two times of what we have today. There are about 8 lakh BC agents serving PMJDY (Pradhan Mantri Jan Dhan Yojana) and normal account holders. The relaxations made by the Reserve Bank of India has helped in reaching the last mile through technology enablement of BC agents. The ATMs are available and the business correspondent network is working alongside in the distribution.

GOVT'S 'TOUGH ASK'

710-MT output target makes CIL jittery

INDRONIL ROYCHOWDHURY
Kolkata, April 27

COAL INDIA'S (CIL'S) target of producing 710 million tonne (MT) in FY21 seems unrealistic to a section of the stakeholders in view of the low demand under which the mining behemoth is reeling at the current point in time. CIL ended FY 20 producing 602 MT — 58 MT short of the target — and is still left with a stockpile of 125.5-75.5 MT at pit heads and 50 MT at the power plants. This means it has 30 days of coal stock at the power plants. Thus, producing 710 MT in FY21 would eventually result in more pilferage, deterioration in quality, increased environmental pollution and creating more

stockpile with high chances of catching fire. Although Union coal minister Prahlad Joshi has said power demand will go up once the country exists the lockdown phase and Union commerce and railways minister Piyush Goyal foresees an opportunity for India turning to a manufacturing hub, CIL sources have maintained that there will be a gestation period before these things happen and production could pick up only then. In the power sector, even the pre-Covid situation was not healthy as the demand was low. Average plant load factor (PLF) for power plants was only 60% and in the Covid situation, even the peak demand continues to remain at an average of 117 GW.

FACTS IN FIGURES

- The highest incremental production achieved so far has been 44.5 MT in 2015-16, the year in which CIL ended up producing 539 MT
- Any incremental production beyond this level from open-cast mines doesn't seem



feasible, and CIL, at best, can produce 650 MT in FY 21 not considering the 125 MT stock pile lying with it

Besides, there are not much thermal capacity addition to happen because the focus has been in adding renewable energy. The ministry could have set a target of removing the huge burden and could have kept coal at exposed seams. As and when required coal could be extracted out of the seams. But ministry sources insisted that keeping production target on the lower side would mean escalating the cost per tonne of production and also

decreasing the output per man per shift. Coal production from open cast mines costs between ₹1,500 and ₹,800 per tonne. Though production from underground mines cost ₹6,000 per tonne, the company has almost shut all the underground mines to make mining profitable, extracting only 5% of its total production from the underground mines. Salaries and wages of CIL workers are the highest in the industry, accounting for nearly 50% of its operational cost and therefore asking for more production would mean optimising the value of the company's human resources. But the highest incremental production achieved so far has been 44.5 MT in 2015-16, the year in which CIL ended up

producing 539 MT. Any incremental production beyond this level from open-cast mines doesn't seem feasible, and CIL, at best, can produce 650 MT in FY 21 not considering the 125 MT stock pile lying with it. Meanwhile, to reduce operational costs, CIL has shifted all its subsidiary marketing counters from Kolkata and other regional cities to its subsidiary headquarters and this has to be made effective by the end of June. While CIL officials felt there would be other measures to reduce operational cost and the government was eager to pass on the benefit to the power sector, there were even chances that the ministry made a downward revision of the production target for FY21.

Amazon India to use 55 rail routes to transport goods

PRESS TRUST OF INDIA
New Delhi, April 27

AMAZON INDIA ON Monday said it would use 55 railway routes to transport goods between cities as the e-commerce major works on ways to ensure faster deliveries to customers amid the nationwide lockdown. Strengthening its partnership with the railways, the company would now be utilising 55 railway lanes. Last year, Amazon India had partnered with Indian Railways for inter-city transportation of e-commerce packages on 13 lanes. It had also set up pickup kiosks for customers in Kolkata and Mumbai. Lanes are rail routes between two cities or towns. Amazon India will transport consignments via rail across the country and is leveraging the 'Covid-19 Parcel Special Trains' introduced by the railways to ramp up its operations to 55 lanes during the lockdown period, according to a statement. Indian Railways with the support of the Railway Board has created a proactive solution to provide support for transportation during the lockdown, it said.



Last year, it had partnered with Indian Railways for inter-city transportation of e-commerce packages on 13 lanes

The railway zones are Western, Central, Northern, Eastern, South Central, Southern, South Eastern, North East Frontier, North Western and South Western. "This enhanced network will enable sellers in Amazon India's network to ship their products across the country and keep their businesses running, thereby, allowing people to access a more diverse selection of essential products," the statement said. Amazon India director (Amazon transportation services) Abhinav Singh said with the support of the special trains, the company was confident of fulfilling customer orders with enhanced speed and capacity. "We are grateful for this timely decision by the Indian Railways to offer freight movement solutions during these challenging times," he added. During the nationwide lockdown, e-commerce companies have been allowed to sell only essential items like grocery, healthcare and pharmaceutical products. The players and industry associations have been urging the government to expand the list of essentials to include "work from home" and "study from home" products. The lockdown, which began on March 25, is to end on May 3.

'OMCs' gross profit on retail fuel sales to rise 60% in Q1FY21'

FE BUREAU
New Delhi, April 27

WITH RETAIL PRICES of petrol and diesel remaining unchanged since March 16 despite falling crude prices, auto fuel margins of state-run oil marketing companies (OMC) nearly tripled to ₹14.72 per litre in the same period, analysts noted. Even though fuel-sale volumes remained as low as the current levels (down 60% year-on-year) throughout the quarter, if such marketing margins are sustained, ICICI Securities estimated that gross profit (on retail fuel sales) of the OMCs in Q1FY21 would be around ₹20,000 crore (Indian Oil: ₹9,550 crore, Bharat Petroleum: ₹5,480 crore and Hindustan Petroleum: ₹4,980 crore). This is about 60% more than the corresponding period in FY20.



ared imminent, but expected the imposition "only after volumes recover for the benefit of excise duty hike over higher volumes", and believed that "it would be staggered and not be in one shot". The government used the Finance Bill 2020 to create room for increasing the taxes on auto fuels by up to ₹8/litre. In March, the Centre had also hiked the special additional excise duty and road and infrastructure cess on petrol and diesel by a total of ₹3 per litre, seizing the opportunity afforded by the fall in crude prices. ICICI Securities added that even if the taxes were raised by the highest rate of ₹8/litre without changing retail prices, auto fuel margin of OMCs would still be in the range of ₹9.52/litre-₹10.27/litre — much more than the ₹3.6/litre margin achieved by the OMCs in Q1FY20.

Higher auto fuel margins are likely to be partially offset the inventory losses the OMCs have seen to take in the ongoing quarter due to the continuous fall in crude prices. ICICI Securities had recently said the three OMCs could among themselves report massive inventory — crude and products — losses of around ₹33,000 crore in Q4FY20.

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M&M opens 40% of its tractor dealerships

FE BUREAU
Mumbai, April 27:

MAHINDRA AND MAHINDRA (M&M) has opened 40% of its tractor dealerships as these vehicles were classified as essential services with farmers needing them in peak season moving from harvesting to sowing soon, Rajesh Jejurikar, executive director (auto and farm sector), M&M, told CNBC TV18.

coming into effect. Jejurikar said while the dealers had started to open, it is the NBFCs and financial institutions that should start lending to support the demand. Meanwhile, auto dealers are also ready and waiting for the announcement of dates to resume operations. "We believe we have adequate inventory in place to manage first few weeks of demand," he said. As for restarting manufacturing facilities, Jejurikar said the plan is to start manufacturing slowly and the company is not planning to open plants before the middle of May. "We

don't need to because we have adequate finished goods inventory. We would rather establish availability of labour, availability of parts and social distancing and build manufacturing through slow ramp up as we go through middle of May onwards," he said. He also said if anyone was to start operations on May 3, the labour workforce would not be available. However, that is not the case with M&M as it is not planning to resume operations in the beginning of May. "We are not assuming that we are opening our plants from May 3, we are assuming to open our plants

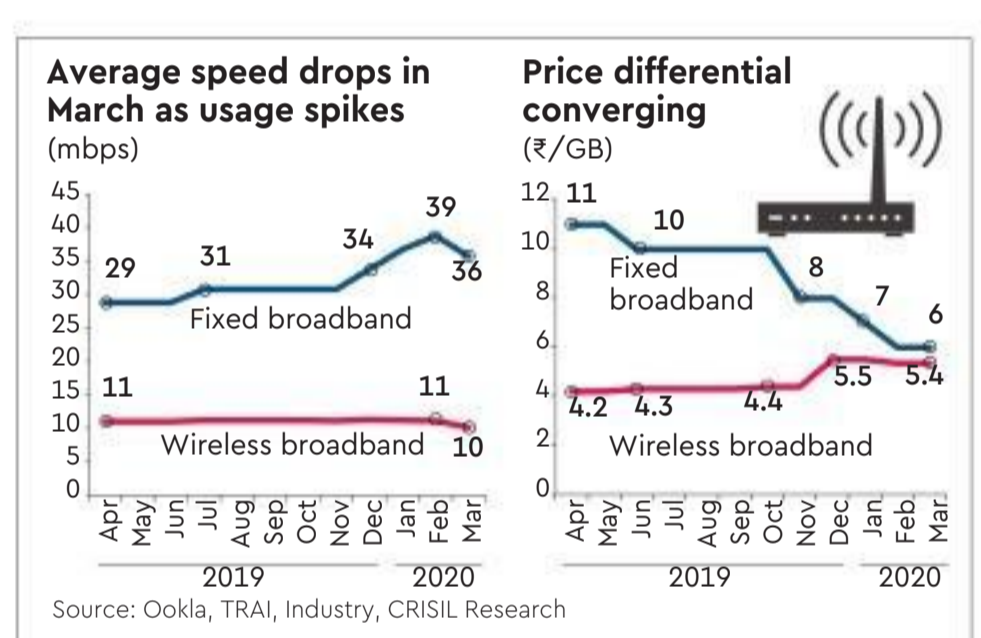
in the middle of May or May third week because we have adequate inventory right now and there is no point rushing to open the plant or taking undue risks with people in the short-term". He added that company's cash positions were "good" and all steps were being taken to fortify it. "We are a company with good cash positions, low debt and we are doing everything to fortify our cash position and paying vendors on pre-scheduled timeline and tightening our capital allocation policy mandated by the board," he said.

Wi-Fi finds more takers as lockdown continues

Work from home is the new norm

FE BUREAU
New Delhi, April 27

WITH LOCKDOWN FORCING a majority of Indians to continue working from home, Wi-Fi connection or wired broadband is finding more takers. Wired broadband subscribers in India are around 18-19 million - dismal compared to the developed nations. For instance, fixed broadband adoption in India is among the lowest globally, at 6%, compared to Japan (80%), US (75%), Eurozone (70%) and China (55%). A Crisil report said the lockdown had come as a "Godsend to the fixed broadband sector, which has been stagnating with subscribers at 18-19 million since 2016 because of the intense price war in the mobile tele-



phony space". Although 4G offers lower speed than fixed broadband, it served the purpose all this while, especially with increasing affordability of smartphones. "But now, subscriptions to fixed broadband, especially in urban areas, have surged because millions are working from home. Consequently, data usage has darted up 25-30%

since the lockdown began on March 25, 2020. This spike in consumption, however, has led to slower data speeds," the ratings agency noted. Internet Service Providers Association of India (ISPAI) said this was a good opportunity for the sector. The association also raised its long-standing demand of allowing active infrastructure sharing to

'1 m IT staff will continue WFH'

MORE THAN ONE million information technology employees are expected to continue to work from home even after the coronavirus-inflicted lockdown situation returns to normalcy, said industry veteran Senapathy Gopalakrishnan. The former CII president said the IT services industry had managed to transition people to work from home during the "stay-at-home" period. He said many small Indian startups have found that they are as effective working out of home and are wondering if they require permanent office space at all.

include internet service provider (ISP) players, which is available to all other licences. This would help bring down costs and would lead to more efficient and cheaper internet services. "Fixed broadband has a great opportunity to expand in India as they provide steady link and speed. Covid-19 has forced people to work from home and this has become the new normal. Also with too much pressure on wireless networks, professionals

working from home have to use WiFi for consistency of speed and internet," ISPAI president Rajesh Chharia said. Also fixed-line broadband providers can offer direct links to subscribers so that their office work does not get stalled due to low speed or steady link problems as is happening on wireless networks, due to heavy burden during such times. Besides, fixed-line broadband will also bring down the load on wireless networks, Chharia added.

Ambuja Cements net profit up 6.80%

AMBUJA CEMENTS ON Monday reported a 6.80% rise in its consolidated net profit to ₹742.59 crore for the first quarter ended March 31.

The company, which follows the January-December financial year, had clocked a net profit of ₹695.30 crore in the corresponding period a year ago, Ambuja Cements said in a BSE filing. Its revenue from operations was down 8.50% to ₹6,249.66 crore during the March 2020 quarter, compared with ₹6,830.70 crore in the corresponding quarter of the previous financial year, impacted by de-growth in volumes due to the nationwide lockdown. Ambuja Cements' total expenses in the January-March quarter this year was down 2.44% at ₹5,388.38 crore, compared with ₹6,151.66 crore. —PTI

PhonePe raises ₹214 cr from Singapore parent firm

FE BUREAU
New Delhi, April 27

PHONEPE HAS RECEIVED \$28 million (₹214 crore) in fresh capital from its Singapore parent, according to the company's RoC filings. In February, the Walmart-controlled digital payments firm had received about \$60 million (nearly ₹430 crore) from the entity. Founded in 2015 by Sameer Nigam, Rahul Chari and Burzin Engineer, PhonePe was acquired by Flipkart in 2016. It is the first payments app to be built on United Payments Interface (UPI). PhonePe, which competes with others like Amazon Pay, Google Pay and Paytm, claims to have more than 8 million merchants across 215 cities. PhonePe had received ₹585.66 crore in fresh capital from its Singapore parent in December 2019. In July 2019, the Singapore-based entity injected ₹697.91 crore into the Flipkart-owned digital payments firm, which was preceded by an infusion of ₹743.6 crore earlier in the year. PhonePe's losses widened by 140% year-on-year to ₹1,904.72 crore in the year to March 2019. Total expenses of the firm shot up to ₹2,153.22 crore in FY19 compared to expenses of ₹840.06 crore posted in FY18.

IndusInd Bank

CIN: L65191PN1994PLC076333 | Regd. Office: 2401, Gen. Thimmayya Road, Cantonment, Pune - 411 001.
Corporate Office: 8th Floor, Tower 1, One Indiabulls Centre, 841 S. B. Marg, Elphinstone Road, Mumbai - 400 013.

Particulars	Consolidated			Standalone		
	Quarter ended 31.03.2020 (audited)	Year ended 31.03.2020 (audited)	Quarter ended 31.03.2019 (unaudited)	Quarter ended 31.03.2020 (audited)	Year ended 31.03.2020 (audited)	Quarter ended 31.03.2019 (audited)
Total income from operations	915880	3573550	755043	915857	3573414	755043
Net Profit / (Loss) for the period (before tax, exceptional and / or extraordinary items)	41640	617672	50638	39585	612061	50700
Net Profit / (Loss) for the period before tax (after exceptional and / or extraordinary items)	41640	617672	50638	39585	612061	50700
Net Profit / (Loss) for the period after tax (after exceptional and / or extraordinary items)	31525	445818	35953	30184	441791	36010
Equity Share Capital	69354	69354	60269	69354	69354	60269
Reserves (excluding Revaluation Reserve as shown in the Audited Balance Sheet of the previous year)	3306110	3306110	2575901	3301956	3301956	2575773
Earnings Per Share (of ₹10 each) (for continuing and discontinued operations) (not annualised)						
- Basic	4.55	64.33	5.96	4.35	63.75	5.98
- Diluted	4.54	64.10	5.93	4.34	63.52	5.94

Note:

- The above is an extract of the detailed format of Quarterly / Annual Financial Results filed with the Stock Exchange under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarterly Financial Results are available on the Stock Exchange websites (www.bseindia.com and www.nseindia.com) and Bank website www.indusind.com.
- Information relating to Total Comprehensive Income and Other Comprehensive Income are not furnished as Ind AS is not yet made applicable to banks.

