KOLKATA, FRIDAY, MAY 8, 2020

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REGULATORY DEADLINE

No SC relief, auto industry petitions govt

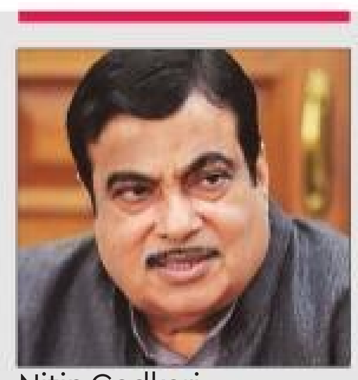
Union minister Gadkari says bound to SC verdict but will get the matter examined afresh

FE BUREAU
New Delhi, May 7

THE AUTO INDUSTRY, already reeling under the burden of low demand and high inventory, both of which have accentuated with the lockdown, is staring at another big problem. How to tackle a maze of regulatory changes which have come into effect from April? Not getting any relief from the Supreme Court, the industry on Thursday sought the intervention of road transport and highways minister Nitin Gadkari.

In a video conference with the minister over the impact of Covid-19 on the automobile sector, members of the Society of Indian Automobile Manufacturers Institute sought that the switchover to certain safety norms, which have kicked in from April, should be deferred by a year.

More importantly, the industry members urged that the sector be given more time for registration of BS IV vehicles sold till March 31 as lockdown has delayed matters. Pawan Goenka, managing director and CEO, Mahindra and Mahindra, said that around 20% of the BS IV vehicles sold within the March 31 deadline are still stuck with the concerned regional transport authorities (RTOs) for various reasons.



Nitin Gadkari

PAIN POINTS

- Registration of BS-IV vehicles still **stuck with RTOs**
- Supreme Court has said **no registration** beyond April 30
- Some **new emission, safety norms** also came into effect from April
- Industry **wants a hold** on new norms for a year
- PV sales in domestic market in April was **nil due to lockdown**
- PV sales in FY20 at 2.77 million units — **same as FY16 level** of 2.78 million units

"The Supreme Court had given a grace time till April 30 for registration of BS IV vehicles that were sold before March 31. But the process has not got completed for about 20% vehicles and they are stuck with RTOs for variety of reasons. Now the April 30 deadline has passed, so how do we register them? We need to find a solution for them," Goenka told Gadkari.

Continued on Page 2

COVID IN MUMBAI

Maximum city, minimum cover

Nearly 30% of new Covid deaths coming from the city which is running out of hospital capacity

ISHAAN GERA
New Delhi, May 7

WITH CLOSE TO 30% of India's Covid-19 deaths coming from Mumbai, and the city contributing to a fifth of the country's total infections, a team of doctors and epidemiologists led by the health ministry's joint secretary Lav Agarwal has been dispatched there to suggest a future course of action; Agarwal is the face of the country's Covid-19 battle and holds a daily briefing on it.

After Tamil Nadu which added 771 cases, Mumbai added the most Covid-19 cases with 769 infections on Thursday. Mumbai's total cases rose to 10,714 on Thursday, while India's rose to 52,952.

While the team will assess the situation, a more worrying issue facing the country's financial capital is that its health infrastructure simply cannot cope with the strain. The city is trying to prepare 75,000 isolation beds by the end of the month, in keeping with a projection of the likely cases.

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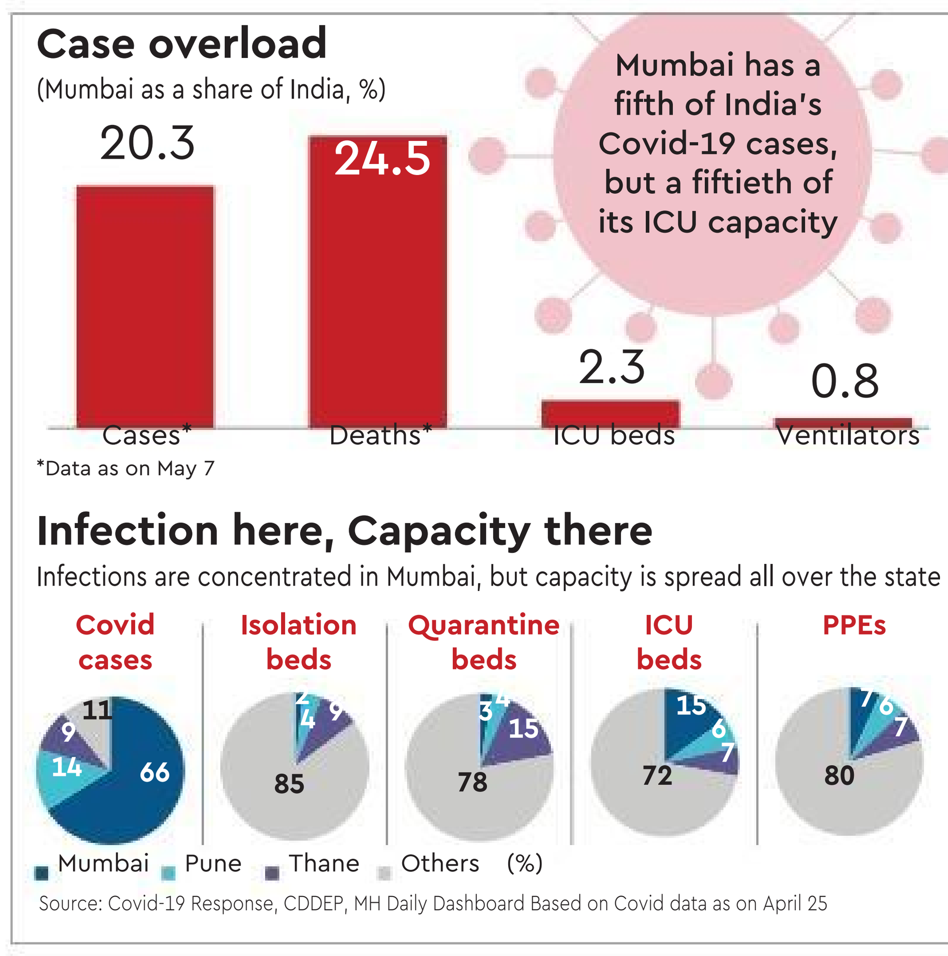

Bursting at the seams

% utilisation of capacity

Isolation beds	
Kokilaben, Mumbai	558
Lilawati, Mumbai	450
BRPBJ, Thane	394
ICUs	
Kasturba, Mumbai	170
Fortis, Mumbai	125
Ventilators	
Kasturba, Mumbai	170
Fortis, Mumbai	125
Horizan, Thane	120

VIZAG GAS LEAK

At least 11 die, over 300 hospitalised

FE BUREAU
Hyderabad, May 7

AT LEAST ELEVEN people, including two children, died and about 300 were hospitalised following a gas leakage at the LG Polymers plant in Visakhapatnam, Andhra Pradesh, in the wee hours of Thursday, bringing back the grim memories of the 1984 Bhopal gas tragedy. People from four villages close to the factory were evacuated too.

Andhra Pradesh chief minister YS Jagan Mohan Reddy has constituted a high-level committee to probe the gas leak incident and announced an ex-gratia of ₹1 crore to the families of those who lost their lives, besides a compensation package to the affected people. Reddy added that all those undergoing treatment with the help of ventilators will be given ₹10 lakh compensation. All those hospitalised will be given ₹1 lakh and those who leave hospital after primary treatment will get a compensation of ₹25,000. Livestock will also be compensated and for those living in the most-affected areas will get ₹10,000 each, the chief minister said.

Job for one family member of the deceased will also be looked into.

A child being rushed to hospital in Visakhapatnam on Thursday, hours after gas leaked from a chemical plant in the city

The committee would comprise of special chief secretary of environment and forests, industries secretary, Pollution Control Board secretary, district collect, City Commissioner of Police and it will conduct an intensive study and submit its report suggesting the precautionary measures as well.

Continued on Page 2

States suspend/relax labour laws to help industry emerge from crisis

DEEPA JAINANI & SURYA SARATHI RAY
Lucknow, May 7

AS THE INDUSTRY braces for recovery from the coronavirus crisis, many state governments including Uttar Pradesh, Madhya Pradesh, Bihar, Himachal Pradesh, Punjab and Gujarat, are offering them opportune support, in assorted ways.

Taking the lead, the UP government has decided to keep most labour laws in abeyance for the next three years, while MP chief minister Shivraj Singh Chouhan said his government would seize the current opportunity to bring the much-needed reforms in the state's labour laws to lure investors, including those likely relocating from China.

Rajasthan, Punjab, Himachal Pradesh and Gujarat have amended their respective Factories Acts in April to increase the work time to 12 hours/day and 72 hours/week in place of 8 hours/day and 48 hours/week.

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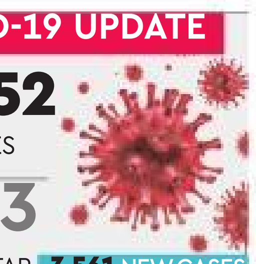
COVID-19 UPDATE

52,952 TOTAL CASES

1,783 DEATHS SO FAR

3,561 NEW CASES



A year ago, polymer company told state authority: Plant has no green clearance

AASHISH ARYAN & PRANAV MUKUL
New Delhi, May 7

THE VISAKHAPATNAM UNIT of LG Polymers India, from where a gas leak killed at least 11 people and left several injured, did not have an environmental clearance for its petrochemical plant for a substantial period of its operations between 1997 and 2019, according to documents accessed by *The Indian Express*.

In an affidavit submitted to the State Level Environment Impact Assessment Authority (SEIAA), the company admitted that as of May 10, 2019, the unit did not have a "valid environmental clearance substantiating the produced quantity, issued by the competent authority for continuing operations".

Continued on Page 2

3,000 Tabligh members still not released

SOURAV ROY BARMAN
New Delhi, May 7

OVER 3,000 MEMBERS of the Tablighi Jamaat remain confined at different quarantine centres in Delhi despite testing negative and completing the mandatory quarantine period.

And for reasons not explained, the Delhi health department has written twice to the Union ministry of home affairs — on April 17 and May 3 — seeking "directions and protocols" on their release.