Sumant Kathpalia
Managing Director & CEO

Opinion

TUESDAY, APRIL 28, 2020

Rational Expectations

SUNIL
JAIN

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Flattening the curve, flattering to deceive

PM & CMs needed to restart the economy & do more antibody testing; they've got trapped in flattening-the-curve rhetoric

GOING BY NEWS REPORTS of the PM and CMs meeting, in all probability, the lockdown will continue after May 3 in some form or the other, with most states in favour of extending it; some have said that, in any case, there can be few relaxations in hotspot areas like Mumbai and Pune. This is most unfortunate, and crores of workers will suffer as job losses mount; as firms go bust, in the absence of a central government relief package, bank NPAs will also surge. The governments, sadly, have got trapped in the flattening-the-curve rhetoric, and it is not clear if they know how to get out, especially since fresh outbreaks of the virus, as are happening in China, are highly likely.

The initial lockdown—and its extension—had a specific goal, and that has been achieved. Had the number of infected been doubling every three days, as it was before the lockdown, India's flailing healthcare system would have been completely overwhelmed. But, with the doubling now occurring every 10 days, hospitals haven't been overrun with Covid patients. It helps that other patients are being kept out, but for how long can this carry on? Nor have intensive care facilities had to turn away the dying. Indeed, there have been several breakthroughs in the meanwhile, like the production of low-cost ventilators, cheaper and quicker antibody testing kits, more production of masks and PPE, etc. An even bigger ramp-up in testing is now easier and, going by government data, hospital bed facilities have been increased significantly.

New findings make it clear that flattening-the-curve is no longer as relevant; having scored a big victory in containing the contagion, India must move on. A week ago, ICMR talked of 80% of the infected being asymptomatic. If it still hasn't changed its testing protocol to include asymptomatic people unless they have been exposed to an infected person, this is because there aren't enough kits to test everyone. But, it is obvious that if so many people are asymptomatic, the testing protocol is inadequate.

Similar reports are emerging from other parts of the world using antibody tests. In a homeless shelter in Boston, 146 of the 397 tested were infected, suggesting an infection rate many times greater than that thought to be the case until then. And, in Santa Clara, a study found the number of infected was 50+ times more than previously estimated using the conventional antigen (RT-PCR) tests. A later study using antibody tests in Los Angeles, PHFI president Srinath Reddy says, found infection levels were 28-55 times higher than previous estimates.

Reddy uses this to make a distinction between the Case Fatality Rate—885 people of the 28,055 detected in India have died so far—and the Infection Fatality Rate for the entire population. Anyone hearing that India has 28 lakh infected as against 28,055 right now—assuming the antibody tests reveal a 100-fold hike in infection levels—will be frightened enough to order an even longer lockdown. But, as professor at JNU's Special Centre for Molecular Medicine Anand Ranganathan points out, this is actually good news. From a case fatality rate of 3.2%—which is really high, considering that at some point, a much larger proportion of Indians will get infected—this rapidly drops to a much more acceptable 0.03% at the level of the population. Knowing this number also makes planning for the pandemic—and opening up the economy—more manageable. Since, by and large, the number of deaths being reported hasn't shot up dramatically, a 100-fold increase in the number of people infected—from 28,055 to 28 lakh—means the fatality rate has plummeted to around 0.03%.

Indeed, Ranganathan points out that measuring the curve—its trajectory, actually—is really a mug's game as it all depends on how much you test. If India had ramped up testing several times over and found 100,000 new cases a week ago, just by way of an example, it is possible that the cases could be falling if the next week showed that 80,000 more people were infected. When you don't even know the shape of the curve, to quote Ranganathan, how do you know if it is flattening?

Given this, and the fact that the human consequences of the lockdown are very serious since crores will be rendered jobless and hungry—and NPAs will also soar as firms go belly up—India's best bet is to ramp up antibody testing to know where the infection has spread, and to what extent, so as to be able to plan the rollout of health infrastructure, and also to decide which areas to open up fully. Also, for the economy to recover, a more nuanced approach is critical in even areas with infections. If the RT-PCR tests—or a rise in the number of hospitalisations or deaths—show the emergence of more hotspots, the governments must not use that to completely stop industrial production or service activity. Instead, cordon off the area/building where this happened and take local action, including disinfection/fumigation of the facilities. A vaccine is at least a year away, and it is not clear when one of the several treatment regimes being tried, including plasma therapy, will work. But waiting for the curve to flatten isn't going to help; this is truly Abhimanyu's *chakratyuh*.

Franklin is to blame

Can't blame Corona for crisis, investment choice was poor

THE DEBACLE AT Franklin Templeton AMC, which has wound down six of its debt income schemes, has prompted the Reserve Bank of India (RBI) to open a special credit window for banks to lend to mutual funds (MFs). The move has no doubt calmed the money and stock markets, but it is unlikely much of the corpus of ₹50,000 crore will be used. Given how risk-averse banks have been over the past year or so, they are not about to expose themselves to a weak AMC, and neither are they likely to buy any corporate paper—NCDs, CPs, etc.—that isn't of top-quality. Indeed, given there is so much surplus liquidity, they could have lent MFs money any time, they didn't need extra resources.

If AMCs find themselves short of liquidity and are holding poor-grade paper, they have only themselves to blame. A glance at some of the portfolios—including Franklin's schemes—shows a fair bit of the paper is of low-grade quality, and some of the names are, frankly, unrecognisable. That the quality of corporate paper has been deteriorating over the past few years is not news. That is what the clean-up in the banking system, which started in late 2015 and resulted in close to ₹12 lakh crore of NPAs, was all about.

For some reason, fund managers chose not to learn from this exercise and went on to hold, or even purchase poor-grade paper. While it is a fact that the ratings agencies didn't do their job—IL&FS was a glaring example of that—the fund managers needed to have done their homework. In a liberal, and often lax regulatory environment, funds continued to chase yields, not worrying too much about the quality of their portfolios. As long as the going was good—a rising tide lifts all boats kind of situation—they managed to survive. When their luck ran out and the problems surfaced—IL&FS, Essel Group, DHFL—they tried to bend the rules, resorting to measures such as stand-still agreements, until Sebi cracked the whip.

The problem with the MF industry is that the revenues are dependent on the size of the assets under management (AUM); to grow the corpus, they try to entice investors with higher yields, which then means they need to compromise on the assets. To be sure, not all the assets can be AAA, but in that case, the fund manager needs to be confident they can liquidate the paper in a time of crisis. It is shameful Franklin is blaming the current liquidity shortage for what is clearly a bad choice of assets. It is time Sebi prescribed a floor for the quality of assets held, and held fund managers responsible for poor performance; investors, for their part, must become more choosy.



MIS-DIAGNOSIS

Congress leader Priyanka Gandhi

Faulty PPEs were supplied to many medical colleges of Uttar Pradesh. Surprisingly, the UP government is not bothered about the scam but is concerned about who leaked the information about these faulty kits

POWER CENTRE

THE CENTRE'S FISCAL MANAGEMENT OF THE COVID CRISIS VIS-A-VIS AVAILABILITY OF FUNDS TO STATES MIGHT RESULT IN CREATING A COERCIVE, RATHER THAN A COOPERATIVE FEDERALISM

Politics of a pandemic

PRONAB
SEN

Former Principal Economic Adviser, Planning Commission & Chief Statistician of India
Views are personal



ers. What was not mentioned, of course, was that practically all state taxes (mainly GST) accrue from "non-essentials". It is certainly true that the Centre also loses an equal share, but it does have other taxes which would continue—income tax, corporate tax, and customs duty. The net result was a sudden and sharp drop in states own taxes exactly at the time when their expenses shot up.

It should be remembered that the states, unlike the Centre, face a "hard budget constraint", which means that they can spend only what they get from taxes, and from what the Centre approves as state market borrowings. To be sure, the Centre has been punctilious about releasing the states' share of central taxes as per the Finance Commission award, but not a paisa more than that. In particular, the arrears on GST payments have yet to be released.

However, state borrowing limits were raised. In desperation, many states have floated additional state government bonds and, quite predictably, have paid a high price for it. The interest rate on these additional bonds shot up by about 1.5 percentage points from around 7.5% earlier, which means an additional future interest payment liability of about 20% on these borrowings. The Centre can still borrow at less than 7% interest and on-

lend to the states, but there has been no change at all in its borrowing programme and, clearly, this is not on the cards. This sad state of affairs is likely to continue for a while, and the states will end up with a large permanent liability on their budgets.

The powers-that-be must have noticed at some point that the original list of "essential goods and services" had two items which provided some succour to state tax revenues—alcohol, and e-commerce. Almost all states, other than those with prohibition, collect somewhere around 30-40% of their own tax revenues from alcohol; and e-commerce (particularly e-retailing) permits the sale of non-essentials, on which GST would be payable. This, of course, could not be countenanced; and, while extending the lockdown, these two were banned as well, without any ostensible reason.

These steps have been noticed by several observers, but there are others as well that have been slipped in without much comment. First, the Centre has quietly announced expenditure

The interest rate on the additional bonds floated by many states shot up by about 1.5 percentage points from around 7.5% earlier, meaning an additional future interest payment liability of about 20%

cuts of 5-10% on all ministries and departments except 10, which may be further extended. Having been in this game for many years, its outcome is quite evident to me—the entire cut will be made on Centrally Sponsored Schemes (CSS).

The CSS are schemes which are implemented by the states but financed by the Centre, and constitute a significant portion of the non-statutory transfers from the Centre to the states. Second, the crash in world oil prices created an opening for additional resource mobilisation for oil-importing countries. The Centre pre-empted the entire space before the states even became aware of the possibility. Third, the central power generating companies have demanded that states make advance payment for any electricity they purchase, thereby posing a difficult dilemma for the states.

If all of this was not enough, the Centre has added insult to injury: the PM-CARES fund. An opaque, discretionary, and apparently non-auditable fund that has been made eligible for the use of CSR expenses of corporates—a provision not extended to the Chief Minister's Relief Funds that all states have for meeting humanitarian needs.

When all the smoke and dust clear, Narendra Modi would have achieved the cooperative federalism that he had promised right at the beginning of his prime ministership; with a little twist—"cooperate; or else..."

Most Covid-carriers don't know it

To suppress Covid-19, we need to test those with no symptoms and quarantine their close contacts before they have had a chance to infect others

SHAN SOE-LIN &
ROBERT HECHT

NYT

ALMOST THE ONLY people who are being tested for the coronavirus are those who have symptoms of Covid-19, an approach endorsed by the Centers for Disease Control and Prevention, which provides guidance for states.

That has probably revealed just a fraction of the people infected, putting thousands of Americans in danger, because most of those who carry the virus do not know it.

What is needed is widespread testing of people with no known symptoms.

A small set of blood tests for antibodies indicated that as many as 2.7 million New Yorkers may have been infected without realising it, Governor Andrew Cuomo said on Thursday. That is in line with other findings. A recent study showed that up to one-third of residents in Chelsea, a hot spot in Massachusetts, may have been infected, and only half of them could recall having a single symptom over the past four weeks. Another small study, of pregnant women in New York City, found that 15% tested positive for the virus, and 80% of them had no symptoms. Of the 840 cases on the aircraft carrier Theodore Roosevelt, 60% were asymptomatic.

So Covid-19 seems much more prevalent than our meagre amount of testing has indicated, and millions of infected people may be innocently spreading the disease.

We need to aggressively search for asymptomatic carriers, particularly among people who have frequent contact with the public, and among vulnerable populations. This includes those who are infectious but will never develop symptoms, and those who will develop them days after the test.

Those in high-risk asymptomatic groups who must be urgently targeted include health workers, especially those in long-term care facilities; the homeless and those working in shelters; grocery store employees and delivery drivers, taxi drivers, emergency workers, employees in high density workplaces like delivery warehouses and meat processing plants;

and anyone who has had close contact with a known Covid-19 patient. These high-risk groups need to be tested as often as every five days, given what we know about the time it takes to develop symptoms after becoming infected, and those found to be infected should self-isolate immediately while their contacts should be quarantined for 14 days.

Testing will need to be expanded at least fivefold and made as accessible and convenient as possible, without the need for a doctor's referral, and free of charge. Right now, about 200,000 people a day are being tested for the virus across the country. We need this to grow to around a million tests or more daily. Testing will be sufficient when fewer than 5% of the tests come up positive. In New York, 38% of those tested were found to be infected as of last Wednesday. The number of new tests is also far too low. Louisiana, another hot spot, reported only 481 new Covid-19 tests last Thursday.

To do this, states must expand mobile testing programmes so workers like those in grocery stores and high-density workplaces can be tested repeatedly and on-site. They should also set up neighbourhood testing sites to encourage everyone else to get tested without hassle.

Scaling up testing will require a surge in strategic planning and supply chain management. The Food and Drug Administration recently approved new polyester-based swabs that can be swiftly manufactured domestically and don't have to be inserted as far up the nose. It also approved the use of sterile saline solution for transporting samples for testing if the medium that is normally used is unavailable. Newly approved testing platforms can deliver results

in 15 minutes.

These recent advances should ease supply chain bottlenecks and increase the availability of tests. But, states will still need to build a vast testing infrastructure using community health centres, pharmacies, and private providers. The results of this hugely expanded testing will need to be digitally coordinated so infected people can be connected to the larger system of counselling, contact tracing, and supportive services. Massachusetts has started an ambitious collaboration between the Department of Public Health, the Commonwealth Health

Those in high-risk asymptomatic groups include health workers, the homeless, those working in shelters, grocery store employees, delivery drivers, and emergency workers

Insurance Connector Authority, and Boston-based Partners in Health to contact-trace all infected cases.

Expanded testing would let states more aggressively suppress the disease.

Those with active infection could get support for self-isolation and contact tracing to identify others at risk who can be quarantined. To help those who cannot self-isolate safely, we need a chain of care, adapted to American conditions, that includes safe places for self-isolation, supported by tens of thousands of community workers who can perform testing and contact tracing, and make it easier for people to quarantine. Already, some states have converted empty university dorm rooms and hotels for this purpose, but so, far the effort has been patchwork.

If we can't prevent the spread of Covid-19, the economy will not be able to reopen. Rapidly finding and isolating all infected patients, focusing particularly on the large pool of infected asymptomatic people, and quarantining their close contacts before they have had a chance to infect others is the only way that the pandemic can be controlled until an effective Covid-19 vaccine is found.

LETTERS TO THE EDITOR

The race for a vaccine

The coronavirus pandemic is taking a heavy toll on humanity—the infections add up to 3.1 million, and counting and deaths to 210,000, and counting. It is playing havoc with the global economy and driving it precariously close to never-before-known recession. The sombre situation adds a new urgency to developing a Covid-19 vaccine. We should think ourselves lucky that SARS-CoV-2 is a vaccineable virus. But, there are no miracle remedies. We are heartened by the global action plan launched by WHO in collaboration with world leaders, research bodies and pharmaceutical giants to speed up efforts to develop a Covid-19 vaccine. Given what is at stake, raising a fund of \$8.1 billion for the initiative won't be a problem.

Incomprehensibly, countries such as the US, Russia, China, and India have not joined in the global initiative to accelerate the process to develop vaccines and drugs. At the same time, coordination within the science community in the search of a vaccine is good news. The visuals of buzzing labs are the hope we cling on to. In this crucial time when we are fighting a common bio-threat prestige and profit should take a back seat. The WHO estimates that it could take at least 18 months to produce a vaccine, though there are other claims that it can be done sooner. Clinical trials involve several phases and take time. The likelihood is that it will be "a marathon" and "not a sprint". Meanwhile, in a reversal of its previous position against issuing "immunity passports" the WHO has stated that recovered patients will develop Covid-19 immunity or antibody protection brightening the prospect for coalescent plasma therapy. WHO's stand that everyone should get "equal access" to vaccines, treatments and diagnostic tests is laudable. When safe and efficacious vaccines are rolled out they should first go to health professionals, residents in 'hotspots' and vulnerable people. The immunisation programme should affirm our common humanity.

— G David Milton, Maruthancode

● Write to us at feletters@expressindia.com



PORTRAIT: SHYAM KUMAR PRASAD

RECORD CAFE: KK SHAILAJA

There is no one-stroke flattening of the curve

Kerala's handling of the Covid-19 outbreak and how it has managed to contain the spread is winning the state even international accolades. The state was the first to report cases, in late January, but it has managed to keep the mortality rate the lowest amongst the most-affected states. But the true test of Kerala's mettle is yet to come, i.e. how it handles the lifting of the lockdown. FE's M Sarita Varma spoke with KK Shailaja, the Minister for Health, Social Justice and Woman & Child Development, of Kerala, on the state's Covid-19 response and what lies ahead. Excerpts:

Kerala had been an early bird in pandemic-fighting, as the first in India to zero-in on Covid-19 cases. And you had donned the virus-tamer mantle earlier, during the Nipah outbreak. Has this head start helped?

Preparedness gave a head start. We were the first to set up a Covid-19 control room, as early as on January 24. This is partly because of Kerala's learning from its brush with the deadly Nipah virus outbreak, two years ago. We had

evolved our virus protocol, with the WHO's hand-holding. Anticipating Nipah again, we had been on guard, with mock drills. The coronavirus deaths in Wuhan in China put us on alert about the homecoming of Kerala medical students in Wuhan. So we kept rapid response teams ready. When three students from Wuhan turned positive, we were able to manage them, without more contact infections. We did not withdraw the airport health squads.

In the second round, we had one case of a Keralite family from Italy, which failed to reveal infection history at the airport. So far, we have tested more than 21,000 samples; 458 were infected. Of them, 333 have been discharged. There have been only three deaths (the Union Ministry of Health and Family Welfare lists four). This was not by chance. It was with humongous effort that we were able to keep the Covid-19 mortality rate as low as 0.5%. From over 1.5 lakh people under observation, through relentless testing, the watch list has slimmed to 21,215 people last week.

There is this 'Kerala human development model'. It showcases a little Indian province that enjoys tall health indices, on a par with those of Canada, but disproportionate with its relatively modest GDP. Was this legacy handy?

Currently, Kerala has a robust mix of public and private hospitals. And the state's public health model, well-honed by the recent Nipah crisis, rose to the challenge. The game changer was a culture of grassroots democracy, with proactive village councils. High literacy levels, too, helped in rigorous contact tracing and mass quarantine. Even students in the state chipped in, building a 2.5-lakh pool of volunteers.

We set up walk-in kiosks for taking samples, picking a leaf from South Korea. Besides the centrally-procured real-time polymerase chain reaction (PCR) testing kits, Kerala was the first state to buy rapid test kits from Pune-based Mylab.

The state's Covid-19 mortality rate is amongst the lowest in India. Kerala is also the first to get the ICMR nod to test plasma therapy. What were the challenges you faced?

Early referrals and well-oiled teamwork helped in minimising morbidities. It was hard work.

One of the most gratifying moments was when we discharged two senior citizens—a 93-year-old man and his 88-year-old wife—after treatment. As a tourist state, we also undertook treatment of several foreign tourists, from Germany, the UK and Italy. A British citizen, who was in severe respiratory difficulties, before going back said that he could probably not have gotten better care in his home country. One situation that had kept us worried was a 62-year-old woman asymptomatic patient in isolation ward, who stayed Covid-19 positive for as long as 45 days. Even medical journals such as *Lancet* haven't come

across such cases.

We had only one Covid-19 testing lab initially. Currently, the ICMR has mandated 14 local labs to do the testing. From 1,500 samples per day, we will soon be able to test 3,000 per day.

As far as plasma therapy is concerned, it is too early to talk of results.

There are allegations that the Kerala government breached the privacy of people in quarantine by signing up a US-based firm to handle their data. How do you see this?

We made an agreement to ensure data privacy. Political allegations often crop up. It doesn't affect our pandemic management.

Even when the Centre extended the lockdown, the Kerala government made some relaxations. At the behest of the Union Ministry of Home Affairs, the relaxations were later rolled back. Does this mean the state is not in sync with the Centre's anti-pandemic curbs?

Indeed, there is no conflict with the Centre on anti-pandemic curbs. On the contrary, we are going fully in tandem with the social distancing plan.

Kerala put in place a strict lockdown before the national one. Gatherings, even prayer meets, are banned. Kerala's quarantine has been longer than the nationally prescribed one.

We matched it with welfare outreach. Supplies are home delivered, midday meals are sent to students at home, even when schools are shut, and mental health helplines are set up. In fact, 1,255 community kitchens were set up for migrant labourers from other states.

After the first phase of national lockdown, chief minister Pinarayi Vijayan pointed out that we need to consider not just lives, but livelihoods, too. Economy needs to be rekindled. That's why we considered relaxations in zones free of Covid-19 cases.

We have now abandoned the green zone concept, since the infiltration of infected cases from the neighbouring states changed the picture. We will also go by the central directive to keep the state borders closed.

Kerala has over 20 lakh expats. Their homecoming would mean a more complex round of surveillance, quarantine and hospitalisation. How prepared is the state to meet this situation?

We are keen to have the expats back as soon as the Centre allows flight services. The evacuation priority would be given to pregnant women, visiting visa holders stranded abroad and old people without Covid-19 infections. They will have to undergo 28-day quarantine, some at home, and some at the arranged camps.

In addition, we have readied about 1.6 lakh beds in anticipation as part of plan A. In plan B, we have identified beds from private hospitals. And in plan C, we may also rope in public halls and houseboats. The state is mulling reverse quarantine plans for senior citizens and is revving up its food security.

Meanwhile, we are also alert to the asymptomatic spread of Covid-19, which we had avoided so far. A good many of the infected seem asymptomatic.

Covid-19 is a new virus, whose behaviour is yet to be unravelled. Mutations cannot be ruled out. It is no one-stroke flattening of the curve.

As of now, we need to review the dynamics of this highly contagious virus, every single day. The pandemic is not over yet. We need to think of livelihoods, but cannot leave human lives to luck. This is not yet the hour to rest our oars.

We are keen to have the Kerala expats back as soon as the Centre allows flight services. We have readied about 1.6 lakh beds in anticipation. In addition, we have identified beds in private hospitals

A SERIES of interviews in the middle of March, I had noted that given the state of preparedness of the country's healthcare system to deal with Covid-19, and the projected flood of cases if the disease were allowed to transmit freely, a lockdown was essential. A three-week lockdown was essential to push out the epidemic curve to June 2020, by which time the country could prepare adequately for the disease. While I was personally in favour of focused state-level shutdowns rather than a national shutdown, keeping in mind the economic and human costs involved, there may have been political and logistical challenges in communicating different messages to different parts of the country. So here we are a month into the big lockdown.

So, what all have we achieved with the lockdown?

Our projections on April 13 on the effect of the lockdown indicated that we should expect to see about 100,000 infections on April 24 (this includes asymptomatic and mild infections).

This is about five times higher than reported cases, which is appropriate given the rate of undercount and the fact that most asymptomatic infections are missed given the low testing rate.

The number of infections would have been about eight times as much without the lockdown.

The rationale for enforced distancing that lockdowns enable is that they temporarily reduce the transmission of infection, which then slows the speed at which an exponential curve can take-off. The mathematics of this can be explained crudely as follows.

Without a lockdown, the number of

It is time to end the lockdown

The lockdown has achieved its purpose. Extending it may not be worth the cost

RAMANAN LAXMINARAYAN

The author is director, Center for Disease Dynamics, Economics & Policy, and a senior research scholar at Princeton University. Views are personal



Covid-19 infections was projected to double approximately every three days—roughly the rate that other countries have seen without a lockdown. At this speed, it takes only 66 days to get from 100 infections to 420 million infections. That is the power of exponential functions. Our models showed that under the assumption that we had the first 100 infections by early March, we would be looking at the epidemic peak by May. With an unprepared health system, there was no way that the country was ready to take on a peak that early.

The logic of a shutdown was that if we were able to increase that doubling time from three to eight days (what we had expected with enforced distancing) for a three-week period, then we could purchase another three to four weeks of time to prepare. And if the lockdown was able to

induce a longer-term behaviour change in the population such that they take the disease seriously beyond the lockdown period, we would get an additional six weeks (assuming that the doubling is only every five days when we return from lockdown). The mathematics in disease models is a bit more complicated than what I have explained here because of how transmission dynamics work, and how we build up immunity as a population as we go along. But the fundamental power of exponential curves remains. Even with a very conservative assumption of just 1% of infections requiring critical care (the actual proportions are higher in other countries), we would have been looking at millions of hospital beds, far more than was available in the country.

The purpose of the lockdown was only to buy time. Since March 24, the rate of



testing has increased from under 2,000 per day to over 36,000 at the current time. According to the government's reports, we are now prepared with thousands more ICU beds, supplies of personal protective equipment, organisation of healthcare professionals, clinical protocols and other equipment for critical care. All of this preparedness planning should undoubtedly continue. However, each additional day of lockdown is now much less valuable in terms of our ability to prepare and, in effect, we are pushing out the epidemic peak only a little bit. Are the benefits worth the costs? In human terms, the consequences are enormous in terms of lost jobs, localised shortages of food and the suffering of the migrants and homeless. Companies have lost significant revenues and will have to lay-off workers. The transportation industry is in shambles, as is the

construction industry. The firm Acuité Ratings & Research estimates that every day of lockdown costs the country about ₹35,000 crore (\$4.5 billion). That works as a crude approximation given that about half of the economy of \$3 trillion is not functional and assuming about 330 working days. The daily value-add of additional preparation is certainly not anything close to ₹35,000 crore.

We could end the lockdown now and spend the additional government revenues from the revival of the economy on increasing testing, containment, hospital beds, critical care and messaging on carrying on distancing. We can achieve much more through continuation of bans on mass gatherings, covering mouths and noses in public, spitting bans, physical distancing to the extent possible in markets, and expanded testing. That would mean

MANUFACTURING

Post-Covid-19 strategies

ASHOK BARAT

The author, a former corporate executive, is president, the Council of EU Chambers of Commerce in India

INDIA'S ROLE POST-COVID-19, particularly in the industrial sector, is a subject of great interest, hope and speculation to the rest of the world. Many believe India will emerge as one of the preferred centres for manufactured products vis-a-vis China, if not the foremost choice. This is a reasonable aspiration to have as a nation. But it's an outcome, not a strategy. An apt strategy for India would be to assume greater self-control over national value chain; embrace and enhance, what is often alluded to as the Nehruvian approach of 'core self-sufficiency', by augmenting domestic value addition in its manufacturing industry.

This discussion has two elements:

1. Manufacturing versus assembly;
2. Expanding domestic capacity and capability.

In the last two decades, most Indian manufacturing has drifted away from its classical definition. Manufacturing is the process of converting the bounty of Mother Nature into a man-made product. Assembly is putting together various manufactured elements and creating a new product that is more convenient for human use. For a variety of reasons, many recent success stories of Indian manufacturing have been more in the nature of assembly. A large number of, and usually critical components and inputs of the value chain, are imported. Many experts suggest that, to be truly called a domestic manufacturer, local value-addition must be at least 50%. This definition (right number may be debated) must be communicated to create a measurable intent if India wants to achieve 'core self-sufficiency'. If a roadmap is not built around a numerical target, the aspiration to attain destiny control over the manufacturing value chain will remain a vague desire and not a plan. Today, we need a plan!

The second part focuses on execution. The author's case is the right answer is a 'string of pearls' approach as opposed to a 'mining for gold' approach. Shorn of the metaphor, it is a 'many medium and nuanced' versus 'few big' choice.

Post Covid-19, getting big-ticket greenfield investments would be challenging. Domestic investors have an issue of affordability. Getting overseas 'big boys' is a different game—it involves global politics, competitive bidding, grants of sops and concessions. In a democracy like India, choices exercised in favour of a few, besides being prohibitively expensive, are politically unwise, likely to be construed as subjective and susceptible to protest, making implementation frustrating.

A 'string of pearls' approach is more targeted—it involves identifying a few priority industries, mapping their value chains and attracting strategic medium-sized investments in those high-value elements of the value chain. These hand-picked items to be focused upon and incentivised to establish manufacturing in India. These investments are likely to be modest in size and low in resource demands (smaller land parcels, attractive for states to also pitch in, etc), making it faster to operationalise. These will get seamlessly retrofitted into an existing value chain as market is assured. Such value-chain-linked projects are attractive for lenders, and eventually can be a source of exports to other nations. This approach has collateral advantages and risk management dimensions.

- Medium-sized enterprises generate more employment per unit of investment, a crucial factor post-Covid-19;
- Land requirements are easier;
- Such enterprises can be spread throughout the country, decongesting cities, widening distribution of economic prosperity, thereby enabling a dispersed growth of services;
- Multiplier impact of common elements in value chain across industries, if chosen and planned well;
- Mitigating the risk (at a country level) that India may face of its IT sector possibly suffering the consequences of a similar global action of reducing dependency concentration.

In summary, India needs to articulate a measurable roadmap to increase its current domestic value addition by at least 500-600bps in the next five years. A large part of this has to come from 'string of pearls', i.e. need-driven, technology-based medium enterprises interwoven with existing domestic manufacturing value chains, and not just from a few large greenfield projects. If the ultimate outcome is to become a preferred global source of choice, the plan has to be a part of a well thought out strategy and not influenced solely by political and ideological rhetoric.

no movie theatres, and no large weddings, religious gatherings, sporting events or other social events. Increased testing is the mantra simply because it enables those who are infected to know their infection status and, therefore, to protect their families and community. Reducing stigma related to Covid-19 is a high priority. If we treat Covid-19 patients like criminals rather than victims of a condition they had no control over, we will find that people will not come forward to be tested. There may be some who think that the lockdown is all that is needed to control Covid-19 and when cases start coming down, we can end the lockdown and we can resume as before. That, sadly, is not likely to happen. The virus will continue to spread, with or without lockdown, albeit at different rates. And as testing increases, we will uncover more cases. There is simply no way to stop the epidemic in its tracks.