Continued on Page 2

Karnataka to restart trains for migrants

AMRITA DUTTA
Bengaluru, May 7

HE HAS ₹300 in his pocket and his phone is at 90% charge, both of which he hopes will last him on the 2,100-km-long journey home. Chandrabhushan Sahani, 24, a worker at a construction firm in Hebbal, north Bengaluru, began walking towards Hyderabad on Thursday afternoon, taking the NH-44 highway, hoping to reach his home in Siddharth Nagar district in Uttar Pradesh.

Continued on Page 2

Covid response

'We should be driven by need, not affordability'

In the first e-Adda, Arvind Subramanian, former CEA, spoke on Covid, how the crisis may aggravate pre-existing vulnerabilities and why India should plan for negative growth this year

■ Express e-Adda, P11

PACKAGE 2.0 SOON

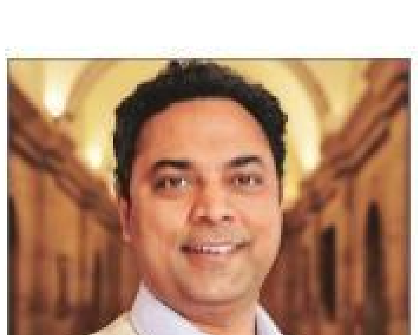
CEA: Possible to raise $60 billion by listing govt bonds overseas

FE BUREAU
New Delhi, May 7

AN ECONOMIC RELIEF package to fight the Covid-19 crisis will come any time now, chief economic advisor (CEA) Krishnamurthy V Subramanian said on Thursday. He indicated that borrowing of around $60 billion to fund the rising fiscal deficit can theoretically be through listing government bonds on the global bond indices.

In an interview to India Today channel, the CEA said: "About $4 trillion of money tracks these (global) bond indices. India is expected to get a weight of around 1.5-3%. Even if you take 1.5%, that translates into $60 billion."

"I recognise that this money can't come immediately but may come later half of the year or next year. But that gives us the opportunity to structure the borrowing plan in terms of maturity, etc, to be able to finance the deficit and also do it in a way that the cost of borrowing doesn't become very large," he added.



Krishnamurthy V Subramanian

In March, the Reserve Bank of India announced the opening up of key government securities to full foreign investment in a bid to find a place in global bond indices. The Centre had budgeted gross market borrowing of ₹7.8 lakh crore for FY21 and had recently announced its plan to borrow 62.6% of it in the first half itself. However, its plans have gone haywire due to the Covid-19 crisis.

Continued on Page 2

TAKING STOCK

Amazon weighs direct investment in Future Retail

BIJOU GEORGE, BAIJU KALESH & ANTO ANTONY
Mumbai, May 7

AMAZON IS CONSIDERING adding to its investment in Future Retail as the debt-ridden retailer battles a cash crunch, according to people familiar with the matter.

Amazon, which holds an indirect stake of 1.3% in Future Retail, is in talks with the company's parent Future Group over the potential stock purchase, said the people, who asked not to be identified as the information is private. The US online retail giant could raise its holdings in the retailer to as much as 49%, the people said.

As a purchase of more than a 25% stake could trigger an open offer under stock exchange rules, Amazon is considering lining up local investors to join the deal, the people said.

Continued on Page 2

STRESSED ASSETS

Lenders may create bad bank: SBI chief

FE BUREAU
Mumbai, May 7

STATE BANK OF India (SBI) chairman Rajnish Kumar on Thursday said that lenders are toying with the idea of creating a bad bank to deal with stressed assets.

In an interview with CNBC TV18, Kumar said the time is right to set up a structure, along the lines of a bad bank, given there are adequate provisions for existing non-performing assets (NPAs). "Today, at least we have adequate provisions and the net book value is hardly 10-15% of the gross NPAs," he said.

Meanwhile, the lender continues to make provisions for exposures where it is granting a repayment holiday. "Around 20% companies have asked for a moratorium so far," Kumar said. At a meeting on Wednesday, SBI decided to give select NBFCs a repayment break. At the end of December 2019, SBI's exposure to NBFCs was ₹1.69 lakh crore. The Reserve Bank of India (RBI) had, in late March, allowed banks to provide moratorium on term loan installments for three months starting March 1.

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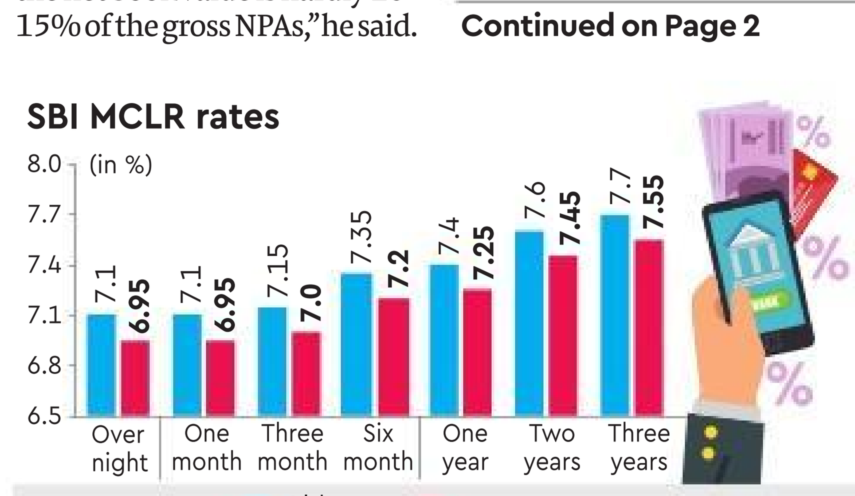
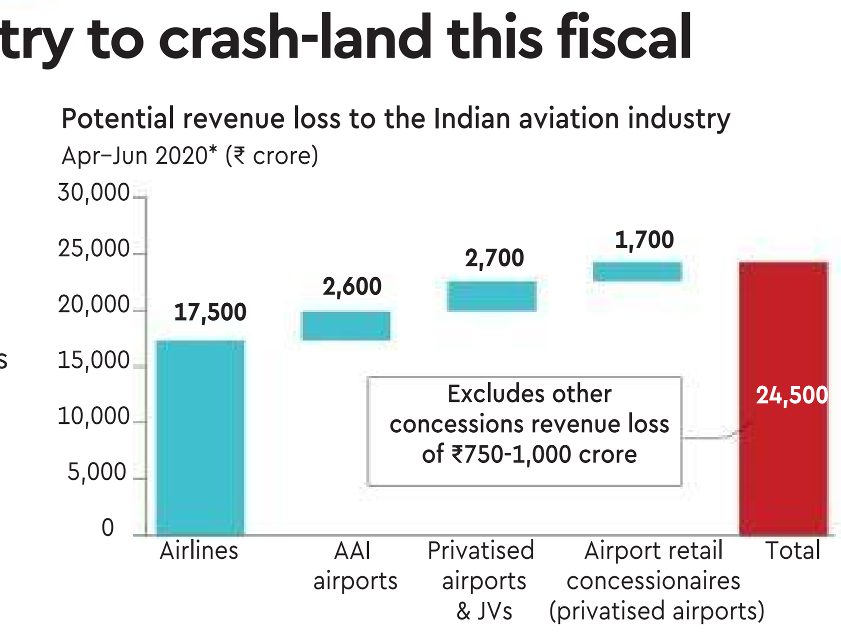


Wings clipped

FE BUREAU

Aviation industry to crash-land this fiscal

The extended lockdown has stalled traffic on the ground and air. According to Crisil estimates, the aviation industry will crash-land this fiscal with revenue loss of ₹24,000-25,000 crore during the April-June quarter. Airlines will be the worst-affected, contributing more than 70% of the losses, or ₹17,000 crore, followed by airport operators with ₹5,000-5,500 crore, and airport retailers (including retail, food and beverages and duty-free) with ₹1,700-1,800 crore.



Crisil analysis for Q1FY21; revenues for AAI airports and airport retail concessionaires have been adjusted for revenue share; Airport retail concessionaires include retail, F&B, duty-free stores

RISING 'OVER-DUES' OF DISCOMS

NTPC bites back at states, seeks to invoke three-way agreement

ANUPAM CHATTERJEE
New Delhi, May 7

PUSHED TO THE wall by the obstinate refusal of several electricity distribution companies (discoms) to pay overdue payments, state-run power producer NTPC will soon ask the Centre for its concurrence to invoke seldom-used tripartite agreements (TPAs).

These agreements, first signed in FY02 and extended for a decade in 2016, make it incumbent on the Reserve Bank of India (RBI) to deduct the default amount from the respective state government's accounts with the central bank.

Discoms' over-dues — bills that remained unpaid for more than 60 days — have been rising almost relentlessly over the years, and spiraled 242% on year, to a level of ₹10,500 crore by FY20 end. Discoms of Uttar Pradesh, Karnataka, Telangana and Jammu & Kashmir/Ladakh are the largest defaulters, with their dues to NTPC for power purchased being 80% of the total.

"NTPC is exploring all the possible options (to get the dues owed by discoms cleared), including approaching GoI for invoking the provisions of TPA", the company told *FE* in response to a query in this regard.

The facility has never been used by NTPC, as the Union power ministry advised it against its invocation.

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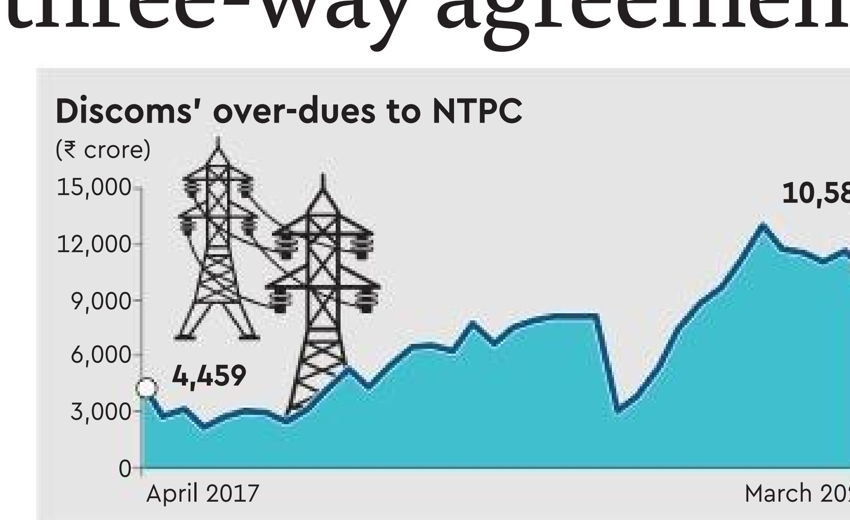


AAROGYA SETU

Govt mulls open-source architecture for app

ANWESHA GANGULY
Mumbai, May 7

WHEN THE INDIAN government launched its Covid-19 contact-tracing app — Aarogya Setu — last month, it piqued the interest of a French cyber security expert. "I installed the app and I have one hour in front of me, let's see what I can find," Robert Baptiste wrote on social media.