The national lockdown was timely and important. It came on the back of early action that India took to stop flights to China, close borders, and trace and quarantine foreign travellers. All of these helped slow down the disease, along with the big lockdown. But the lockdown has achieved its purpose. There is no added value and it is time to go back to work, albeit with some important safety measures. We may yet need another lockdown or two before the end of the year to curb the sharp rise of the disease, and it is important to keep some powder dry for these situations.

However, it is how we effectively control disease transmission and maintain infection prevention and control behaviour post-lockdown and not the continuation of the lockdown that will determine the future trajectory of Covid-19 in India.

International

TUESDAY, APRIL 28, 2020



EXISTENTIAL CRISIS

Guillaume Faury, Airbus CEO

We're bleeding cash at an unprecedented speed, which may threaten the very existence of our company. The aviation industry will emerge into this new world very much weaker and more vulnerable than we went into it...

BATTLING THE PANDEMIC

Some countries prise open coronavirus lockdowns

Leaders are acutely aware that a second wave of infections could sweep over their countries just as life gets back to some kind of normal

REUTERS

Rome/London, April 27

COUNTRIES FROM ITALY to New Zealand have announced the easing of coronavirus lockdowns even as the world's worst pandemic in a century, which started in China in December before creeping across the globe, has forced a dilemma upon governments. People cooped up in their homes for weeks on end are growing frustrated and anxious about what the future holds. And with economic activity from shops and bars to factories and tourism severely curtailed, prolonged recessions are forecast for many countries.

But with no antidote yet found for the coronavirus, leaders are also acutely aware that a second wave of infections could sweep over their countries just as life gets back to some kind of normal.

Italy, which has the world's second-highest rate of coronavirus deaths at more than 26,000, will allow factories and building sites to reopen from May 4 and permit limited family visits as it prepares a staged end to Europe's longest coronavirus lockdown, Prime Minister Giuseppe Conte said on Sunday.

Italy is looking ahead to a second phase of the crisis in which it will attempt to restart the economy without triggering a new wave of infections. "We expect a very complex challenge," Conte said. "We will live with the virus and we will have to adopt every precaution possible."

Quick View

Europe restarts car factories led by VW

GERMAN CARMARKING GIANT Volkswagen resumed production at its biggest factory on Monday. Germany has eased lockdown rules and automakers are relying on the country's ability to trace and contain new coronavirus cases to safely restore operations in Europe's largest economy.

China industrial firms' March profits fall 34.9%

PROFITS EARNED BY China's industrial firms in March fell 34.9% from a year earlier to 370.66 billion yuan (\$52.43 billion), the statistics bureau said on Monday. The decline compares with a 38.3% slump in January-February, which was the steepest decline since at least 2010. For January-March, industrial firms' profits fell 36.7% on an annual basis to 781.45 billion yuan.

Airlines borrow \$31 bn to weather pandemic blow

LENDERS WORLDWIDE HAVE pledged more than \$31 billion of loans to major airlines scrambling to line up funding as the coronavirus pandemic forces them to ground their fleets. Companies from the Americas account for bulk of the borrowings with almost \$20 billion in total.

MAPPING THE VIRUS



It is "really difficult to understand" why a country would want to cut funding to the World Health Organization, its Covid-19 envoy David Nabarro said, in an apparent swipe at the US after Trump moved to cut funding for the international body

Sanofi and Regeneron Pharmaceuticals are pushing into a final stage of tests to evaluate their rheumatoid arthritis medicine as a potential weapon against Covid-19, but only in the sickest patients, after findings that the drug lowered a key measure of inflammation

Julian Assange's extradition trial, set to begin next month, has been delayed because of the pandemic. The three-week trial was due to begin May 18 at a London magistrates court but was postponed to an unscheduled date because of the U.K.'s extension of its lockdown

Iran reported 991 new cases, the first time that number has dropped below 1,000 since late-March. The total number of confirmed infections climbed to 91,472 with more than 70,000 recoveries, while fatalities rose to 5,806, with 96 more deaths

The number of fatalities rose by 331 to 23,521 in the 24 hours through Monday, compared with Sunday's increase of 288 – the lowest in more than month. Total confirmed cases rose 1,831 to 209,465, according to health ministry data

Joe Biden called on the Trump administration to vastly expand the country's testing capabilities for the coronavirus, including a new public health jobs corps of 100,000 people to assist with the testing and contact tracing, as he laid out his vision for safely reopening the economy in a new memo on Monday

New Zealanders will be able to go fishing, surfing, hunting and hiking this week for the first time in more than a month as it begins to ease its way out of a strict lockdown.

About 400,000 people will return to work after the country shifts its alert level down a notch at midnight on Monday, but shops and restaurants will remain closed.

New Zealand's 5 million residents were subjected to one of the strictest lockdowns in the world, with Prime Minister Jacinda

Ardern closing offices, schools, bars and restaurants, including take away and delivery services, on March 26.

In Norway, school children from first to fourth grades returned to schools for the first time since mid-March.

Germany's economy minister urged its 16 states on Monday to reopen slowly. As the number of new infections has fallen, many businesses like smaller stores or car dealerships have been allowed to reopen.

Coronavirus could push US jobless rate to 16%

REUTERS
New York/Chicago, April 27

ANOTHER WAVE OF states prepared to ease coronavirus restrictions on US commerce this week, despite health experts warning there is still too little diagnostic testing, while the White House forecast a staggering jump in the nation's monthly jobless rate.

Colorado, Mississippi, Minnesota, Montana and Tennessee were set to join several other states in reopening businesses without the means to screen systematically for infected people who may be contagious but asymptomatic, and to trace their contacts with others they might have exposed.

Many merchants have voiced ambivalence about returning to work absent the prerequisite public health measures authorities have advocated.

Business shutdowns have led to a record 26.5 million Americans filing for unemployment benefits since mid-March. The nonpartisan Congressional Budget Office predicted on Friday that the economy would contract at an annual rate of nearly a 40% in the second quarter.

Even next year, the CBO forecast calls for an unemployment rate averaging above 10%. Before the pandemic struck, the US jobless rate was hovering at a 50-year low of 3.5%. White House economic adviser Kevin Hassett told reporters on Sunday the jobless rate would likely hit 16% or more in April.

"I think the next couple of months are going to look terrible," Hassett said. "You're going to see numbers as bad as anything

TESTING TIMES



■ A record 26.5 m Americans have filed for unemployment benefits since mid-March

■ White House economic adviser says the jobless rate would likely hit 16% or more in April

■ Georgia, Oklahoma, Alaska and South Carolina forge ahead to restart economies

■ Several states are reopening without systems to screen for asymptomatic infections

we've ever seen before."

Georgia, Oklahoma, Alaska and South Carolina have already forged ahead to restart their economies following weeks of mandatory lockdowns that have thrown nearly one in six American workers out of their jobs.

New York state, the US epicentre of the pandemic, reported 367 new deaths on Sunday, its lowest loss of life in a single 24-hour span since March 20, but has extended its business restrictions through mid-May.

Boris Johnson returns to work after virus scare

BLOOMBERG
London, April 27

PRIME MINISTER BORIS Johnson returned to work and moved to stamp his authority on a government under pressure over its handling of the UK coronavirus outbreak, warning that to lift a nationwide lockdown now would risk both a health crisis and an "economic disaster."

Speaking exactly one month after he went into isolation with a case of Covid-19 that would go on to put him into intensive care, Johnson said the UK is close to having the outbreak under control, and urged people not to relax the social-distancing efforts that had achieved this. He compared the virus to a mugger, and said the nation had "begun together to wrestle it to the floor."

"This is the moment of opportunity," he said outside his Downing Street office. "This is the moment when we can press home our advantage. It is also the moment of maximum risk."



I want to get this economy moving as fast as I can, but I refuse to throw away all the effort and the sacrifice of the British people and to risk a second major outbreak and huge loss of life

— BORIS JOHNSON, BRITISH PM

Officials: Wuhan has no more hospitalised virus patients

ASSOCIATED PRESS
Bangkok, April 27

WUHAN, THE CITY at the center of China's coronavirus outbreak, has no more hospitalized patients after the last 12 were discharged, the Hubei province health commission said.

Hubei's remaining patients were all in Wuhan, the provincial capital where the outbreak took the heaviest toll in China. The 3,869 people confirmed to have died in the city account for more than 80% of the country's reported deaths.

"It is a historic day," a newspaper owned by the Wuhan government said.

Hubei has no more suspected cases in its hospitals, though 1,728 people who had close contact with infected people remain under medical observation, the provincial health commission reported Monday.

China liquor giant sees profit gain

KWEICHOW MOUTAI REPORTED a gain in profit for the first quarter as demand for its popular baijiu liquor held up in the face of lockdowns that kept people from social gatherings during the coronavirus outbreak.

First-quarter net income for the world's most valuable distiller rose 16.7% to 13.1 billion yuan. Total revenue rose 12.8%. The results come amid some of the most challenging conditions Moutai has faced, as the devastating coronavirus pandemic shut down much of China during the last quarter. —BLOOMBERG

Corona may hang around in air: Study

THE NEW CORONAVIRUS appears to linger in the air in crowded spaces or rooms that lack ventilation, researchers found in a study that buttresses the notion that Covid-19 can spread through tiny airborne particles known as aerosols.

At two hospitals in Wuhan, researchers found bits of the virus's genetic material floating in the air of hospital toilets and rooms where medical staff take off protective gear. The study, published in the journal Nature Research, didn't seek to establish whether the particles could cause infections. —BLOOMBERG

Deutsche Bank makes €500-m provisioning for bad loan losses

BLOOMBERG
Frankfurt, April 27

DEUTSCHE BANK BECAME the latest European lender to gird for mounting losses from the coronavirus pandemic, setting aside about 500 million euros (\$542 million) to cover bad loans after a better-than-expected first quarter performance.

Revenue and net income at Germany's largest lender beat analyst estimates during the first three months of the year, for the most part unaffected by the outbreak, the company said late Sunday. But its provisions for soured credit were probably the highest in six years and the bank scrapped its minimum target for capital buffers as fallout from the virus spreads.

CEO Christian Sewing has been trying to reassure stakeholders the bank is entering the crisis stronger than it has been in a long



CEO Christian Sewing

time after he cut risk and refocused on financing Germany's exporters. Yet many of those clients are now hit hard by widescale lockdowns and disruptions of global supply chains, reviving old fears about the ability of the country's largest lender to weather another severe crisis.

Apple to delay mass production of 5G iPhones by a month

REUTERS
April 27

APPLE IS DELAYING the production ramp-up of its flagship iPhones coming later this year by about a month as the coronavirus pandemic has weakened global consumer demand and disrupted manufacturing across Asia, the WSJ reported citing people familiar with the matter.

Apple is forging ahead with plans to release four new iPhone models later this year, the report added citing sources. The new models will be enabled with 5G connectivity that promises low response times and faster internet.

The Nikkei had reported in late March that Apple was preparing to possibly delay the launch of its first 5G iPhones.

China's Xpeng challenges Tesla with longer-range car

BLOOMBERG
Shanghai, April 27

XPENG MOTORS UNVEILED an electric car that will compete against Tesla's Model 3 in China by offering a longer range and cheaper price.

The P7 sedan, Guangzhou-based Xpeng's second vehicle, will have a maximum range of 706 kilometers (440 miles) per charge and cost 254,900 yuan (\$36,000) after subsidies when it becomes available in September, the company said Monday. By comparison, the longer-range version of the Model 3 that's expected to be available in China in June will be able to run 650 kilometers on one charge and sell for 344,050 yuan.

The Chinese electric-vehicle maker is betting that the P7's price and features will allow it to challenge Tesla, which began producing cars in the world's largest EV market earlier this year and is already

Adidas profits plunge 93%, deeper hit expected in Q2

ADIDAS WARNED OF an even deeper hit to second-quarter sales and profits from coronavirus lockdowns after the German sportswear firm reported worse-than-expected first-quarter results and said it had not yet seen a full rebound in China.

Adidas said that 60% of its business was currently at a standstill, with more than 70% of its stores closed worldwide. E-commerce sales, which last year represented 13% of the total, are growing fast. —REUTERS



The P7 sedan will have a maximum range of 706 kilometers per charge and cost \$36,000

showing signs of dominating the market. Tesla delivered a record number of vehicles in China last month, according to industry groups.

SELECTIONS FROM



ITWASTO be America's largest deployment of troops across the Atlantic since the cold war. Instead, "Defender 20", an exercise designed to test America's ability to move a division (20,000 or so soldiers) into and across Europe, was stricken by covid-19 and cancelled in March. But the lessons of the truncated drill are vital for Western war plans, which depend on armies being able to dash east over Europe's disjointed road and rail system in a crisis.

After Russia's invasion of Ukraine in 2014, a revived nato strung 5,000 or so troops in four modest battlegroups through the Baltic states and Poland to deter more adventurism. These would slow rather than

halt a Russian advance. If attacked, they would need massive reinforcement, and fast. So the allies agreed that by this year they would have 30 battalions, 30 warships and 30 air squadrons—all available to nato within 30 days.

But shoring up the frontline depends not only on having units ready but also on whether they can get to where they are needed, something planners call military mobility. Ben Hodges, a retired general who commanded American army forces in Europe in 2014-17, says shifting troops and equipment across borders was a bureaucratic and logistical headache. It still is, according to a recent report he co-wrote, published by the International Centre for Defence and Security and the Centre for European Policy Analysis, think-tanks in Estonia and Washington respectively.

Some obstacles are procedural, like border checks on military goods. Others are to do with infrastructure. The difference in European and Baltic rail gauges requires switch-

EUROPE YANKEES GO HOME America's dry run to defend Europe is derailed by Covid-19

But Nato generals are figuring out how to work with the European Union

ing trains at the Polish-Lithuanian border, for instance, while the key Poznan-Warsaw highway, like many roads in eastern Europe built to handle lighter Warsaw Pact armour, cannot take America's m1 Abrams tanks. All told, it would take 60 days to get a heavy division

from America to the Baltic region and five to six months for a corps (up to 45,000 troops), says the report. By that time, Russian invaders could be well ensconced.

General Hodges says he eventually realised that European interior ministries



and border agencies were better interlocutors than his fellow generals. "I also discovered that the European Union was actually the better institution for addressing most of the challenges," he says. While nato had the plans, "they had the authorities and processes and money." In recent years the eu has been working more closely with nato. In 2018 it put the Dutch in charge of a project to improve military mobility.

Even so, under current eu rules it could still take a leisurely five days to issue "movement permissions" for most units. "Europe is in a bad place," concludes Bruno Lété of the German Marshall Fund, another think-tank. He points out that the European Commission's latest budget proposal suggests that funds for military mobility could shrink from €6.5bn (\$7.1bn) to zero.

"Scaling back Defender 20 is really a lost opportunity to effectively test that logistical knowledge of Europe's infrastructure," says Lété. The planning efforts "were a huge success," insists Rear-Admiral Pete Stamatopoulos, the director of logistics for US European Command. But only 6,000 or so American troops had arrived in Europe when the plug was pulled. The fact that America was prepared to spend hundreds of millions of dollars in an election year on an exercise is a sign of commitment and a signal to the Kremlin, says General Hodges. But whether US troops could get east in a hurry remains unproven. ©The Economist Newspaper Limited

Personal Finance

TUESDAY, APRIL 28, 2020

MUTUAL FUNDS

Debt funds in turmoil: Check credit risks

As credit risk funds may see redemption pressure because there are no takers for lower-rated paper, investors can opt for liquid and overnight funds

SAIKAT NEOGI

ALL INVESTORS OF debt mutual funds, which have been seen as low risk, are worried after Franklin Templeton Mutual Fund announced its decision to wind up six of its credit risk fixed income schemes with net assets under management of ₹25,900 crore. The fund house had to take the extreme decision because of the redemption pressure and illiquidity. Investors in these six schemes will be hit as the money will be blocked and no liquidity will be available in their portfolios. They may get payments in a staggered manner if the fund house is able to recover money after liquidating the investments.