Within two hours, he claimed he found a way to access data that should have been protected. The issue was later fixed by the app's developers. Earlier this week, Baptiste raised an alarm again. "The privacy of 90 million Indians is at stake," he wrote asking developers to contact him to discuss the security risk.

Baptiste found that by tweaking the co-ordinates of a user's location, the app could tell you who is infected anywhere in India.

The developers contacted him and concluded that no personal information of any user has been proven to be at risk by the ethical hacker.

Continued on Page 2

Quick View

NCLT cancels summer vacation

THE NATIONAL COMPANY Law Tribunal (NCLT) has cancelled the scheduled summer vacation for all its Benches across the country this year.

Road developers' toll revenue losses

HIGHWAY DEVELOPERS AND toll operators are likely to incur toll revenue losses of about ₹3,700 crore during March-June, while the NHAI will lose ₹2,200 crore in toll fee, Crisil Research said.

BILL BEING REWORKED

Investment & turnover to be MSME tag criteria

BANIKINKAR PATTANAYAK
New Delhi, May 7

THE GOVERNMENT IS reworking a Bill to define micro, small and medium enterprises (MSMEs) on the basis of both investment and turnover, after its bid to grant the MSME status based only on turnover was resisted by small manufacturers, who feared traders would usurp official benefits meant for them.

The Centre is also considering trimming the annual turnover limit for a unit to qualify as a medium enterprise to ₹100 crore from ₹250 crore, which was proposed in the MSME Amendment Bill, 2018, sources told *FE*. The reduction in the upper limit will ensure that large traders don't make it to the MSME category, said one of the sources.

The MSME status brings businesses certain assorted benefits—including mandatory 25% official procurement and loans under the priority sector lending scheme — apart from periodic government and regulatory relief. Promoters of MSMEs who are not wilful defaulters can bid for their stressed assets under the insolvency law, while those of large companies can't. Given that the Covid-19 crisis will continue to weigh on the economy for a long period, an appropriate definition of MSMEs will be key for assured benefits to them.

The Micro, Small and Medium Enterprises Act, 2006, which is still relevant, defines MSMEs engaged in manufacturing on the basis of their investment in plant and

machinery. However, the MSME (Amendment) Bill 2018, sought to reclassify all MSMEs, whether in manufacturing or services, based on their annual turnover. The idea was to bring in greater transparency in classification, as the government can easily verify their turnover using the GST data.

According to the current definition, a micro unit is one where the investment does not exceed ₹25 lakh, while a small enterprise is one where the investment is between ₹25 lakh and ₹5 crore. A medium one can have investment of between ₹5 crore and ₹10 crore. In case of services, a micro enterprise must invest up to ₹10 lakh in equipment. A small enterprise will have to invest between ₹10 lakh and ₹2 crore, while those investing from ₹2 crore to ₹5 crore will qualify as medium services enterprises.

However, as per the 2018 Bill, a unit will qualify as a micro one if its annual turnover is up to ₹5 crore. A small enterprise would have a turnover ranging from ₹5 crore to ₹75 crore, while the turnover of a medium enterprise would be between ₹75 crore and ₹250 crore.

However, MSMEs engaged in manufacturing have opposed this move, arguing that any definition based only on turnover, instead of investments, will allow traders to claim the MSME status. Traders will also import cheap products from countries like China and sell here, thus boosting their turnovers, to enjoy the benefits granted to MSMEs. This will raise competition for 'genuine MSMEs' in government procurement programmes.

'Lower power tariff can boost industries after corona crisis'

FE BUREAU
New Delhi, May 7

LOWER POWER TARIFF for industrial consumers can be a trigger to kick-start the economy by increasing industrial production, experts said on Thursday.

"It is the time to review the policy of cross subsidisation of power as this plays a part in making our industries non-competitive," former finance secretary Subhash Chandra Garg said at an online panel discussion on the power sector.

"If you supply power to industry at a lower rate, chances of industry power demand coming back faster is much higher," Garg said. Echoing similar sentiments, Girish Pradhan, former chairman of the CERC, said the government should think of novel ways to lower the cost of power so that when manufacturing industries resume production, they are not overburdened with high electricity prices.

Arun Kumar Verma, former joint secretary at the Union power ministry, said the price of coal can come down if railways reduces charges for transportation, as currently it is not required to cross-subsidise lower passenger fares through higher freight rates. Another way of reducing power prices is by temporarily reducing higher guaranteed return on equity that regulated utilities earn, Verma said.

From the Front Page

Regulatory deadline: No SC relief, auto industry petitions govt

GOENKA ADDED: "Some RTOs are putting their own restrictions. For instance, Delhi RTO says they will register vehicles sold till March 25, which is causing problems."

The issue is complex because the Supreme Court has not provided any relief to the industry on this front. Gadkari said though the government is bound by the SC verdict, but on industry's suggestion, he will get the matter examined afresh. Regarding relaxations sought on other regulations, Gadkari stated that he will endeavour to provide relief wherever possible where industry is seeking extension of time.

He said that he has directed the ministry officials to finalise the auto scrappage policy quickly, and it will go a long way in cost reduction. He also suggested exploring cheaper credits, including foreign capital, for enhancing liquidity in the automobile manufacturing sector.

The industry's plight has turned from bad to worse. Due to the lockdown, it sold nil vehicles in the domestic market during April. But, even before, the condition was no good. For instance, domestic passenger vehicle sales in FY20 stood at 2.77 million units, which was at a similar level in FY16 when sales stood at 2.78 million units.

"With the already existing slowdown during FY20, the industry is likely to suffer huge losses going forward. Even if the pandemic is curtailed, the consumer sentiments are expected to be unfavourable and demand is expected to remain muted during H1FY21 led by volatile economic conditions. Also, government spending on infrastructure is expected to be low during the period, further impacting the demand for commercial vehicles," a report by CARE Ratings said.

Goenka said suppliers, OEMs and dealers are struggling and the biggest problem being faced by the sector is of cash flows.

Another area the industry members sought Gadkari's help is CAFE norms, where it wants deferment by a year due to the pandemic. CAFE norms seek to lower emissions based on the portfolio of a company. This has also kicked in from April 1. This norm generally puts more burden on companies which have large diesel vehicles in their portfolio so a company like M&M would get hit severely by it but Maruti Suzuki would be fine.

"The request to you is to put a moratorium for next 12 months on new regulations that are currently in pipeline. There are at least 12 such regulations," Goenka said.

States suspend/ relax labour laws to help industry emerge from crisis

THESE STEPS are taken an emergency measures, and will remain effective for three months. The idea is to provide some relief to industries which are genuinely stressed by labour shortages and poor economic conditions.

In addition, states like Karnataka, Punjab and Gujarat are apparently trying to ensure that large-scale exodus of migrant labourers doesn't take place from their states, leading to a labour shortage in the run-up to the resumption of construction and other activities in the states.

The UP Cabinet approved an ordinance on Wednesday, as per which industrial units will not have any inspection/enforcement official knocking on their doors, to check whether the labour laws are implemented. "There are 38 labour laws prevalent in the state. Barring the basic laws, all others would not be enforced for the next three years. Industries, factories and commercial establishments as well as labourers have been direly impacted by the absence of economic activities. This move will provide relief to them, and also create job opportunities for the migrant workers, who are returning back to the state," UP labour minister Swami Prasad Maurya said. The minister added that these reliefs were also aimed at attracting new investments in the state, domestic and foreign.

The laws that will remain in force in UP during the three year period include those which provide basic facilities and security to the labourers. These include Abolition of Bonded Labour Act, Building and Other Construction Act, Employees Compensation Act, Payment of Wages Act and laws relating to women and children.

Madhya Pradesh has proposed to amend the Factories Act to exempt new factories that will be registered in the next 1,000 days from several provisions in the Act, excluding those relating to safety & health and hazardous processes. The Madhya Pradesh government has also proposed to liberalise the Shops and Establishments Act to extend the timing of operations, aimed at facilitating both business and consumers. The exempted provisions include regulations regarding conditions of work like temperature, ventilation, lighting, etc and even the appointment of labour welfare officer.

Gujarat chief minister Vijay Rupani has said recently the state would allow labourers to work for a 12-hour shift, instead of 8-hours shift, with commensurate extra pay. In Madhya Pradesh also, factories have been allowed to keep 12-hours work shifts.

Labour reforms have gathered some pace at the central level over the last few years, but at the state level, the progress has been slower. The facility of fixed-term employment (FTE) – which was first introduced in the garment sector driven by the seasonality of export orders in October 2016, and were extended to all sectors in the 'central sphere' including the labour-intensive agriculture, mining and ports in March 2018.

Rajasthan has amended Industrial Disputes Act to increase the threshold for lay-offs and retrenchment to 300 from 100 earlier. For the purpose of recognition of the trade union, the threshold membership of the trade union has been increased from 15% to 30%.

Maharashtra has allowed all the shops/ Establishment/Factories to submit consolidated annual returns in lieu of multiple returns under various labour laws. Tamil Nadu has permitted employment of women for night shifts, with effect from April 2017, subject to certain safeguard measures.

UP Chief Minister Yogi Adityanath earlier this week instructed officials to prepare a concrete road map for revival of industries in the state once the lockdown is lifted and had also issued directives to review and reform labour laws so as to make existing industrial units as well as new investors comfortable in doing business in the state. Kerala chief minister Pinarayi Vijayan said recently that the state government would facilitate new industrial licence within a week after application are filed, provided the investor agrees to complete formalities in a year.

(With inputs from M Sarita Varma in Thiruvananthapuram)

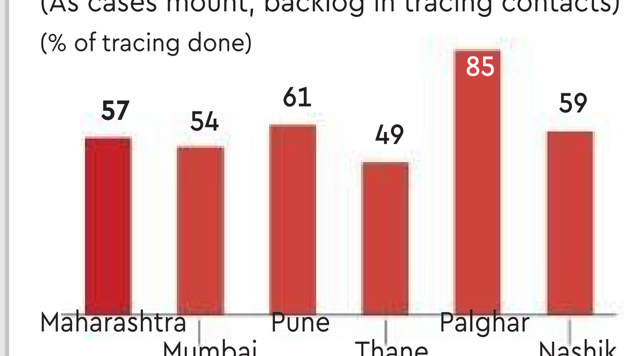
Covid in Mumbai: Maximum city, minimum cover

ISOLATION FACILITIES are also being readied at the Mahalakshmi racecourse, and the Nehru planetarium, the MMRDA grounds in Bandra Kurla, among others. Perhaps Mumbai will have to consider the new central guideline that allows home treatment for the infected.

Since the shortage extends to doctors and nurses as well, the state has asked 25,000 medical practitioners in the city to report to hospitals treating Covid-19 cases; if they don't, their licences will be revoked. The city has also allowed officials to take over private hospitals and clinics if the need arises.

A report of the city's medical infrastructure on the state government's website (https://arogya.maharashtra.gov.in/pdf/ covidupload39.pdf) has details as of April 26, and the picture it paints is of a city bursting at the seams (see graphic). At an overall level, Mumbai has 20.3% of the country's infections but just 2.3% of its ICU beds and 0.8% of its ventilators.

Still tracing
(As cases mount, backlog in tracing contacts)
(% of tracing done)



Maha-mess
(Maharashtra needs to dramatically increase its Covid-19 treating capacity)

	Maharashtra	India	%
Cases	16,758	52,952	31.6
Deaths	651	1,783	36.5
Hospital Beds	2,31,739	18,99,228	12.2
Ventilators	11,587	94,961	12.2
ICU Beds	5,793	47,481	12.2

As a result, the Kokilaben Hospital, for instance, has a demand for nearly six times the number of beds it has, it is around 4.5 times in the case of Lilawati hospital. The pressure is less in the case of ventilators, but here too, demand outstrips supply – the Kasturba hospital has a demand that is 1.7 times its capacity though, at the level of the city, just 5% of the ventilator capacity is being used. This explains all the stories of patients being turned away from hospitals that various newspapers increasingly report.

While Maharashtra appears to be adequately equipped to handle the crisis, the report makes it clear the problem is that while the capacity is evenly spread across the state, the infection is mostly centred in Mumbai; over two thirds of the state's cases are in Mumbai but just two percent of the state's isolation beds are here, three per cent of the quarantine beds, 15% of the ICU beds and seven percent of the PPE equipment. As a result, the Wadia hospital, the report says, had no PPE at all on April 26, nor something as basic as N-95 masks. Some testing facilities are, similarly, operating at 3-4 times their capacity.

And, most worrying, with the cases piling up so fast – cases were doubling every 11.6 days at the time of the lockdown, but this is now up to 9.8 already – the level of tracing of contacts is slipping badly. According to the report, contact-tracing had taken place for just 54% of the infected in Mumbai versus 61% in the case of Pune; it was an even lower 49% for Thane.

Vizag gas leak: At least 11 die, over 300 hospitalised

DEPENDING ON the inquiry report, efforts would be made to provide employment to the affected families in the company, the chief minister said.

As the concentration of the gas has to wither away, it is not safe for the evacuees to return for two more days and the defusing material is being transported from Gujarat. Water has been sprayed continuously to dilute the effect of the chemical. A special NDRF expert team will also be coming from Pune to investigate the matter. The concentration of the chemical will wither in a couple of days. Till then the evacuees will not be allowed back into the villages.

Meanwhile, the National Human Rights Commission has issued a notice to the chief secretary, calling for a detailed report in the matter, including status of the rescue operation, medical treatment provided to the people who have fallen sick, and relief and rehabilitation provided by the state authorities to the affected families. A notice has also been issued to the Director General of Police, Andhra Pradesh, to inform within four weeks about registration of FIRs in the matter and status of the investigation being conducted.

The Commission also considered it appropriate to bring the matter to the notice of the Union ministry of corporate affairs and has asked through its secretary to examine whether the norms laid down under relevant provisions of the law are being implemented at the particular industrial unit and to submit a report to the Commission. Responses from all the these authorities are expected within four weeks.

"The gas leak situation is now under control and we are exploring all ways to provide speedy treatment for those who suffer from inhaling the leaked gas. We are investing the extent of damage and exact cause of the leak and deaths," the company said in a statement. LG Polymers India is part of the plastic resin and synthetic fibre manufacturing industry in the state.

Twelve months ago, polymer company told state authority: Plant has no green clearance

IT ALSO acknowledged that it had expanded the production at the plant "beyond the limit of environmental clearance or changed the product mix without obtaining prior environmental clearance as mandated under the EIA notification, 2006". The company had then also undertaken that it would not "repeat any such violation in future".

Furthermore, the company's plans to expand the unit last year, was classified as a 'Category A' project, for which a "prior environment clearance" from the Union Ministry of Environment was required. However, the company filed for clearance with the Andhra Pradesh State Environmental Impact Assessment Authority, which in June 2019, transferred the proposal to the Centre.

According to information sourced from the Union Environment Ministry, the company's proposal was delisted from the environmental clearance portal in November 2019 saying that "it seems that the PP (company) is not interested to continue the project".

3,000 Tabligh members still not released

THE DELHI health department wrote that they "have not only tested negative but also completed more than 28 days of stay in hospitals/quarantine facilities".

On Thursday, Delhi Health Minister Satyendar Jain told reporters that the Tablighi Jamaat members could not be released earlier, despite completion of their quarantine period, due to the total lockdown till May 3.

"If police have to act against anyone, it is free to do so. Otherwise, those who are in quarantine and those who were positive and have now tested negative, should be released," Jain said.

Asked why they were stopped from leaving after the quarantine period, Jain said: "It was due to the lockdown. There was absolute lockdown till May 3 when all kinds of movement were restricted. Now those stranded can be shifted and this is why these people, who are also stranded, should be shifted."

Karnataka to restart trains for migrants

"WE WILL reach Hyderabad, and then somehow if they let us cross the state border, we will keep going. I need to keep speaking to my mother and wife at home. I am worried about running out of charge. So I am using it sparingly," he said. With him were a group of 23 fellow workers at the same construction site, all from UP's Siddharth Nagar and Gorakhpur districts.

They are among several groups of inter-state migrant labourers who have set off on foot, a day after the Karnataka government decided to cancel trains to their home states. On Thursday, however, the state government reversed its earlier decision and said three trains would depart from Bengaluru for Bihar as planned. But by then, Sahani and the others had started walking.

"There is nothing for us here. We have not been getting food, nor money. Bahut pareshani hai. Yahan ka sarkar humari sunti nahi hai. Woh log andar baithe hai, hum dikhte nahi unko (There is a lot of distress here. The government here does not listen to us. They are all inside their homes, we are not even visible to them)," said Sahani, who worked as a painter at the construction company.

Stressed assets: Lenders may create bad bank, says SBI chief

THE SBI chairman expects an announcement from the government on MSMEs shortly saying the next round of relief measures would be for this segment.

Kumar expects FY21 to be no different for the bank from FY20 in terms of the performance. An internal assessment, he said, had shown the results this fiscal would be close to that in FY20. "We may be as good or as bad as March 2020, but not as bad as FY19," the SBI chief observed. The public sector lender clocked a net profit of Rs 10,907 crore in the nine months to December 31, 2019.

The SBI chief observed that the response to the first tranche of RBI's targeted long term repo operations (TLTRO) 2.0 of Rs 25,000 crore had been muted because banks did not want to borrow at the repo rate of 4.4%, as funds are available cheaper. "If over Rs 8 lakh crore is parked with RBI at 3.75%, no point borrowing at higher rate," Kumar said. The central bank received bids worth Rs 12,850 s against the notified amount of Rs 25,000 crore, in the first tranche of TLTRO 2.0. Kumar also said that SBI was ready to help Yes Bank raise funds within limits, depending on the structure.

Rising 'over-dues' of discoms: NTPC bites back at states, seeks to invoke three-way agreement

AS PER the TPAs (29 in number) to which the RBI, the central government (through Union power ministry) and state governments/UTs concerned are signatories, the central bank is required to deduct amounts equal to discoms' over-dues to the NTPC from the accounts of state government/UT and pay it directly to the power producer. The RBI is the custodian of the accounts, into which all tax devolutions from the central government flow.

Of course, if the TPA provision is really enforced, the state governments, which are in a major financial crisis at this juncture, would be hit badly.

Usually, the country's largest power generator sends out regulation notices to discoms, to force them to clear the dues. As FE reported earlier, NTPC had notified the discoms of a host of states, including Uttar Pradesh, Bihar, Odisha, Telangana, Andhra Pradesh and Karnataka, of curtailing power supply from March 10, if the bills are not cleared soon. As per these notices, reviewed by FE, the company has repeatedly reminded the states to clear the bills, but to no avail. "Subsequently, based on the commitments against outstanding dues and in view of the prevailing medical emergency on account of Covid-19, NTPC deferred those notices," the company told FE. "However, intense follow-up is continuing (with the states)," it added.

Apart from following up with discoms for liquidating the dues, the company is also exploring all the other options like borrowing from the market to fill the liquidity gap, stemming from payment defaults.

Aarogya Setu: Govt mulls open-source architecture for app

DISSATISFIED BY the response, Baptiste called for the app's architecture to be "open source," meaning anyone could inspect the source code and flag off potential risks. As unease over data surveillance grows, the government is mulling doing that. "We developed the app in two weeks. During the development, we got it audited by IIT-Madras, and by one of the largest tech audit firms. We circulated it among security researchers widely... we religiously go through security testing. We are very paranoid about security and potential vulnerabilities. We are committed to open sourcing. We are not that far from open sourcing the app," said Arnab Kumar, programme director, Niti Aayog, who has been involved in the app's development. A final decision is yet to be taken.