Turmoil in debt market

Analysts say other debt schemes may see redemption pressure as the coronavirus pandemic has led to risk aversion amongst investors and there are no takers for lower-rated and unrated paper. The turmoil in the Indian debt market started with the Infra-



structure Leasing & Financial Services (IL&FS) default in 2018 which led to a liquidity squeeze, and then liquidity-starved Dewan Housing Finance Ltd (DHFL) and many other companies defaulted on principal and interest payments. Before investing, investors must analyse the credit risks and interest rate risks of debt funds. They must also check the fund house's investment portfolio—whether the bonds are from well-known companies—and be careful where

the fund manager is chasing returns by taking higher credit risk.

Joydeep Sen, founder, Wiseinvestor.in, says what happened at Franklin Templeton was not only about the credit risk in the portfolio, but also about redemptions from the portfolio in apprehension of credit defaults. "One thing compounds the other. Had redemptions not happened to the extent it did, probably this extreme step would not have been required. It was possible to allow

things to drift, without freezing the six funds. But then, investors who exited early would have got a 'better' exit and those who remained, would have been left with an inferior quality portfolio," he says.

Liquidity issues

The corporate bond markets in India are fairly illiquid and even more so in the lower credit rating space. With rising redemption pressure, fund houses are not able to sell the bonds because of the poor liquidity conditions. Fund houses have also resorted to borrowing in order to meet the redemption pressure.

According to a research note by Morningstar Investment Adviser India, Franklin Templeton took several measures to meet redemption pressure by way of getting borrowers to pre-pay debt, selling bonds to banks and using the credit line provided by banks. "However, with unprecedented high redemptions from these funds, it came to a situation where these were not viable options anymore," it says. In March alone, cumulatively, these funds witnessed an estimated net outflow of ₹9,148 crore.

In the current context, investors should look at liquidity risks of the funds, which means how quickly the fund manager can sell the particular paper in case of any downgrade. Corporate bonds of high-rated companies are more liquid than the lower-rated

paper. If the fund manager is selling the paper under pressure, then investors will suffer losses. In fact, savvy investors have been exiting from credit risk funds as the AUM fell to ₹55,381 crore in March this year from ₹65,124 crore in October last year. The number of folios dropped to 4,61,927 from 5,19,311 during the same period.

Credit risk

Corporate debt paper carry higher credit risks than government bonds. Credit risk takes into account whether the bond issuer is able to make timely interest payments and pay the principal amount on maturity of the bond. If the issuer is unable to do so, then the particular bond is likely to default.

Investors should not invest in funds that have high exposure to companies having a large leverage. If you invest in debt funds, align investment horizon with that of a fund which will help to mitigate the interest rate risk. Sen says in case there is panic redemption across the industry, then the issue that happened at Franklin Templeton will spread to the entire industry and will ultimately harm the investors. "The panic exit will happen at higher bond yields i.e. lower prices. The RBI Special Liquidity Facility (SLF) window of ₹50,000 crore for mutual funds should help assuage sentiments," he notes. Schemes like liquid funds and overnight funds are less risky than credit risk funds.

Corporate bond markets in India are fairly illiquid and even more so in the lower credit rating space

YOUR QUERIES



Dhaval Kapadia

You can opt for lower equity scheme in NPS as per risk profile

I am a central government employee and an NPS subscriber. My NPS investment value has recently got eroded by one-third due to current Covid-19 triggered stock market volatility. What I should do to hedge the loss of my NPS investment?

—B K Gupta

For portfolio construction, an asset allocation-based approach (mix of equity and debt) should be followed as it is one of the key determinants of the portfolio's performance. Higher the investment horizon and risk appetite, higher can be the allocation to riskier asset classes such as equity, which have the potential to deliver relatively higher returns compared to fixed income over the long term. Ideally, the portfolio mix should be in line with your risk appetite. To lower the risk of your portfolio,

you may shift to a lower risk portfolio which would have a higher allocation to fixed-income instruments.

You may continue with the current NPS scheme subject to your risk appetite and investment horizon. In case, your investment horizon / time to retirement is greater than seven years, you may continue to hold your NPS investments.

If your current overall equity allocation is higher than that warranted by your risk profile or investment horizon you may opt to move to the lower equity scheme LC 25 (max equity 25%) or move entirely into Scheme G by changing your 'scheme preference', which is allowed once a year. To avoid realising losses, it would be advisable to switch to more conservative options once the value of current investments recovers to its original value.

Is it a good time to invest in gold ETFs?

Gold plays an important role as a diversifier in a portfolio due to its less than perfect correlation with other asset classes. Given the uncertain times, increasing exposure to gold seems a lucrative choice given its safe-haven status. However, gold has already rallied sharply in the past year due to uncertainty in markets amid the US-China trade war and Brexit fears. Equity markets could recover sharply in the face of any significant positive news, which could lead to investors selling gold and re-entering equities which are now attractively priced. This may weigh down gold prices. You may restrict the allocation to gold to 5-10% of your overall portfolio.

The writer is director, Investment Advisory, Morningstar Investment Adviser (India). Send your queries to personal.finance@expressindia.com

Investor

ICICI PRUDENTIAL LIFE INSURANCE RATING: BUY

Business trends were weak in quarter

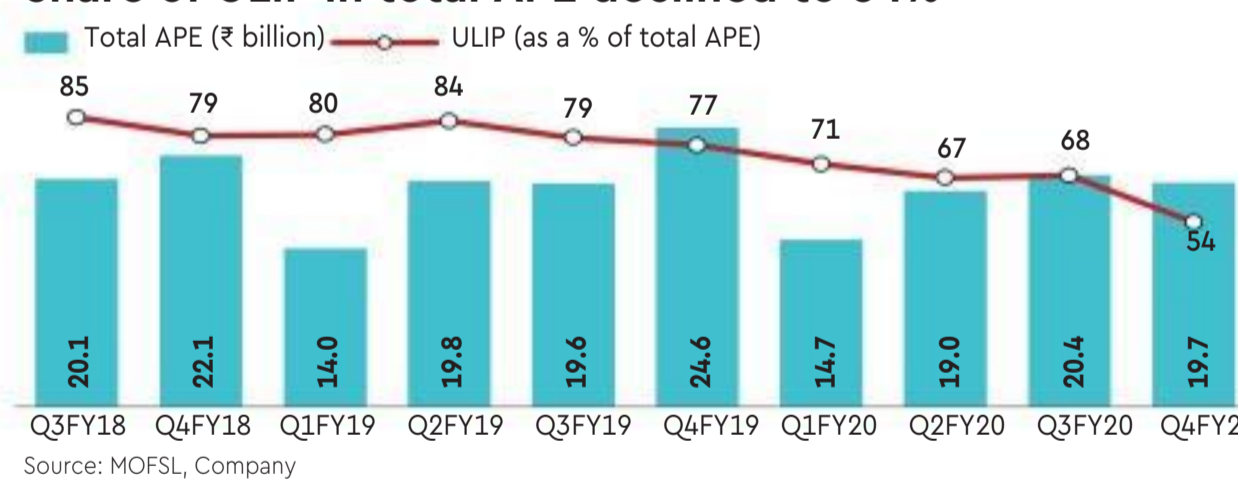
APE growth down 20% y-o-y led by ULIPs; FY21/22 EPS cut by 12/18% to factor in softer growth; TP revised to ₹430; 'Buy' maintained

IPRU LIFE (IPRU) reported weak business trends due to the ongoing lockdown and volatile markets. APE growth declined by 20% y-o-y led by ULIPs while protection business growth was steady. Persistency remained under pressure with 13th/25th month persistency declining by 140bp/50bp y-o-y, mainly in the ULIP segment. FY20 VNB growth remained steady at 21% y-o-y led by improvement in asset mix (protection/annuity segment). VNB margins, thus, improved to 21.7% during FY20 (470bp y-o-y increase). We have cut our EPS estimates by 12%/18% for FY21/FY22e, mainly to factor in the softer business growth. Maintain **Buy** with revised PT of ₹430.

VNB margins expand led by protection business; cost ratios improve: Q4 FY20 PAT declined by 31% y-o-y to ₹1.8 bn impacted by weak business trends due to the lockdown in Mar'20. Gross premium income moderated by ~5% y-o-y led by 26% y-o-y decline in the first year premium while single premium grew ~11% y-o-y. Renewal premium declined by 4% y-o-y as persis-



Share of ULIP in total APE declined to 54%



tency in the ULIP segment suffered.

In Q4 FY20, total APE declined by ~20% y-o-y (5.4% decline in FY20) led by ULIPs plunging 43% y-o-y. Protec-

tion APE grew 35% y-o-y, and thus, share of the protection business improved to 17.8% (15.1% in FY20). Share of ULIPs declined to 54% (~65%

in FY20 v/s ~80% in FY19). VNB margins improved to 23.8% (21.7% in FY20) due to higher share of the protection/annuity business driving 12% y-o-y growth in VNB to ₹4.7 bn.

Highlights from mgmt commentary COVID-19 impact: Market risk exists due to the decline in interest rates and choppy equity markets while the stress in certain sectors builds in credit risk; however, ~94% of the fixed income portfolio is invested in Government bonds/AAA corporate bonds. Under stress scenario, solvency ratio remains comfortable.

The entire reinsurance price hike would be passed on to customers, and thus, would not impact VNB margins. Further, the protection segment is significantly underpenetrated and should continue witnessing strong trends.

Valuation and view

ULIP demand is likely to remain muted amidst challenging macros due to the COVID-19 pandemic, thus, putting pressure on overall premium growth. Protection/annuity segments are though likely to see healthy growth and should help drive steady margins (23% by FY22e). We, thus, estimate IPRU Life to deliver CAGR of ~12% in VNB over FY20-22e led by 11% new business APE while operating RoEV should moderate to ~16% for FY22e. Maintain **Buy** with a revised target price of ₹430 (2.2x Sep'21e EV).

MOTILAL OSWAL

ALEMBIC PHARMACEUTICALS RATING: BUY

A good performance by the company in Q4

India business saw strong growth; FY21/22e EPS up 7.5/7.3%; outlook for US is bright; TP raised to ₹770

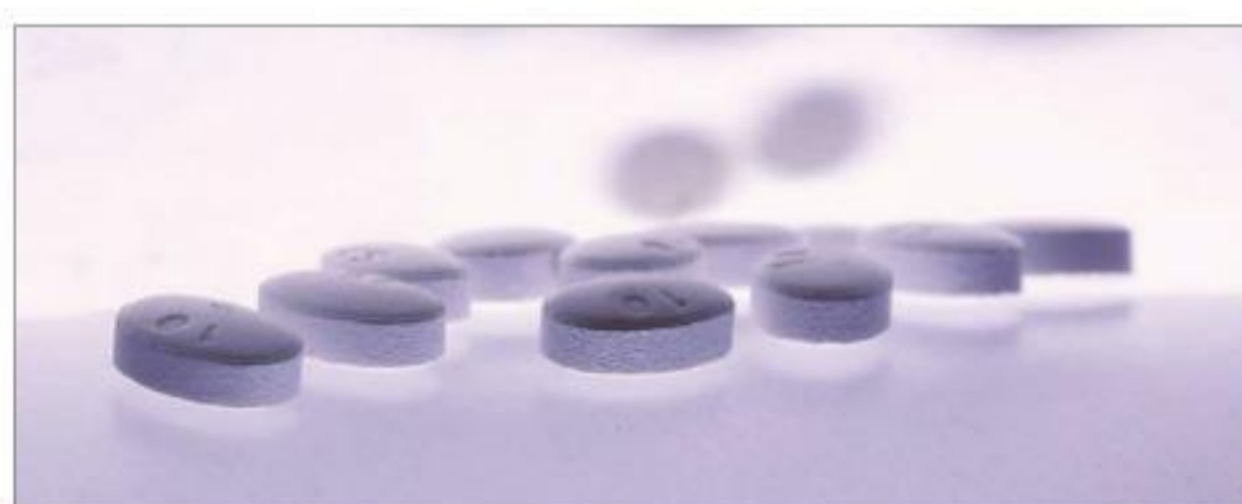
ALEMBIC CONTINUED TO benefit from ongoing disruptions in the sartans market in the US. It reported US sales of ~\$75 m in Q4 (vs Q3 sales of c\$74 m). It expects no change in market dynamics for sartans for another 6-9 months; hence sartans' benefit should continue in the near term. The company hopes to maintain the pace of new launches (10 launches planned for 1HFY21 after 22 launches in FY20) and keep benefitting from supplies opportunities emerging in the market on the back of its nimble manufacturing and supply infrastructure.

Shortly, it will launch azithromycin in the US which is seeing increasing demand due to COVID-19. On a robust

US sales outlook and improving trend for India sales, it expects to maintain gross margins at the 70-75% range (Q4 gross margins at 78.1% benefitted from favourable mix and weaker INR vs USD).

India sales saw strong growth: After several quarters of lacklustre growth for its India formulations business, Alembic recorded strong sales growth of 13.2% yoy during Q4. It expects growth momentum to continue now after going through business hygiene initiatives. After facing initial disruptions due to the lockdown, Alembic states that its production capacity is now back to 70-80% of usual levels and glitches in transportation have been resolved. So far, there is no impact of the lockdown on its India formulations business. Per Alembic, its supplies to export markets are proceeding normally.

Investments continue for the US market: Alembic continues to invest towards R&D and capex projects in the US. It has completed construction of new plants for oncology injectables, general



Change in estimates (and introduction of full FY23 estimates)

	New			Old			Variance		
	FY21e	FY22e	FY23e	FY21e	FY22e	FY23e	FY21e	FY22e	FY23e
Revenues	52,251	58,207	65,023	52,159	57,869	na	0.2%	0.6%	nm
Ebitda	11,362	12,131	13,636	10,892	11,734	na	4.3%	3.4%	nm
Ebitda margin	21.7%	20.8%	21.0%	20.9%	20.3%	na	na	na	na
PAT	7,068	7,495	8,434	6,574	6,983	na	7.5%	7.3%	nm
EPS (₹)	37.49	39.76	44.74	34.87	37.04	na	7.5%	7.3%	nm

Source: HSBC estimates

injectables, derma and new oral solid dosages and it has started/is preparing to start ANDA filings from these plants. While cost pressure will continue on ongoing R&D spend for its US pipeline and costs associated with new facilities, we believe scale-up in US sales will sustain steady margins of ~21% over FY21-22e.

Buy with higher TP: We believe the outlook remains strong for its US business.

HSBC

ON DEBT FUNDS

Deepak Jasani, head of research, HDFC securities

Investors in debt mutual funds must review the investment by the schemes and if needed, shift to safer (even if they yield less) categories of MF schemes.

YOUR MONEY

ADHIL SHETTY

More power to Aadhaar based eKYC, video KYC needed

THE COVID-19 PANDEMIC has changed almost everything that touches our lives, and these changes could become the new normal soon. In banking, customers are using digital channels for their day-to-day payment requirements. However, they still have to rely on offline processes to complete a host of other critical banking tasks, like opening an account, applying for a loan, etc. which involve meeting the bank, signing papers, filling forms and sharing physical documents.