Aarogya Setu was developed by the National Informatics Centre to help contact-tracing of at-risk individuals in the wake of the Covid-19 pandemic. The app does bluetooth-based contact tracing. "Covid-19 positive information comes from a testing lab to Indian Council of Medical Research, and from their database to ours. Then we push that information to the user's phone and pull the contact-tracing data for the last 14-odd days," Kumar said adding that communication between the where the data is stored and the device it is stored from is "anonymised." Getting the data from multiple locations like Baptiste demonstrated "is no different than asking several people of their locations Covid-19 statistics. All this information is already public for all locations and hence does not compromise on any personal sensitive data," the app's team said in a statement earlier this week. Baptiste claimed he used this method to find that on May 5, there was one Covid-19 infected person in the Indian Parliament, five people felt unwell at the Prime Minister's Office and two were unwell in the Indian Army Headquarters. "I can know if my neighbour is sick, for example," he wrote on social media on Wednesday.

Baptiste isn't the only one to raise concerns over the app's privacy concerns. "From a privacy perspective, since such apps probably are at their most efficient when they have continuous access to location data, which evoke reasonable apprehension of mass, real-time or dragnet surveillance," Sidharth Deb, member, Internet Freedom Foundation, wrote in a working paper last month. Deb called for a sunset clause and parliamentary oversight on the data collected through the app. Earlier this month, the home ministry directed local authorities to ensure 100% coverage through Arogya Setu in containment zones. In Noida, Uttar Pradesh, not having the app has been made a punishable offence.

Amazon weighs direct investment in Future Retail

UNDER INDIA'S rules, foreign ownership in the so-called multi-brand retail trading industry – including department stores and supermarkets – is capped at 51%.

Shares of Future Retail rose 5% in Mumbai on Thursday, ending a seven-day losing streak. The company has a market value of ₹4,050 crore ($535 million). Future Retail's dollar-denominated bonds due in 2025 jumped 8.3 cents on Thursday to about 35.3 cents on the dollar. The move is the largest gain since the bonds were first sold in January, according to Bloomberg-compiled prices. **BLOOMBERG**

CEA says package 2.0 soon, possible to raise $60 bn by listing govt bonds overseas

WHILE ACKNOWLEDGING the serious challenges being faced by the businesses and even workers in the wake of the Covid crisis, the CEA refuted the notion of a large-scale distress, saying the Jan Dhan deposits have gone up from the level witnessed in the week before the lockdown was imposed from March 25. The economy could grow at 1.5-2% in FY21, with a contraction in the first half. This will be followed by a V-shaped recovery, he said, drawing a parallel with a similar rebound witnessed after the Spanish flu outbreak, which was, in fact, more devastating.

Talking about the debt-to-GDP ratio following massive borrowing to fund productive spending, Subramanian said even if the country witnesses 4% real GDP growth for 5-10 years from FY22, the debt levels will come down. The important point is that the rate of borrowing will be far lower than our nominal GDP growth rates.

The CEA said while the first package addressed the vulnerable sections (mainly a demand-side measure), the next round of relief could focus on the supply side of the economy, including the ways to boost credit flow or liquidity in the system. Already, the central bank has initiated a raft of steps to improve liquidity in the system. Commenting on the need to have a massive stimulus package, in sync with the ones offered by the developed countries, the CEA said if the loan guarantee is removed from the package extended by the UK, it would be worth only 3.7% of the GDP, and not 15%. Similarly, the US package will be worth 6.5% of its GDP, instead of 10%.

India looks to lure more than 1,000 US companies out of China

Govt is prioritising medical equipment suppliers, food processing units, textiles, leather and auto part makers

ARCHANA CHAUDHARY
New Delhi, May 7


India expects to win over US companies involved in healthcare products and devices

INDIA IS SEEKING to lure US businesses, including medical devices giant Abbott Laboratories, to relocate from China as President Donald Trump's administration steps up efforts to blame Beijing for its role in the coronavirus pandemic.

The government in April reached out to more than 1,000 companies in the US and through overseas missions to offer incentives for manufacturers seeking to move out of China, according to Indian officials who asked not to be identified, citing rules on speaking with the media. India is prioritising medical equipment suppliers, food processing units, textiles, leather and auto part makers among more than 550 products covered in the discussions, they said.

Trump's move to blame China for its handling of the Covid-19 outbreak, which has killed more than a quarter-million people worldwide, is expected to worsen global trade ties as companies and governments move resources out of the world's second-largest economy to diversify supply chains. Japan has earmarked $2.2 billion to help shift factories from its neighbour, while European Union members plan to cut dependence on Chinese suppliers.

For Prime Minister Narendra Modi, a surge in investment would help shore up an economy battered by an eight-week nationwide lockdown to control the Covid-19 outbreak, and help him make up ground hitting a target to grow its manufacturing sector to 25% of gross domestic product by 2022 from 15%. The need to create employment is now even more urgent after the pandemic left 122 million people jobless and forced India to shut down all major cities.

It could also present India with a chance to finally push through long-stalled reforms on land, labour and taxes that have hindered investment for years. Modi's second term has been marred by nationwide protests and slow growth since his party scored a landslide election victory a year ago, presenting a risk for companies planning to move.

"There are opportunities for India to try to gain a place in global supply chains, but this will require serious investments in infrastructure and governance," said Paul Staniland, an associate professor at the University of Chicago who writes about India's politics and foreign policy. "India faces tough competition from elsewhere in South and Southeast Asia."

Officials have told companies that India is more economical in terms of securing land and affordable skilled labour than if they moved back to the US or Japan, even if overall costs are still higher than China. They have also offered an assurance that India will consider specific requests on changes to labour laws, which have proved a major stumbling block for companies, and said the government is considering a request from e-commerce companies to postpone a tax on digital transactions introduced in this year's budget.

Tax, labour laws

India's trade ministry has sought detailed feedback from US companies on changes needed to make the country's tax and labour laws more favourable to companies, said one of the officials. Modi's government is working with states to ensure long term solutions, the official added, including developing land banks to ensure a quick start for units.

India expects to win over US companies involved in healthcare products and devices, and is in talks with Medtronic and Abbott Laboratories on relocating their units to the country, an official said. Medtronic spokesman Ben Petok and Abbott spokeswoman Darcy Ross didn't immediately respond to emails seeking comment.

Both Medtronic and Abbott have a presence in India, which may make it easier for them to move their China supply chains to the country, according to an official. They're based out of financial center Mumbai and already work with large Indian hospital groups.

India's trade ministry spokesman didn't respond to an email seeking comment on the effort to lure US companies.

The push by Modi's government comes as India tries to regain lost ground after many companies chose countries like Vietnam over India as an alternative destination when Trump started his trade war with China.

Modi has tried to shore up US investments and improve ties through corporate tax cuts, two massive public rallies with Trump in Houston and India, and a $3 billion defense deal.

Secretary of state Michael Pompeo last month said the US was working with India, Australia, Japan, New Zealand, South Korea and Vietnam on how to "restructure these supply chains to prevent something like this from ever happening again." The administration was "turbocharging" an initiative to remove global supply chains from China, *Reuters* reported this week, with one official saying it's pushing for an "Economic Prosperity Network" of trusted partners.

'Replace China'

"My read is that the network, if it pans out, will look to India and Vietnam to replace China in the global supply chain network," said Derek Grossman, researcher at the Washington-based RAND Corporation who held positions in the US Intelligence Community for more than a decade. "This would be a rough fit in terms of replacing China's immense manufacturing capabilities, but perhaps the US has high hopes that India and Vietnam can quickly ramp up to at least equal Chinese capacity."

India in April partially lifted a ban on the export of hydroxychloroquine and paracetamol following a request from Trump. It also approved 130 billion rupees ($1.7 billion) worth of investments to make more bulk drugs and medical devices, and to boost local manufacturing of drug intermediates and active pharmaceutical ingredients to cut dependence on imports from China.

"India is a bigger market than Vietnam or Cambodia so it should be a bigger draw for investors looking to move operations out of China," said Ajay Sahai, director general and chief executive officer of the Federation of Indian Exporters. "But apart from ensuring land, water and sewerage, the most important change India needs to make is to give a clear guarantee that the government will not introduce retrospective tax amendments." Some states including Maharashtra have ensured that supply chains for foreign manufacturers remained functional through India's national virus lockdown. Others like Tamil Nadu in the south and Uttar Pradesh in the north have offered concessions for those planning to move.

—BLOOMBERG

CSIR submits 53 genome sequences of coronavirus in Indians to global body

PRASHANT RANGNEKAR
New Delhi, May 7

AMIDST CONCERNS THAT coronavirus have undergone mutation and the new strain maybe more contagious, India's premier R&D organisation, CSIR, has submitted as many as 53 genome sequences of the virus to a global genome database, a move that may help in better understanding of the virus and developing a vaccine.

The Council for Scientific and Industrial Research (CSIR) is also planning to submit additional 450 genome sequence data of coronavirus by May 15, its director general Shekhar Mande told *PTI*.

CSIR's Institute of Genomics and Integrative Biology (IGIB), Delhi, Centre for Cellular and Molecular Biology (CCMB), Hyderabad and Institute of Microbial Technology, Chandigarh are currently sequencing the genomes of the novel coronavirus, he said. Other CSIR institutes are also expected to join the process.

"We have so far submitted 53 genome sequences to the GISAID (Global Initiative on Sharing All Influenza Data). By May 15, we intend to submit additional 450 genome sequences," Mande said, adding all 53 have been sequenced by the scientists at the IGIB.

Genome sequencing is figuring out the order of DNA nucleotides. It helps in understanding how genes work together to direct the growth, development and maintenance of an organism.

IGIB director Anurag Agarwal said in case of coronavirus, sequencing will help understand the origins of the virus.