The government, along with the Reserve Bank of India, has started taking a slew of measures to free up capital to be lent to customers and SMEs by the banks and NBFCs. But this extension of credit among other liquidity measures has to be delivered to the common people in a seamless and contactless manner. To do so, certain regulatory reforms pertaining to Know Your Customer (KYC) need to be pushed by RBI so that people can get the loans and avail other banking facilities from the comfort of their homes. This would require a few sweeping changes in the BFSI industry.

Allow voluntary use of Aadhaar OTP-based eKYC



Aadhaar is a rich database of critical information that helps validate your identity. However, only banks are allowed to use Aadhaar for customer validation for loans, credit cards and more. This happens through Aadhaar OTP-based e-KYC. Now, there's a need to allow fintechs and NBFCs to allow customers to validate themselves with Aadhaar in a consent-based manner. The benefits: customers get their credit lines faster, banks cut processing time and costs, and the credit is disbursed to the customer in a contactless manner.

Enable greater use of C-KYC

The Central KYC (C-KYC) registry is a massive database of KYC records of customers across the financial sector. Its use needs to be widely enabled by the RBI. The benefits: service providers can access the database each time you want to open a new account, thus cutting down processing time and costs by speeding up your KYC process.

Larger loans through e-KYC

Today, you can take a loan up to ₹60,000 through e-KYC. This cap needs to be raised. Credit cards still can't be availed digitally. You'd have to go through an offline validation process. Therefore, credit cards, too, should be brought under the ambit of e-KYC account openings so customers can get credit lines safely from their homes. As people grapple with cash flow problems, there's a great need for contactless, digital validation of customers, allowing them to take large loans or credit cards to go about their daily transactions.

Certain regulatory reforms pertaining to Know Your Customer (KYC) need to be pushed by RBI so that people would be able to get the lending support and avail other banking facilities from the comfort of their homes

Video KYC

The RBI recently allowed banks to use Video KYC to validate loans and credit card applications. Video KYC is another effective mechanism to accelerate application processes wherein customers can use their smartphone cameras to validate themselves before a bank-appointed officer. This wonderful new technology can be widely used through greater collaboration between banks and fintechs, which the RBI needs to sign off on.

The steps mentioned above if adopted, will not just ensure faster delivery of financial products in a safe, contactless and cost-effective manner but would also go a long way to secure true democratisation of financial products.

The author is CEO, BankBazaar.com

Markets

TUESDAY, APRIL 28, 2020



SHG SUPPORT

Karnam Sekar, MD & CEO, IOB

SHG borrowers are an important part of the economy...we are working to the best of our ability to extend our support to SHGs and help them in the wake of coronavirus...these loans (of up to ₹1 lakh) will assist the SHGs pass through the difficult times they are encountering in the present scenario.

Money Matters

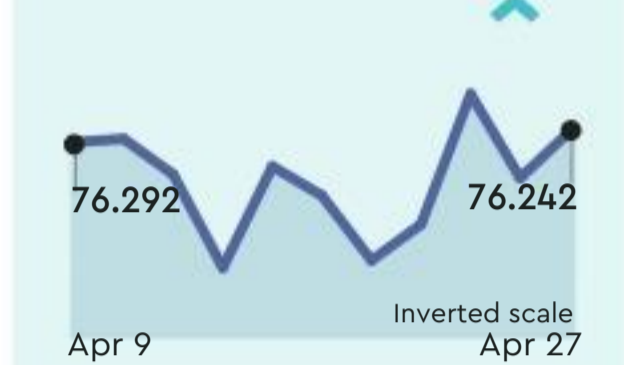
G-SEC

Benchmark yield falls on buying support **0.020%**



₹/\$

Rupee appreciates on global cues **0.28%**



€//\$

Euro rises against the dollar **0.19%**



Quick View

LIC's new premium biz rises 25% in FY20

DESPITE LOSING THE most productive fortnight of the year to lockdowns, LIC achieved a healthy 25.2% growth in the first-year new business premium in 2019-20, while private players collectively recorded just 11.64%. This has the LIC increasing its market share as well. LIC's composite market share in terms of number of policies and the first-year premium stood at 75.90% and 68.74%, respectively, recording a respective rise of 1.19% and 2.50%.

Sundaram Finance revises deposit rates

SUNDARAM FINANCE HAS revised the interest rates on deposits with effect from May 1, 2020. The interest rates on fresh deposits/renewals stand revised to 6.75% (7%) per annum for 12 and 18 months and to 7% (7.25%) for 24 and 36 months. The interest rate for senior citizens has been revised to 7% (7.50%) per annum for 12 and 18 months and to 7.25% (7.75%) per annum for 24 and 36 months.

IOB special loans of up to ₹1 lakh to self-help groups

INDIA OVERSEAS BANK (IOB) on Monday said it is offering special loans of up to ₹1 lakh to self-help group (SHG) borrowers to help them meet their liquidity requirements amid the Covid-19 outbreak. The loan will be given for three years, which includes the initial six months as moratorium.

INTERVIEW: SHAKTIKANTA DAS, governor, Reserve Bank of India

'Meeting fiscal deficit target of 3.5% will be very challenging'

The Reserve Bank of India (RBI) has not yet taken a view on monetising the Budget deficit, which is set to surge due to the government's ongoing fight against the Covid-19 pandemic, governor Shaktikanta Das said. Das told news agency Cgencis in an interview, whose transcript was released by RBI on Monday, that going beyond the 3.5% target for fiscal deficit for the current year becomes "unavoidable". Edited excerpts:

RBI has emerged as the first line of defence against Covid-19, and some may say, the only line of defence. Do you think more fiscal measures are needed for the relief package to be effective? Also, what is your advice to the government? Should they suspend FRBM or monetise deficit?

Fiscal measures are important and the government is working on a package of measures. I expect that the government will take a judicious and balanced call on the question of fiscal deficit, while addressing the Covid-19 challenges.

The government has taken measures to contain expenditure, like freeze on its employees' dearness allowance; it has also announced a relief package to support the vulnerable and disadvantaged sections. Through measures like in-kind support (food grains), cash support, DBT support or

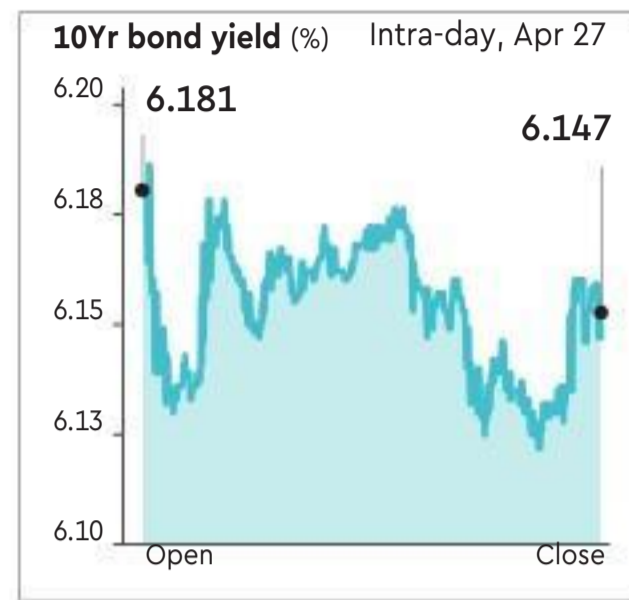
RISK AVERSION

Lower rated corp bonds may continue to face illiquidity

FE BUREAU
Mumbai, April 27

CORPORATE BONDS THAT fall in the investment grade category but are rated below the top tier may still continue to bear the brunt of the illiquid market despite the Reserve Bank of India's (RBI's) extension of liquidity facility to mutual funds (MFs) via banks as lenders may continue to stick with the top tier investment grade bonds in the prevailing environment of risk-aversion, experts say. The RBI on Monday opened up a liquidity facility for MFs under which banks can avail funds from the central bank at the policy repo rate which can be either extended as a loan to MFs or can be used for an outright purchase and/or repo against the collateral of investment grade debt securities held by MFs.

A fund manager told FE on condition of anonymity that around two-three different MFs are facing some issues with their credit schemes due to redemption pressures and it may get difficult for these institutions in coming times. "We are aware of top executives of a few MFs who have prepared a list of illiquid papers and are holding talks with the banks for a potential sale of these papers. Although, the RBI has come out with the liquidity facility, the discretion on what papers



to buy still lies with banks. Lenders are of the view that they will not take any sort of risk on their balance sheets. We understand that banks are intending to concentrate only on short-tenor securities that have a good rating and are liquid," the fund manager said. Arvind Chari, head, fixed income and alternatives, Quantum Advisors, stated that the liquidity window may not be effective to resolve the current problem. "Currently, banks are extremely risk averse to take any credit exposure. We have seen this in case of TLTROs in which they were not willing to buy anything except for few top rated corporate bonds. And with imposi-

tion of issuer wise limit they just stayed away. I don't see them taking lower rated corporate debt as collateral, which has been lacking in liquidity. So, if we see heavy redemption in schemes, which carry large exposure to lower rated corporate debt, liquidity will remain a problem," Chari said.

Market participants say the demand is still concentrated within the top-rated papers. Papers that fall within the investment grade category but are rated below AA+ are still finding it hard to get traded. "Below AA+, it is mostly the papers belonging to strong entities or groups with a good reputation that are able to find buyers in current times," said an expert.

Ananth Narayan, professor-finance at SPIJMR, told FE that the liquidity facility to MFs necessarily does not get banks to buy the illiquid papers. "At best, the step helps in providing funding for MFs via banks against good quality papers. Banks likely remain averse to credit risk in these uncertain times. Effectively, the credit transmission has broken down due to risk aversion, and hence, liquidity itself will not solve the issue. I think the government eventually will have to step in to take on the credit risk of SMEs, NBFCs, and be prepared to provide some sort of credit guarantees to financial institutions that are starved of capital," Narayan said.

Will return money to investors: Franklin Templeton

FE BUREAU
Mumbai, April 27

FRANKLIN TEMPLETON MUTUAL Fund, which closed its six debt schemes last week, clarified to investors that the fund house would return money to investors at the earliest. The fund house tried to calm the nerves of investors by saying that their endeavor was to return money well before the maturities of the underlying securities in those six debt schemes.

In a letter to the investors on Monday, Sanjay Sapre-President of Franklin Templeton Asset Management said that the schemes would receive regular coupon payments and maturities. "In addition, the schemes will explore all opportunities to

monetize the underlying assets in the portfolio, without resorting to any distress sales, such that it can return investor monies at the earliest possible time." Franklin Templeton also said that as the schemes liquidate portfolio holdings subject to market conditions, receive coupon payments and scheduled maturities, the Trustees will start to return monies to investors at the earliest.

The fund house assured the investors that other fixed income schemes, which were open for subscription and redemption, primarily invest in highly liquid securities such as Government Securities, "AAA" rated bonds or other cash and cash

equivalents. "These portfolios have the necessary ability to generate liquidity in order to meet redemptions. We have already generated a significant amount of liquidity in these portfolios to meet any redemption requests we may receive," added Sapre.

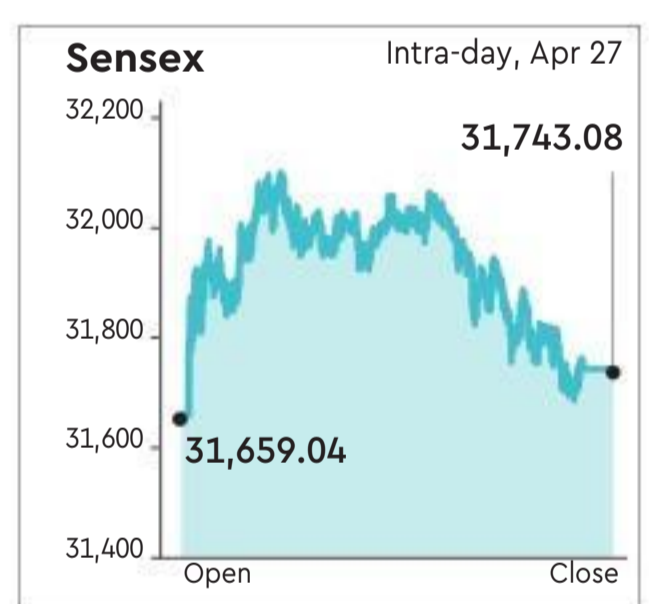
Franklin Templeton MF also said that their commitment to India remains steadfast as they have been early as patient investors in India. "Our equity schemes remain unaffected and continue to be managed by our experienced and tenured team based in Chennai in line with their investment mandate and fund management philosophy," added Sapre.

FPIs continue to remain sellers as Sensex, Nifty rally on RBI move

FE BUREAU
Mumbai, April 27

FOREIGN PORTFOLIO INVESTORS (FPIs) continued to remain sellers in the Indian equity markets even as the benchmarks rose on Monday on the back of RBI's announcement of a ₹50,000-crore liquidity support for mutual funds and in anticipation of a fiscal package. The Sensex ended the day 415.86 points or 1.33% higher to close at 31,743.08. The Nifty 50 closed 127.9 points or 1.40% higher to settle at 9,282.3.

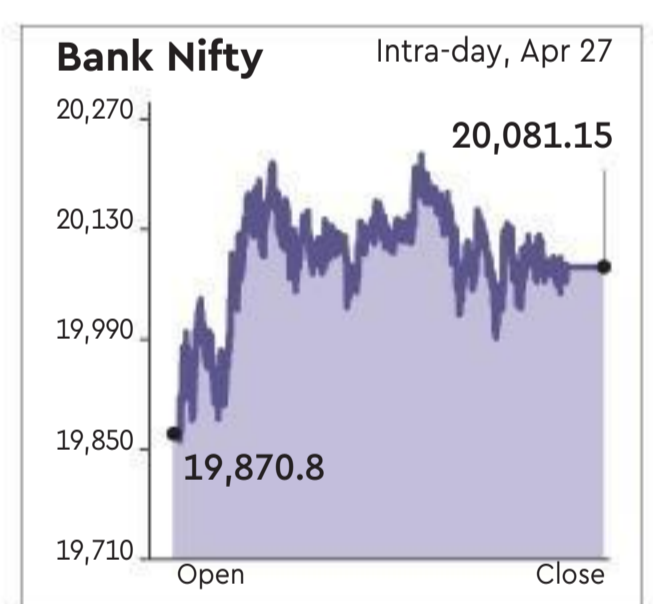
According to provisional data, FPIs sold equities worth \$120.3 million. Domestic institutional investors (DIIs) bought equities worth \$150.02 million. They were large sellers in March, pulling out \$8.3 billion. In April, FPIs have continued to sell but the extent of selling has reduced and the net outflow till April 27 is at \$408.6 million. This, according to market experts, could suggest that FPIs still believe in India's consumption story. G Chokkalingam, chief investment officer, Equinomics Research and Advisory, said, "During the 2008-2009 financial crisis, the Indian economy was open but FPIs pulled out \$16 billion. The situation right now is worse and the only thing



this suggests is that some FPIs still continue to believe in India's consumption story."

Other experts believe that the continued selling in emerging markets is because investors want to pile up on cash due to the on-going pandemic. The F&O segment recorded a turnover of ₹7.15 lakh crore against the six-month average of ₹14.42 lakh crore. The cash market turnover stood at ₹45,740.8 crore against the six-month average of ₹39,134 crore.