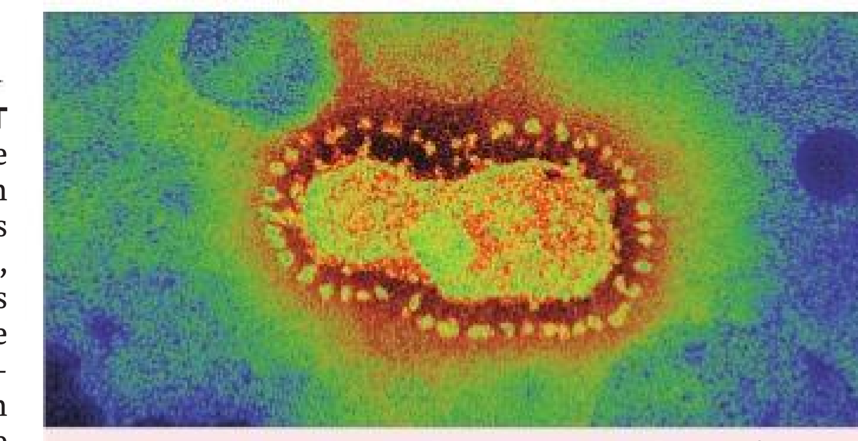
For instance, if a virus emerges from a particular cluster, sequencing will make it easier to identify its origin later when it is found in some other part of the country or world. Plus, it will be helpful in making the vaccines and drugs for it, he added. Earlier this week, a study by a US-based science laboratory has indicated that there is a new, highly-potent strain of coronavirus that has spread globally and is more contagious than the virus in early days of the Covid-19 pandemic.

In the Indian context, Mande said the sequences submitted to the GISAID by the CSIR deals with the coronavirus detected in Indians.

Launched in 2008, the GISAID, a public–private partnership between the German government and the nonprofit organization, promotes the rapid sharing of data from all influenza viruses and the coronavirus causing Covid-19.

This includes genetic sequence and related clinical and epidemiological data associated with human viruses, and geographical as well as species-specific data linked to avian and other animal viruses. This enables researchers to understand how viruses evolve and spread during epidemics and pandemics.

—PTI



Govt to conduct randomised clinical trial of *ashwagandha*

THE GOVERNMENT WILL conduct a randomised controlled clinical trial to assess the efficacy of ayurvedic drug *ashwagandha* as a preventive intervention among healthcare professionals and high-risk Covid-19 population in comparison with hydroxychloroquine.

This will be a joint initiative of the ministries of AYUSH, health, and science and technology through the Council of Scientific and Industrial Research (CSIR) with technical support from the Indian Council of Medical Research (ICMR), Union Health Minister Harsh Vardhan said on Thursday.

Simultaneously, the efficacy of ayurvedic drugs yashtimadhu, combination of Guduchi and Pippali and a poly-herbal formulation (AYUSH-64) along with ashwagandha will also be evaluated as a prophylaxis and add on to standard care in mild to moderate COVID-19 patients, Secretary in the Ministry of AYUSH Vaidya Rajesh Kotecha said. — PTI

Refunds for garments exporters: Govt clears ₹3k-cr pending claims

BANIKINKAR PATTANAYAK
New Delhi, May 6

TO EASE LIQUIDITY for garment and made-up exporters, the government has cleared long-pending claims worth roughly ₹3,000 crore since January under a so-called Rebate of State and Central Taxes & Levies (RoSCTL) scheme, trade sources told *FE*.

The revenue department has also asked the directorate general of foreign trade (DGFT) to release ₹464 crore against pending claims under another scheme, Remission of State Levies, which was replaced with the RoSCTL programme — meant for compensating them for various state as well as central government impost — on March 7, 2019. Benefits under the RoSL were stuck for more than a year, triggering protests from the cash-strapped exporters.

In an office memorandum dated April 30, reviewed by *FE*, the revenue department has said it has approved the release of the RoSL benefits, which will, however, be in the form of scrips, instead of cash. Exporters will also be allowed to use the scrip for the payment of customs and central excise duties.

Apparel Export Promotion Council chairman A Sakthivel welcomed the government's move and expected that the benefit comes at a time when the industry is going through a rough patch due to the Covid-19 outbreak.

The move comes at a time when the Covid-19 outbreak has already accentuated a slowdown in merchandise exports. Outbound shipments of garments shrank 4% year-on-year in FY20 to $15.5 billion (even on a favourable base), aiding a decline in overall exports that contracted by close to 5% in FY20.

But the government has already scrapped benefits under the Merchandise Exports from India Scheme (MEIS) for garments and made-up exporters retrospectively from March 7, 2019.

However, to offer some relief to the exporters from the retrospective move, an earlier government order had said if the RoSCTL benefit between March 7 and December 31, 2019, was lower than the combined incentives under the MEIS and RoSL (which they were enjoying until the RoSCTL roll-out), the government would provide an "additional ad-hoc incentive" of up to 1% of FoB value of exported products, with a cap of ₹600 crore, for this period.

But, compounding exporters' woes, it had asked those who had availed of the MEIS benefits between March 7 and July 31, 2019 (after which MEIS benefits were blocked to them), to return the incentives, or the amount could be suitably adjusted against their future benefits. Exporters had said even with the extra incentive, the total benefit was lower by as much as two percentage points than what they used to get in March 2019.

A senior government official had earlier told *FE* that the resource-strapped revenue department felt that since garment/made-up exporters were to get the RoSCTL benefits (which are not extended to other exporters), they shouldn't be simultaneously granted the MEIS benefits, which, in any case, had come under the WTO scrutiny.

However, the textile ministry was learnt to have been backing the garment exporters' claims and wanted both the MEIS and RoSCTL to co-exist.

Tirupur garment cluster adopts steady approach, sees no labour shortage

R RAVICHANDRAN
Chennai, May 7

THE TIRUPUR READYMADE garments/knitwear cluster has begun operations in a slow and steady manner. Being in the Red Zone category, the export units as many as 1,100 are happy to have resumed their operations with local workforce. The units have been getting increased enquiries from buyers from the US, European Union, among other countries, for samples and accordingly the units begun sending samplings.

"We have enough workforce available locally within our corporation limits and we are happy to have begun our work with them. The units situated within the corporate limits have been allowed to have 25-30% workforce capacity initially and the units situated outside the corporation will have 50% workforce capacity as per both central and state governments' guidelines. Hence, we don't see any labour problem at this point of time," said Raja M Shanmugham, president, Tirupur Exporters' Association (TEA).

Replying to a query, Shanmugham said: "Being in Red Zone, one cannot afford to have heavy workforce to resume operations. Moreover, the export orders need to be firmed up post our samplings. Once we start getting export orders, the units will ramp up workforce as per SOP laid down by the local authorities."

"One (exporters) cannot expect that everything will happen upfront. The resumption will be gradual till such time when not only restrictions go but also exports fall in our line. Though we have made a request with the local Collectorate to allow us to move people within the state, it is unfair to demand things should happen immediately," he said.

He said the collector is responsible to the government and follows what he has been asked to do. "Even we (the units) are afraid of coronavirus spread. Since majority of the districts in Tamil Nadu come under Red Zone category, it is difficult and not permissible to bring workers from other districts within the state. Moreover, public transport has not started in the state. We have to understand the ground reality hence slow and steady approach. We strongly believe that exports will gather momentum soon and accordingly relaxations will also be eased by the Collectorate."

Since the cluster has already lost its business in the 40-day lockout, so the units need to be cautious in not inviting trouble through Covid further. The slow and steady approach is need of the hour at this point and accordingly everyone follows it, he pointed out.

According to him, though migrants from different states want to go back to their respective states, a host of them have decided to stay back as the units outside the Tirupur city corporation have also begun their operations. These units have been allowed to resume operations with 50% workforce. Since most of the migrants stay outside the city limits, all these workers have been deployed accordingly, Shanmugham said.

At over 70,000 in a week, Gujarat sends home most migrant workers

ANANYA SENGUPTA
New Delhi, May 7

MORE THAN 70,000 migrants stranded in Gujarat have been sent home on 65 'Shramik Special' trains in the last seven days, making it the largest movement of workers from any state on the special services being run during the nationwide lockdown to combat the coronavirus.

According to official data accessed by PTI, the state also has 12 more such services planned whereby it will transport more than 13,000 more workers.

More than 21,000 migrants from Maharashtra have been able to return home in 21 such trains and around 5,000 more are likely to be transported in four such services which are in the pipeline.

Nineteen trains carrying more than around 19,000 workers have left Rajasthan while 18 trains carrying a similar number have left Telangana in the last seven days.

Officials said that the 24-coach trains carry 54 passengers (72 in normal times) in each coach and have a capacity of 1,200. The guidelines issued by the railways on the 'Shramik Special' trains said that the responsibility for food, health scanning, providing tickets to the stranded and collecting the fare will be with the state from which the train is originating.

It has, however, taken the burden of providing one meal to passengers whose journey will be of 12 hours or more.

The railways had started the migrant special trains on May 1 after the central government gave its approval for transportation of stranded workers on the railway network during the lockdown. Earlier, the announcement of the coronavirus lockdown had resulted in large scale exodus of workers from cities to their home states mostly in Bihar, Uttar Pradesh, Jharkhand and West Bengal.

—PTI

Companies

FRIDAY, MAY 8, 2020

EFFECT OF PANDEMIC

C Vijayakumar, president & CEO, HCL Technologies

We do not see this pandemic influencing our multi-year engagements beyond the short term. Our efforts of building strong relationship with our clients, most of them are Fortune 500 or Global 2000 brands, with a very strong and sustainable business model, give us the confidence that in the long term they are intact but in the short term there could be some challenge

Quick View

HMSI commences reopening of dealerships

HONDA MOTORCYCLE and Scooter India (HMSI) on Thursday said it has commenced opening up of dealerships in various parts of the country. Following various state government guidelines and respecting red, orange and green zoning in letter and spirit, company showrooms and workshops have started reopening with effect from May 4, HMSI said in a statement.

BMW India resumes production at Chennai

BMW GROUP India on Thursday said that it has started operations at its plant in Chennai in accordance with guidelines issued by local authorities. Local production at the plant will be started with less than 50% of the regular workforce. All other employees will continue to work from home. The plant will resume its operations in a single shift. Depending on the pandemic situation and government advisories, deployment of staff will be adjusted steadily.

Daimler India resumes ops in phased manner

DAIMLER INDIA Commercial Vehicles (DICV) on Thursday announced the resumption of plant operations in a phased approach that prioritises the safety of all stakeholders. The company was able to restart less than 24 hours after receiving permission from the local authorities, thanks to intensive preparation that began even before the government lockdown came into effect over a month ago.