The market responded positively to the RBI's liquidity measure. Markets held on to



their gains after the RBI governor mentioned that another fiscal package was being worked on in a news report. The Nifty Bank rallied 2.5% during the day. The top gainers in Nifty Bank were RBI Bank, IndusInd Bank, Kotak Mahindra Bank, Axis Bank and Bandhan Bank up by 9.9%, 6.5%, 5.5%, 5.4% and 5.3%, respectively. Gopal Agrawal, head of macro strategy and senior fund manager, DSP Mutual Fund, said the liquidity measure was a step in the right direction. "Some measures to absorb some initial losses will boost confidence of banks to start

Market participants bid aggressively in OMO purchase and sales

FE BUREAU
Mumbai, April 27

MARKET PARTICIPANTS BID aggressively during the RBI's simultaneous purchase and sale of securities on Monday. They showed a significant desperation to sell bonds during the open market operation (OMO) purchase by the RBI that took the cut-off yield higher on one of the securities that was designated for the operation.

The central bank notified that it received bids worth ₹64,746 crore against the notified amount of ₹10,000 crore for its OMO purchases. The bonds maturing in 2028 and 2029, which were the erstwhile benchmark bonds, received the highest number of bids in the purchase leg of the OMO. As a result, the cut-off yield on the 7.17% yielding bonds maturing in 2028 stood at 6.425% against its secondary market yield that saw a high of only 6.34% during Monday's trade.

Experts say the rise in yields could be



attributed to market participants' eagerness to book profits in these bonds. "The OMO is a god-gifted opportunity in current times. Those who must be sitting on these bonds and are already in-the-money or currently stand profitable on their positions in these bonds may have wanted to exit their positions," said a primary dealer.

For the sale leg of the OMO, the RBI received bids worth ₹50,260 crore against the notified amount of ₹10,000 crore.

HDFC Life Q4 profit slips 15%

PRESS TRUST OF INDIA
New Delhi, April 27

HDFC LIFE INSURANCE on Monday reported a 15% decline in its standalone net profit to ₹311.71 crore for the March quarter, due to the impact of the Covid-19 crisis. It had registered a profit of ₹364.01 crore in the same quarter of 2018-19.

Total income declined sharply to ₹418.64 crore during the fourth quarter of the last fiscal year to ₹14,375.06 crore in the year-ago period.

During the latest quarter, the income from investment saw an erosion of a massive ₹10,229.92 crore due to weak market conditions triggered by the coronavirus pandemic.

However, net premium collection witnessed marginal increase to ₹10,464.46 crore, compared with ₹10,247.50 crore in the year-ago quarter.

As a result of this pandemic, human lives have been disrupted and organisations around the world are witnessing challenging times, HDFC Life Insurance MD and CEO Vibha Padalkar said in a statement. "We continue to deliver growth higher than industry and register steady

performance across all key metrics. We believe that insurance remains a multi-decade opportunity with significant potential. The opportunities across mortality, morbidity and longevity remain large in our country," she said.

Customer-centricity, product innovation, a diversified distribution network, and technological capabilities are key pillars of the company's strategy and enablers to provide a sustainable value proposition to the customers, partners and shareholders, she added.

For the entire fiscal, the standalone net profit remained almost flat at ₹1,295 crore.

Rupee rises 21 paise to 76.25 vs dollar

THE RUPEE rose 21 paise to close at 76.25 against the US dollar on Monday, tracking positive domestic equities and weakening of the American currency in the overseas market. Forex traders said the uptick was largely due to expectations of more stimulus measures from central banks to support their respective economies. At the interbank foreign exchange, the rupee opened higher at 76.14 and touched an intra-day high of 76.05. It, however, pared some initial gains and finally settled at 76.25, registering a rise of 21 paise over its previous close. On Friday, the local unit had settled at 76.46 against the US dollar. — PTI



lending more to stressed sectors of the economy," he said. According to him, the lockdown could have an impact on the economy of close to 6% of GDP and support for half of it would be positive for the Indian economy.

Strong cues from Asia came after the Bank of Japan announced that it would extend its asset purchase programme.

Japan's Nikkei 225 ended the day 2.7% higher after the announcement. Bourses in China, South Korea and Hong Kong were up by 0.2% to 1.8%. At the time of press, European markets were trading well into the positive territory with stock exchanges in the UK, France and Germany up between 1.6% and 2.5%.

ANALYST CORNER

'Buy' on Bharti Infratel with target price of ₹235

EDELWEISS SECURITIES

BHARTI INFRADEL REPORTED weak Q4FY20 results with ₹193 crore worth of provisions against bad debt pulling down the Ebitda margin by 420 bps q-o-q. Although gross tenancy addition stood out at a ten-quarter high, the spurt in tenancy cancellations led to a meagre q-o-q net addition of 431. We expect tenancy cancellations to taper down over the next two quarters and a much-improved gross tenancy addition to start reflecting in net tenancy additions accordingly. The stock price seems to be pricing in further consolidation in the telecom operators' space, which would impact Infratel's tenancies. However, we expect the government to step in and offer a staggered payment option, which would help sustain the current industry structure. Maintain 'buy' with a DCF-based TP of ₹235.

Gross tenancy addition picks up; cancellations remain elevated. Q4FY20 rent revenue (excluding exit charges) inched down 1.6% q-o-q due to a 1.9%

decline in per tenancy realisation. Consolidated revenue decreased by 1.3% q-o-q to ₹3,620 crore. Although gross tenancy addition further picked up to 2,498 (1,893 in Q3FY20), a ten-quarter high, cancellations remain elevated at 2,068 (1,149 in Q3FY20). We believe strong gross tenancy addition indicates demand for towers — also reflected in 1,128 tower additions in Q4 (823 in Q3) — while cost rationalisation of a telco may be behind tenancy cancellations.

Infratel has written off ₹193 crore of bad debt of an operator, leading to a 530 bps y-o-y surge in other expenses. Consequently, consolidated margins plunged 420 bps q-o-q to 46.9%. Energy margin rose to 5.9%, from 1.6% in Q3. We believe the write-off is one-time, hence we expect margins to revert to 50-52% from Q1FY21. We believe the government has already indicated its willingness to collect AGR dues over 20 years, hence we believe there is a good chance of the current industry structure sustaining. Infratel is trading at an attractive 4.5x FY21E EV/Ebitda.

BANKS STILL WARY

Sebi's enhanced borrowing limits didn't help MFs

MALINI BHUPTA
Mumbai, April 27

IN A BID to help mutual funds meet with increased redemption pressure, the Securities and Exchange Board of India (Sebi) in late March had allowed mutual funds to borrow more than the 20% limit. However, while some fund houses availed of it, it has not helped much as banks are wary of lending against AA rated and below assets. As of April 23, only four mutual funds out of 42 MFs had aggregate borrowings of ₹4,427.68 crore.

Mutual funds can borrow up to 20% of their assets under management (AUM) to meet with the redemption pressure. The regulator had asked fund houses to approach the regulator for enhancing this limit. Permission for the same would be granted on a case to case basis. FE has learned that at least four fund houses sought approval from the regulator for enhanced borrowing limits. Credit risk funds have been



Sebi in late March had allowed MFs to borrow more than the 20% limit. However, it hasn't helped much as banks are wary of lending against AA rated and below assets

seeing redemptions over the last one year. Between March 2019 and March 2020, most credit risk funds had seen outflows barring ICICI Prudential Credit Risk Funds, IDFC Credit Risk Fund and Mahindra Credit Risk Yojana. Bol Axa Credit Risk Fund AUM declined 76.97% to ₹167.42 crore in the period, while UTI Credit Risk Fund saw

its AUM decline 85.48% to ₹711 crore.

FE has learned that several mutual funds availed of the facility and enhanced their borrowing limits in March, but some of them did not have to avail of them.

Arvind Chari, Head of Fixed Income at Quantum Advisors, said, "Sebi did allow for a higher borrowing limit for exceptional case to case basis liquidity in March but banks would evaluate lending against the portfolio and its underlying assets. If redemptions continue in credit risk funds today too then the RBI's special liquidity window may not help much as the banks may still not be willing to lend against these securities."

Fund managers believe that banks do not have appetite for AA-rated papers and below. The risk aversion is apparent from the response to the LTRO 2.0. Hence the new liquidity window too may not have much of an impact as banks may not be keen to acquire such assets from mutual funds.

No Covid-19 cases reported yet in FCI: Paswan

NO COVID-19 CASES have been reported yet at state-owned Food Corporation of India (FCI) whose over 1 lakh employees are working tirelessly on

the frontline in distribution of foodgrains to over 81 crore beneficiaries, food minister Ram Vilas Paswan said on Monday. "Thankfully, we don't have any

Covid-19 cases in FCI so far. Our staff is reporting for work amid all risks. They are our warriors ensuring that foodgrains reach the poor," he said. —PTI

BARODA MUTUAL FUND

Notice-cum-addendum No. - 29/2020

(A) Submission of certain non-commercial transactions:
With reference to the earlier notices issued by Baroda Mutual Fund ("Mutual Fund") in the wake of COVID-19, investors / unit holders of the schemes of the Mutual Fund are requested to note that they can submit the following non-commercial transactions ("NCTs") to the Mutual Fund:

- ✓ Updation / change in contact details based on PAN;
- ✓ Updation / change of email ID;
- ✓ Change of bank account details;
- ✓ Updation of Ultimate Beneficial Owner / FATCA details;
- ✓ Request for Demat / Remat
- ✓ Revalidation of redemption / dividend / DD warrants requests;
- ✓ Acceptance of requests through distributors like updation of EUIN, acceptance of Self Declaration Form, change in contact details.

Under exceptional circumstances, in addition to above NCTs, Baroda Asset Management India Ltd. ("Baroda AMC") reserves the right to accept any other NCT request and shall proceed the same, provided that relevant and valid documents have been provided to the satisfaction of Baroda AMC / KFIN Technologies Private. Ltd. ("RTA").

- Investors / unit holders may take note of the following:
- Requests can be sent directly via email to "info@barodamf.com".
 - Investors / unit holders whose email IDs are registered with the RTA / Baroda AMC, must send the request from their registered email ID only.
 - Investors / unit holders whose email IDs are not registered with the RTA / Baroda AMC, can send the request to the email ID mentioned above along with PDF of the signed request letter and requisite documents.
 - Baroda AMC reserves the right to reject such request which is incomplete / does not provide the requisite documents.

(B) Revised cut-off timings for tele-transact facility:
Investors / unit holders are requested to note that with reference to notice cum addendum no. 25/2020 dated April 6, 2020 and notice cum addendum no.28/2020 dated April 17, 2020, issued for change in the cut off timings for applicability of NAV in respect of subscription and redemptions of units of the schemes of Mutual Fund, the timing for tele-transact facility shall stand modified as follows upto April 30, 2020:

- ✓ For Baroda Liquid Fund ("BLF") and Baroda Overnight Fund ("BOF") -12:00 noon.
- ✓ For all other schemes - 12:30 p.m.

(C) Resumption of services at few Investor Service Centres ("ISCs") of RTA:
Investors / unit holders are hereby informed that services at few ISCs of the RTA have been resumed. Investors / unit holders are advised to refer to the website of Baroda AMC (www.barodamf.com) for the list of ISCs, which are operational as announced in our notices from time to time, for submitting their commercial and non-commercial transactions.

All the other terms and conditions of the scheme related documents of the schemes of the Mutual Fund shall remain unchanged.

For Baroda Asset Management India Limited
(Formerly known as Baroda Pioneer Asset Management Company Ltd.)
(Investment Manager to Baroda Mutual Fund)

Place : Mumbai **Sd/-**
Date : April 27, 2020 **Authorised Signatory**

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

For further details, kindly contact:
Baroda Asset Management India Limited
(Formerly known as Baroda Pioneer Asset Management Company Ltd.)
CIN : U65991MH1992PLC069414
501, Titanium, 5th Floor, Western Express Highway, Goregaon (East), Mumbai - 400 063.
Tel. No. : +91 22 6848 1000 • Toll Free No. : 1800 267 0189
Visit us at : www.barodamf.com • Email : info@barodamf.com

Sebi reduces broker turnover fees, filing charges for draft papers

FE BUREAU
Mumbai, April 27

IN ORDER TO help market participants, tide over the current situation due to Covid, the Securities and Exchange Board of India (Sebi) announced reduction in broker turnover fees. At the same time, the market regulator also announced reduction in filing fees on offer documents for public issues, rights issues and buyback of shares. Sebi in its circular on Monday stated that benefits of reduction in broker turnover fees will automatically be passed to the investors as well. The broker turnover fee will be reduced to 50% of the existing fee structure for the period June 2020 to March 2021. Pranav Haldea, managing

COVID BATTLE

- Benefits of reduction in broker turnover fees to automatically be passed to investors too
- Broker turnover fees to be reduced to 50% of existing fee structure for June 2020-March 2021
- Filing fees on offer documents for IPO, rights issue, buyback to be reduced to 50%

director, Prime Database Group, said, "If we look in the last 15-20 days, Sebi has taken a slew of measures to ease pain points for issuers and intermediaries con-

sidering the Covid-19 crisis. Whether it is relaxation on buyback or today's announcement in terms of reducing the fees. It's very heartening to see that regulators understanding the pain which is going on and taking the measures to address the issues."

Even the filing fees on offer documents for public issue, rights issue and buyback of shares will be reduced to 50% of the existing fee structure. According to the Sebi, this will be effective for documents filed from June 1, 2020, to December 31, 2020. Market participants say that if economic environment improves in the months to come, this move it will help the issuers who want to come out with either public issues, rights issues or buyback of shares.

Domestic sugar consumption to fall by at least 1 million tonne: Ica

PRESS TRUST OF INDIA
Mumbai, April 27

THE DEMAND FOR sugar has witnessed a significant decline following the nationwide lockdown and the overall adverse impact on sugar consumption would be at least one million tonne in the domestic market, says a report.

According to rating agency Ica, the national lockdown due to Covid-19 pandemic has adversely impacted the sugar demand, resulting in a decline in the sugar prices to closer to minimum support price (MSP)

levels of ₹31 per kg from ₹32.5 per kg in February 2020.

The report further said that the sugar mills are unable to fulfill their monthly sales quota allocated by the government owing to demand squeeze.

"With nationwide lockdown, the ice cream, soft drinks and confectionery manufacturers have shut down their operations. Usually, quarter one is a healthy demand season for sugar, driven by the demand for ice creams and soft drinks during the summer season.

"With the lockdown, Ica

expects that the overall adverse impact on sugar consumption would be at least one million tonne in the domestic market," Ica Ratings senior vice-president and group head Sabyasachi Majumdar said.

These factors have consequently led to a pressure on the working capital requirements of sugar mills and thus a rise in cane dues to farmers, he added.

With most countries under lockdown globally, the demand has also declined resulting in a fall of the global sugar prices, the report said.

PUBLIC ANNOUNCEMENT

(This is a public announcement for information purposes only and not for publication or distribution outside India and is not an Offer Document)



KOSAMATTAM FINANCE LIMITED

Our Company was incorporated on March 25, 1987, as 'Standard Shares and Loans Private Limited', a private limited Company under the Companies Act, 1956 with a certificate of incorporation issued by Registrar of Companies, Kerala and Lakshadweep, at Kochi, ("ROC"). The name of our Company was changed to 'Kosamattam Finance Private Limited' pursuant to a resolution passed by the shareholders of our Company at the EGM held on June 2, 2004 and a fresh certificate of incorporation dated June 8, 2004 issued by the RoC. Subsequently, upon conversion to a public limited company pursuant to a special resolution of the shareholders of our Company dated November 11, 2013, the name of our Company was changed to 'Kosamattam Finance Limited' and a fresh certificate of incorporation was issued by the RoC on November 22, 2013. Our Company has obtained a certificate of registration dated December 19, 2013 bearing registration no. B-16.00117 issued by the Reserve Bank of India ("RBI") to carry on the activities of a non-banking financial company without accepting public deposits under Section 45 IA of the RBI Act, 1934. For details of changes in our name and registered office, see "History and Certain Other Corporate Matters" on page 92 of the Prospectus.

Registered and Corporate Office: Kosamattam Mathew K. Cherian Building, M L Road, Market Junction, Kottayam - 686 001, Kerala, India; **Corporate Identity Number:** U65929KL1987PLC004729; **Tel:** +91 481 258 6400; **Fax:** +91 481 258 6500; **Website:** www.kosamattam.com; **Company Secretary and Compliance Officer:** Sreenath P. **Tel:** +91 481 258 6506; **Fax:** +91 481 258 6500; **E-mail:** cs@kosamattam.com

PUBLIC ISSUE BY KOSAMATTAM FINANCE LIMITED, ("COMPANY") OR "ISSUER" OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES ("SECURED NCDs") AND UNSECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES ("UNSECURED NCDs") OF FACE VALUE OF ₹ 1,000 EACH ("NCDs"), AT PAR, AGGREGATING UP TO ₹ 15,000 LAKHS, HEREINAFTER REFERRED TO AS THE "BASE ISSUE" WITH AN OPTION TO RETAIN OVER-SUBSCRIPTION UP TO ₹ 15,000 LAKHS, AGGREGATING UP TO ₹ 30,000 LAKHS, HEREINAFTER REFERRED TO AS THE "OVERALL ISSUE SIZE" (THE "ISSUE"). THE UNSECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES WILL BE IN THE NATURE OF SUBORDINATED DEBT AND WILL BE ELIGIBLE FOR TIER II CAPITAL. THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF DEBT SECURITIES) REGULATIONS, 2008, AS AMENDED ("SEBI DEBT REGULATIONS"), THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED TO THE EXTENT NOTIFIED.

PROMOTERS: Our Promoters are Mathew K. Cherian, Laila Mathew and Jilju Saju Varghese.

ISSUE OPEN NOW CLOSES ON: FRIDAY, MAY 22, 2020

Addendum cum Corrigendum notice to the Prospectus dated March 17, 2020 and Addendum cum Corrigendum to the Prospectus dated April 06, 2020 (collectively to be referred as "Prospectus")

This Addendum cum Corrigendum is with respect to the Prospectus filed with the RoC, Stock Exchange and SEBI. This is to inform the Investors of that the Issue was initially scheduled to close on April 15, 2020 and due to the current pandemic of novel coronavirus ("COVID-19") and the countrywide lockdown imposed by the Government of India ("GoI") up to April 14, 2020, our Company had extended the Issue closing date to May 05, 2020. The GoI has further extended the countrywide lockdown up to May 03, 2020. Therefore, pursuant to the approval received from Securities and Exchange Board of India on March 31, 2020 and April 01, 2020, the Debenture Committee of our Company has, decided to further extend of the Issue closing date to May 22, 2020. On page 45 of the Prospectus under heading "Minimum Subscription", the specified period as stated in para 2 shall mean the revised closing date i.e., May 22, 2020.

For withdrawal or modification of Applications during the Issue Period, see "Issue Procedure" on page 160 of the Prospectus. The Prospectus shall be read in conjunction with this Addendum cum Corrigendum on account of the extension of the Issue Closing Date. The information in this Addendum cum Corrigendum supersedes the information in the Prospectus to the extent inconsistent with the information in the Prospectus. Unless otherwise specified, all capitalised terms used herein shall have the same meaning ascribed to such terms in the Prospectus.

DISCLAIMER CLAUSE OF BSE: It is to be distinctly understood that the permission given by BSE should not in any way be deemed or construed that the Prospectus has been cleared or approved by BSE nor does it certify the correctness or completeness of any of the contents of the Prospectus. The investors are advised to refer to the Prospectus for the full text of the Disclaimer Clause of the BSE Limited.

DISCLAIMER CLAUSE OF RBI: The Company is having a valid certificate of registration dated December 19, 2013 bearing registration no. B-16.00117 issued by the Reserve Bank of India under section 45 IA of the Reserve Bank of India Act, 1934. However, RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayment of deposits/discharge of liability by the company.

For Kosamattam Finance Limited
Sd/-
Mathew K. Cherian
Chairman and Managing Director
(DIN : 01286073)

Disclaimer: Kosamattam Finance Limited is subject to market conditions and other considerations, proposing a public issue of Secured and Unsecured Redeemable Non-Convertible Debentures and has filed the Prospectus with the Registrar of Companies, Kerala and Lakshadweep, BSE Limited and SEBI (for record purposes). The Prospectus is available on our website at www.kosamattam.com, on the website of the stock exchange at www.bseindia.com and the website of the Lead Managers at www.karvyinvestmentbanking.com and www.smccapitals.com. All investors proposing to participate in the public issue of NCDs by Kosamattam Finance Limited should invest only on the basis of information contained in the Prospectus. Please see section entitled "Risk Factors" beginning on page 16 of the Prospectus for risk in this regard.

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 Statement of Additional Information of Motilal Oswal Mutual Fund

Appointment of Director on the Board of Motilal Oswal Trustee Company Limited:
Notice is hereby given that Mr. Vishal Tulsyan has been appointed as an Associate Director on the Board of Motilal Oswal Trustee Company Limited, the Trustee of Motilal Oswal Mutual Fund (MOMF) with effect from **April 22, 2020**.

The following details pertaining to Mr. Vishal Tulsyan shall be a part of the section "Details of Trustee Directors" in the SAI:

Name and Position	Age, Educational Qualification and Past Experience
Mr. Vishal Tulsyan, Associate Director	Age - 45 Years Educational Qualification: Bachelor's Degree in Commerce, St. Xavier's College, Kolkata. Fellow Member of Institute of Chartered Accountants of India Past Experience: ➤ Mr. Vishal Tulsyan is currently acting as a Managing Director & Chief Executive Officer of MOPE Investment Advisors Private Limited ("MOPE"). At MOPE, Mr. Tulsyan built a platform to channelize long-term capital in order to create valuable enterprises and successful entrepreneurs. ➤ Mr. Tulsyan has two decades of experience in the Indian financial sector across private equity, investment banking, structured finance, project finance, acquisition finance, M&A transactions etc. ➤ He has excellent understanding and exposure of fund raising, investing and returning third party capital across several economic cycles. ➤ During his association with Rabobank, Mr. Tulsyan has helped the organization to build its corporate finance, investment banking franchise and life sciences practice in India into a key business driver.

For Motilal Oswal Asset Management Company Limited
(Investment Manager for Motilal Oswal Mutual Fund)
Sd/-
Ashish P Somaiyaa
Managing Director and Chief Executive Officer

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

भारतीय कंटेनर निगम लिमिटेड
Container Corporation of India Ltd.
(भारत सरकार का उपक्रम) (A Govt. of India Undertaking)
ICD, Tughlakabad, New Delhi - 110 020

TENDER NOTICE (E-Tendering Mode Only)

CONCOR invites Online Open E-Tender in two bid system for Point to Point Road transportation and Movement of Double Decker Locks at MMLP Kalthwas (CMLK), Rajasthan. The bid document may be downloaded from the website (www.tenderwizard.com/CCL) on Payment of Rs.1000/- online.

Tender No.	CNNR/RT/RT/CMLK/2020
Estimated Cost	Rs. 427.0077 (excl. GST) per annum
Period of the contract	2+2+1 years
Earnest Money Deposit	Rs. 5.00,000/- through e-payment
Cost of Document	Rs. 1,000/- inclusive of all taxes & duties through e-payment
Tender Processing Fee (Non-refundable)	Rs. 5,310/- inclusive of all taxes & duties through e-payment.
Date of Sale (On Line)	From 28.04.2020 at 15:00 hrs. to 18.05.2020 upto 16:00 hrs.
Prebid meeting	On 08.05.2020 at 15:00 hrs. at Northern Region, ICD Tughlakabad.
Issue of Corrigendum (if any)	On or after 11.05.2020 on www.tenderwizard.com/CCL only
Date & Time of submission of tender	19.05.2020 upto 15:00 hrs.
Date & Time of Opening of tender	On 20.05.2020 at 15:30 hrs.

For eligibility criteria and other details please log on to www.concorindia.com or spv.gov.in or www.tenderwizard.com/CCL. Bidders are requested to visit the websites regularly. CONCOR reserves the right to reject any or all the tenders without assigning any reasons therefor.
Group General Manager (C&O) Northern Region

GUJARAT METRO RAIL CORPORATION (GMRC) LIMITED
(SPV of Govt. of India and Govt. of Gujarat)
Block No. 1, First Floor, Karmayogi Bhavan, Behind Nirman Bhavan, Sector 10A, Gandhinagar, 382010, Gujarat, India
(CIN): U62000GJ2010SGC095407

TENDER NOTIFICATION No: GMRC / DDC / ELEV - VDCT + STNS & DEPOT / SURAT / PH-1 / 2020 Date: 28-04-2020

E-Tenders are invited from reputed and experienced Contractors for the following tender:

Tender Name	Tender Fees
(i) Detailed Design Consultancy Services for Corridor 1 From Sarthana Dead End (Ch : -450m) to end of UG Ramp (Ch : 39.50m), Elevated Viaduct, Elevated Station (4 Stations) including viaduct portion within the stations and transition spans on either side of the stations" and	INR 25,000/-
(ii) Detailed Design Consultancy services for Corridor 2 from Bhesan Dead End (Ch : -949.63m) to Saroli Dead End (Ch : 17791.9m), Elevated Viaduct, Elevated Station (18 stations) including viaduct portion within the stations and transition spans on either side of the stations & depot at Bhesan" in connection with Surat Metro Rail Project, Phase - I"	

Interested bidders are requested to visit <https://gmrc.procure.com> for eligibility criteria, applying/ downloading the tender document. The last date and time for Bid Submissions of Tender is **15:00 Hrs on 16-06-2020**.
Any alterations in Eligibility Criteria cum Qualification Requirements, and terms of the Tender Document, or any amendment to the Tender Document, etc. will be uploaded on <https://gmrc.procure.com> and GMRC's Website www.gujaratmetrorail.com without any obligation or press notification or other proclamation.
Sd/- Managing Director, GMRC, Gandhinagar

CYIENT
Cyient Limited
4th Floor, 'A' Wing, Plot No. 11, Software Units Layout, Infocity, Madhapur, Hyderabad - 500 081.
Ph: 040- 67641322, Fax: 040 - 23110352
Email: company.secretary@cyient.com; Website: www.cyient.com
CIN: L72200TG1991PLC013134

NOTICE

Notice is hereby given that, Pursuant to Regulation 29(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that a meeting of the Board of Directors of the company is scheduled to be held on Thursday, 7 May 2020, inter alia to:

- i. approve and take on record the audited financial results of the Company under Indian Accounting Standards (Ind AS) for the quarter and year ended 31 March 2020;
- ii. approve and take on record the audited consolidated financial results of the Company and its subsidiaries under Ind AS for the quarter and year ended 31 March 2020.

For Cyient Limited
Sd/-
Ravi Kumar Nukula
Dy. Company Secretary

Place: Hyderabad
Date: 27 April 2020

IFCI
LIMITED
Registered Office: IFCI Tower, 61 Nehru Place New Delhi-110 019
CIN: L74899DL1993GOI053677
Tel: 011-41732000 Fax: 011-26232001
Email: compliance@icfi.com
Website: www.icfi.com

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Extra-Ordinary General Meeting (EGM) of the Company will be held on Wednesday, May 20, 2020 at 11:30 A.M. (IST) through Video Conferencing (VC)/ Other Audio Visual Means (OAVM) facility at Auditorium, 1st Floor, IFCI Tower, 61 Nehru Place, New Delhi - 110019, for the special business to be transacted at the EGM. The EGM is being convened through VC / OAVM in compliance with the applicable provisions of the Companies Act, 2013 read with MCA General Circulars No.14/2020 and 17/2020 dated April 08 and 13, 2020 respectively. Physical attendance of the Members is not required at the EGM venue. The proceedings of the EGM conducted shall be deemed to be made at this venue. Members desirous of attending the EGM through VC/OAVM may attend the EGM by following the procedure prescribed in the EGM Notice.

In terms of aforesaid Circulars, Notice calling EGM has been sent through electronic mode only to those Members whose e-mail IDs are registered with Company / Registrar & Share Transfer Agent (R&STA)/ Depository Participant(s). Hence, no physical copy of the EGM Notice has been dispatched.

The Notice calling EGM is available on the website of the Company at www.icfi.com, of Central Depository Services (India) Limited (CDSL) at www.evotingindia.com, being the agency appointed for providing remote e-voting facility, of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively. Further, updation if any in the EGM Notice, will be provided on all the websites mentioned above.

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing its Members facility to cast their vote by electronic voting system from a place other than the venue of the meeting (remote e-voting) on the resolution placed before the shareholders at the EGM. The remote e-voting period commences on Sunday, May 17, 2020 at 9:00 A.M. (IST) and ends on Tuesday, May 19, 2020 at 5:00 P.M. (IST). The remote e-voting module shall be disabled by CDSL thereafter. Remote e-voting shall not be allowed beyond the above mentioned date and time. Members who have cast their votes through remote e-voting may attend the EGM through VC/OAVM but shall not be entitled to cast their vote again. Only those Members/ shareholders, who will be present in the EGM through VC/OAVM facility and have not casted their vote on the Resolutions through Remote E-Voting and are otherwise not barred from doing so, shall be eligible to vote through E-Voting system in the EGM. Kindly refer to the EGM Notice for detailed instruction for remote e-voting and e-voting at EGM.

The cut-off date for the purpose of e-voting has been fixed as Wednesday, May 13, 2020. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or e-voting in the EGM.

Members holding shares in physical form or those who have not registered their e-mail ID with the Company can cast their vote through remote e-voting or through e-voting system during the Meeting by registering their email ID and applying to the Company for attending the EGM. Detailed instructions are provided in the EGM Notice.

Those Shareholders whose email IDs are not registered, can register their email ID with R&STA at admin@mcsregistrars.com; helpdeskdelhi@mcsregistrars.com, by providing their name registered as per the records of the Company, address, email ID, PAN, DPID/Client ID or Folio Number and Number of shares held by them.

Any person, who acquires shares and become member of the Company after dispatch of Notice, may obtain the login ID and Password for remote e-voting by following the procedures as mentioned in the Notice.

All documents referred to in the accompanying Notice and the Explanatory Statement are available on the website of the Company for inspection by the Members.

Shri Divesh Vashist, Practicing Company Secretary has been appointed as Scrutinizer in accordance with the provisions of Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) to act as scrutinizer both for remote e-voting and e-voting at EGM.

In case of any query/ grievance (s) connected with the electronic voting, members may contact Shri Rakesh Dalvi, Deputy Manager, Central Depository Services (India) Ltd., A-Wing, 25th Floor, Marathon Futurex, Mafatal Mill Compounds, N M Joshi Marg, Lower Parel (E), Mumbai - 400013 at Toll free No. 1800 200 5533 or may write an email to helpdesk.evoting@cdslindia.com

For IFCI Limited
Sd/-
(Rupa Sarkar)
Company Secretary

Date: New Delhi
Date: April 28, 2020



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