Oppo to resume production at 30% capacity

SMARTPHONE MAKER Oppo on Thursday said it has received permission from the government to resume production, with 30% capacity, at its Greater Noida facility. The company has also started sales of mobile phones through Amazon, Flipkart and retail stores in permitted areas.

Mylab to raise capacity to 2L Covid-19 tests per day

PUNE-BASED MYLAB Discovery Solutions has ramped up production capacity to manufacture Covid-19 RT-PCR tests. From the second week of May, Mylab will scale up manufacturing to 2 lakh tests per day.

Ratan Tata invests in pharmaceutical venture

LEADING BUSINESS icon and philanthropist Ratan Tata, in his personal capacity, has invested an undisclosed amount in 18-year-old innovative pharmaceutical venture Generic Aadhaar. The company is run by founder and CEO, Arjun Deshpande, who began his venture at the age of 16 years with the aim of bringing affordable medicines to the masses.

Essentials delivery: Uber partners Nature's Basket

UBER INDIA on Thursday announced a partnership with online supermarket and grocery chain Nature's Basket to provide residents in Mumbai and Pune access to essential supplies at their doorsteps, amidst the ongoing lockdown.

'Consumers bullish on considering car purchase'

AFTER CHINA (61%), India stood second with 57% of consumer respondents considering purchasing a car in 2020, and the global response was 35%, according to a Capgemini Research Institute report published on Thursday. It also noted that Indian consumers want to minimise dealer visits and make more use of online channels. "Compared to pre-Covid-19 levels, consumers have made a significant shift to digital modes of interaction, and 70% of Indian consumer respondents would prefer to avoid dealership visits to compare finance and deals," the report added.

CASHING IN 5.7% STAKE

GSK sells $3.4-bn HUL stake in largest India block trade

SCOTT MURDOCH & ANSHUMAN DAGA
Hong Kong/Singapore, May 7

GLAXOSMITHKLINE HAS SOLD its stake in Unilever's Indian business for $3.4 billion, marking India's largest block trade, which will help the British company in its goal of reinvigorating its drug development pipeline.

The transaction GSK announced on Thursday comes as it pursues a two-year programme to split into two entities after it made costly bets on experimental cancer treatments and future cell and gene therapies amid sluggish revenue growth.

The drugmaker is cashing in a 5.7% stake it took in Hindustan Unilever (HUL), which produces everything from deodorant to soup, as payment for the sale of its malted drink brand Horlicks and other nutrition brands to Unilever in 2018.

The 133.77 million shares were offloaded on average for ₹1,905, according to a statement from GlaxoSmithKline.

Potential investors were earlier told the shares would be sold in a range of ₹1,850 to ₹1,950, which was a 3%-8% discount to Wednesday's closing price of 2,010.20 rupees.

In the statement, GSK said it would now receive net proceeds of £2.9 billion ($3.59 billion) from the stake sale and the sale of its Bangladesh business, which is expected to close later this year.

It said the recent Hindustan Unilever share price gains led to better than expected sale proceeds.

The deal eclipses the previous block trade record in India when Daiichi Sankyo sold its $3.18 billion stake in Sun Pharmaceuticals in April 2015, according to Refinitiv.

The move will help the British company in its goal of reinvigorating its drug development pipeline

On a global basis, the Glaxo block trade will be the 10th ever biggest, according to the data provider.

The largest ever block trade remains Naspers selling $9.8 billion worth of Tencent stock in Hong Kong in March 2018.

More than 100 institutional investors — 80% foreign investors and 20% domestic Indian funds — participated in the deal, a source with direct knowledge of the matter said.

Shares of Mumbai-listed Hindustan Unilever, which fell as much as 5.38% to ₹1,902, recouped some of those losses to close down 0.9% on Thursday. The company declined to comment on the stake sale.

"One could argue that the stock was a tad overvalued at the 2,600 level, but at 1,900, it is reasonably valued," said Ajay Bodke of Mumbai-based portfolio management service company Prabhudas Lilladher.

"In an environment of heightened risk aversion, people continue to look at sectors such as consumer staples, healthcare and IT as safe havens."

HSBC Holdings, JPMorgan and Morgan Stanley were the bookrunners on the deal.

GSK's decision could also inject some momentum into India's equity capital markets which have struggled in line with other major financial markets as a result of the coronavirus pandemic.

There has been $6 billion worth of equity capital market deals in India so far in 2020, down from $8.52 billion during the same time list year, according to Refinitiv.

The data showed the rate of activity in 2020 is the slowest since 2017.

In comparison, Hong Kong's equity capital markets have seen $12.8 billion worth of activity this year.

Earlier this year, GSK launched a two-year programme to split into two entities, separating the core prescription drugs and vaccines business from an enlarged over-the-counter products business that was merged with a Pfizer unit.

It is considering more divestments to fund the costs of the separation.

Having sold travel vaccines to Bavarian Nordic for up to €955 million ($1.03 billion) in October last year, the British group is looking into shedding more assets, starting with a review of its prescription dermatology business with about £200-300 million in annual sales.

REUTERS

HCL Tech Q4 net up 24.3% to ₹3,154 crore, sees short-term impact of Covid

PRESS TRUST OF INDIA
New Delhi, May 7

IT SERVICES MAJOR HCL Technologies on Thursday posted 24.3% jump in March quarter consolidated net profit at ₹3,154 crore, and said there could be certain short-term challenges like clients deferring new projects and volume-based billing impact on account of the Covid-19 pandemic.

HCL Technologies, which had registered a consolidated net profit of ₹2,550 crore in the January-March 2019 quarter as per Indian accounting norms (Ind-AS), refrained from offering a revenue growth outlook for FY21 but expressed confidence of a strong performance in the near and long term.

IT firms like Wipro and Infosys have also suspended their practice of offering revenue growth forecast, while Cognizant had retracted its annual outlook for 2020.

HCL Tech's revenue grew 16.3% to ₹18,587 crore in the March 2020 quarter, from ₹15,990 crore in the year-ago period.

"... there is some volume-based billing impact, there is some deferral of discretionary spend, some new project decision making is slowing down and some price discounts and maybe payment term extensions. These are the type of issues we are seeing on the demand side," HCL Technologies president and CEO C Vijayakumar told reporters. He added that industries that have seen bigger impact of the Covid-19 pandemic include automobiles, aviation, entertainment, and non-grocery retail.

"But there are several verticals where we see the impact is very low — financial services, telecom, and professional services. Also our portfolio has certain insulated industry segments like life sciences and technology services that are fairly insulated and we are seeing some robust demand there," he said.

The company refrained from offering a revenue growth outlook for FY21 but expressed confidence of a strong performance in the near and long terms

Vijayakumar said the company is seeing both kind of impacts — "pockets of good demand in weak verticals" and "weak demand in strong verticals" given HCL Tech's mixed portfolio mix. "... we do not see this pandemic influencing our multi-year engagements beyond the short term, our efforts of building strong relationship with our clients, most of them are Fortune 500 or Global 2000 brands, with very strong and sustainable business model gives us that confidence that in the long term they're intact but in the short term there could be some challenges," he explained.

"HCL Tech reported in-revenue growth, while EBIT margin and net profit have beaten our estimates. Constant currency revenue grew 0.8% q-o-q/13.5% y-o-y, in-line with our estimates, led by strong growth in technology and services vertical," Sanjeev Hota, head of research at Sharekhan by BNP Paribas, said.

Rail corridor: Bombardier to make high-speed train sets at cost of ₹30,274 cr

FE BUREAU
New Delhi, May 7

BOMBARDIER TRANSPORTATION INDIA will manufacture 40 high-speed aerodynamic train sets for the Delhi-Ghaziabad-Meerut rail corridor project of the Regional Rapid Transit System (RRTS), at a cost of ₹30,274 crore

These train sets, the first of its kind in India with a design speed of 180 kmph, will serve the Delhi–Meerut RRTS, an 82.15-km, semi-high speed rail corridor that is under construction and connects Delhi-Ghaziabad-Meerut, the ministry of urban development said. It is one of the three and the first of the rapid-rail corridors planned under Phase-I of the RRTS project being executed by the National Capital Regional Transport Corporation (NCRTC). The train sets will be manufactured in Bombardier's Savli plant in Gujarat, with delivery starting in 2022.

The Make in India initiative requires at least 75% of the quantity to be mandatorily manufactured in India and offers purchase preference to manufacturers who use more than 50% local content. Bombardier's winning bid offered to manufacture 100% of the rolling stock, using 83% local content.

Bombardier will manufacture 30 train sets of six cars each for operating regional transit services and 10 train sets of three cars each for operating local Meerut transit services, which will be self-propelled on electric traction.

Bombardier will also undertake the design, supply, testing and commissioning of the RRTS train set which will be designed keeping in mind the high-acceleration and high-deceleration that the train needs to undergo, given the maximum operational speed of 160 kmph and stations at every 5-10 km. The train will have automatic plug-in type doors, reducing air-friction and noise.

Bombardier will manufacture 30 train sets of six cars each for operating regional transit services and 10 train sets of three cars each for operating local Meerut transit services

A key feature of the RRTS is interoperability of all its priority corridors, which facilitates seamless commuter movement across the corridors without the hassle of changing trains. The train sets will accordingly be operated with ETCS Level 2 signalling system, which is being used in India for the first time and will ensure interoperability as well as train movement at quick frequencies, thus reducing the waiting time for passengers.

Domestic aviation industry to crash-land this fiscal with ₹24,000-cr revenue loss: Crisil

PRESS TRUST OF INDIA
Mumbai, May 7

THE DOMESTIC AVIATION industry, which has been severely hit by the coronavirus outbreak and the subsequent lockdown, is expected to crash-land this fiscal with a massive revenue loss of ₹24,000-25,000 crore, a Crisil report said on Thursday.

Airlines will be the worst-affected segment, contributing more than 70% to the losses (around ₹17,000 crore), said Jagannarayan Padmanabhan, director and practice leader, transport and logistics, Crisil Infrastructure Advisory, during a webinar.

Airport operators are likely to suffer losses worth ₹5,000-5,500 crore and airport retailers will see a hit of ₹1,700-1,800 crore, he noted.

The development would reverse the growth trend of around 11% per annum, which the industry has logged over the past 10 years, making it one of the most adversely-affected sectors of the economy, the agency said

Crisil estimates indicate that the Indian aviation industry will "crash-land this fiscal", witnessing a revenue losses worth ₹24,000-25,000 crore.

That would reverse the growth trend of around 11% per annum, which the industry has logged over the past 10 years, making it one of the most adversely-affected sectors of the economy, the agency said.

Projecting higher losses for the industry, if travel restrictions last longer in hubs such as Mumbai, Delhi, Chennai and Kolkata, Crisil said it expects the aviation sector to take at least six-eight quarters to reach pre-pandemic levels.

"These are preliminary estimates, and aggregate losses could increase if the lockdown is extended beyond the first quarter," Padmanabhan said, adding that as and when operations resume, overall operational capacity will hover at 50-60% for the rest of the fiscal.

Consequently, mergers and acquisitions of airlines, and relook at expansion plans of private and upcoming greenfield airports would be possibilities, he noted.

Swiggy co-founder Rahul Jaimini to move away from active role, to join Pesto Tech

PRESS TRUST OF INDIA
New Delhi, May 7

FOOD ORDERING AND delivery platform Swiggy on Thursday said its co-founder and CTO Rahul Jaimini will move away from active role in the company during the month to pursue another entrepreneurial venture.

Jaimini will be joining Pesto Tech, a career accelerator start-up, as its co-founder, Swiggy said in a statement.

He will continue to be a shareholder and board member of Swiggy, it added.

Functions currently led by Jaimini, including platform engineering, analytics, IT and labs, will be realigned to Dale Vaz, head of engineering and data science, who has been with the company for close to two years, the statement said.

Jaimini will continue to be a shareholder and board member of Swiggy

"Technology was crucial to what we set out to build when we started Swiggy. Nandan (Reddy) and I could not have asked for a better partner to handle this aspect of the company," Swiggy co-founder and CEO Sriharsha Majety said.

It was Jaimini's immense passion to "build for the billions" that drove technological innovations that set Swiggy apart as we grew phenomenally over the years, he added.

"Working with technology that has large scale impact is what excites me, and I am grateful to have had the opportunity to do just this at Swiggy and grow tremendously over the years," Jaimini said.

INTERVIEW: VP NANDAKUMAR, MD & CEO, Manappuram Finance

'Over 90% gold loan customers have not opted for moratorium'

In the gold loan category, which accounts for 87% of the standalone portfolio at Manappuram Finance, over 90% customers are servicing their dues without opting for the moratorium, said MD & CEO **VP Nandakumar** *in an interview with* **Hariprasad Radhakrishnan.** *He further said physical distancing is here to stay, which would lead to increased adoption of digital and phygital modes of business, adding that the company disbursed loans worth ₹200 crore online during the lockdown to existing customers whose gold is already pledged with the company. Edited excerpts:*

How do you think lockdown 3.0 will be different for your business?

I believe this phase is more like a reboot than a lockdown as most businesses are now allowed to resume operations, albeit with some restrictions on staffing. We started reopening our branches from April 20 and about 80% of our branches are working now. We expect our gold loan business to revert to normalcy once public transport resumes and local travel becomes easier.

What is your assessment of the business impact over the past two months?

In the first phase of the lockdown, all our branches remained closed and therefore, no new customers could be acquired. However, we were able to keep the momentum going with repayments and renewal of gold loan pledges taking place through our various digital channels, including the online gold loan platform. We succeeded in increasing our gold loan portfolio by over ₹200 crore during the lockdown by relying on existing customers using our online gold loan platform to increase their borrowings against gold already pledged with us. Of course, we were also helped by the sharp increase in gold price that allowed customers room to borrow more against their existing pledges.

What share of your borrowers have opted for the moratorium?

Most of our customers have preferred not to opt for the moratorium as they realise deferment of repayments without waiver of interest would add to their interest outflow. In the gold loan category, which accounts for 87% of our standalone portfolio, more than 90% are servicing their dues. In vehicle finance and other smaller verticals, collections are improving day by day and currently amount to over 40% of the billing. We expect significant improvements once economic activities resume in full swing.

How many of your branches have resumed operations, and are the customer footfalls rising?

About 80% of our branches are now operational. Customer footfalls are still low as public transport is yet to normalise.

Have there been fresh disbursements in the past two months, and when do you expect the credit demand to pick up?

As I mentioned earlier, during the period of lockdown, we were actually able to increase our gold loan portfolio by over ₹200 crore. It came about because our existing customers made use of the online gold loan platform to increase their borrowings against gold already pledged with us. Going forward, we expect demand to rise further once all restrictions come off and stalled businesses, especially micro and small enterprises, get back on their feet.

With customer behaviour expected to change in the post-lockdown scenario, how are you gearing up for the new business environment?

Physical distancing is here to stay, and the pace of adoption of digital and phygital modes of business is likely to increase significantly. In recent years, especially after the demonetisation experience, we have been investing heavily in deploying technology across the organisation, from recruitment to training, to new products and services. In fact, during the lockdown we could service our customers through various digital modes only because of our strong IT backbone.

ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED

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AUDITED STANDALONE FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2020

FORM L-1A-A-RA

REVENUE ACCOUNT (POLICYHOLDERS' / TECHNICAL ACCOUNT) FOR THE YEAR ENDED

(₹ in lakhs)

Particulars	March 31, 2020							March 31, 2019						
	Total	Non-Linked			Linked			Total	Non-Linked			Linked		
		Individual		Group	Individual		Group		Individual		Group	Individual		Group
		Life	Pension		Life	Pension			Life	Pension		Life	Pension	
Premiums earned (net of Goods & Service tax)														
(a) Premium	3,343,070	629,318	106,214	272,482	2,089,295	29,210	216,551	3,092,978	584,317	70,705	166,141	2,140,041	41,457	90,317
(b) Reinsurance ceded	(55,176)	(25,796)	(1)	(21,278)	(8,100)	(1)	-	(35,148)	(18,602)	-	(8,480)	(8,065)	(1)	-
(c) Reinsurance accepted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	**3,287,894**	**603,522**	**106,213**	**251,204**	**2,081,195**	**29,209**	**216,551**	**3,057,830**	**565,715**	**70,705**	**157,661**	**2,131,976**	**41,456**	**90,317**
Income from investments														
(a) Interest, dividend & rent - Gross	607,689	227,707	37,370	16,008	250,943	30,971	44,690	524,383	190,204	30,251	7,871	221,127	34,415	40,515
(b) Profit on sale / redemption of investments	769,696	72,150	22,528	1,997	525,101	126,991	20,929	761,751	78,272	3,301	1,073	482,909	173,977	22,219
(c) (Loss) on sale / redemption of investments	(506,511)	(30,876)	(441)	(143)	(425,675)	(41,132)	(8,244)	(433,096)	(22,022)	(367)	(81)	(330,532)	(57,862)	(22,232)
(d) Transfer / gain on revaluation / change in fair value	(2,198,731)	-	-	-	(1,961,242)	(220,663)	(16,826)	97,938	-	-	-	172,636	(83,235)	8,537
(e) Accretion of discount / (amortisation of premium) (net)	76,174	(565)	(189)	644	68,464	2,655	5,165	70,468	(2,002)	262	272	60,466	5,009	6,461
Sub-total	**(1,251,683)**	**268,416**	**59,268**	**18,506**	**(1,542,409)**	**(101,178)**	**45,714**	**1,021,444**	**244,452**	**33,447**	**9,135**	**606,606**	**72,304**	**55,500**
Other income:														
Contribution from the Shareholders' account	149,701	110,090	-	39,436	-	-	175	52,720	10,722	60	39,245	2,693	-	-
Income on unclaimed amount of policyholders	4,276	-	-	-	4,276	-	-	5,077	-	-	-	5,077	-	-
Fees and charges	3,611	3,605	2	-	4	-	-	2,588	2,564	3	17	4	-	-
Miscellaneous income	153	31	5	13	98	1	5	367	299	1	5	59	1	2
Sub-total	**157,741**	**113,726**	**7**	**39,449**	**4,378**	**1**	**180**	**60,752**	**13,585**	**64**	**39,267**	**7,833**	**1**	**2**
Total (A)	**2,193,952**	**985,664**	**165,488**	**309,159**	**543,164**	**(71,968)**	**262,445**	**4,140,026**	**823,752**	**104,216**	**206,063**	**2,746,415**	**113,761**	**145,819**
Commission*	158,606	65,038	773	5,621	87,009	156	9	160,381	46,310	469	2,766	110,580	254	2
Operating expenses related to insurance business	284,687	95,892	2,224	81,158	101,776	2,081	1,556	255,278	69,383	1,403	51,787	128,383	2,748	1,574
Provision for doubtful debts	(74)	(46)	(2)	-	(24)	(2)	-	(375)	(183)	(4)	-	(182)	(7)	1
Bad debts written off	264	118	3	5	134	3	1	362	145	3	-	209	5	-
Provisions (other than taxation)														
(a) Provisions for diminution in the value of investments (net)	21,324	21,243	81	-	-	-	-	-	-	-	-	-	-	-
(b) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goods & Service Tax charge on linked charges	65,339	-	-	-	60,537	2,997	1,805	63,521	-	-	-	57,770	4,026	1,725
Total (B)	**530,146**	**182,245**	**3,079**	**86,784**	**249,432**	**5,235**	**3,371**	**479,167**	**115,655**	**1,871**	**54,553**	**296,760**	**7,026**	**3,302**
Benefits paid (net)	1,930,264	106,853	32,517	59,989	1,182,788	307,592	240,525	1,418,851	90,923	26,488	26,072	842,896	316,734	115,738
Interim bonus paid	7,396	7,376	20	-	-	-	-	7,064	7,027	37	-	-	-	-
Change in valuation of policy liabilities														
(a) Gross amount	1,564,009	1,338,699	122,734	112,624	(11,855)	1,494	313	1,186,008	1,014,773	73,175	97,460	3,067	(2,505)	38
(b) Amount ceded in reinsurance	(683,690)	(682,081)	-	(1,609)	-	-	-	(430,104)	(424,065)	-	(6,039)	-	-	-
(c) Amount accepted in reinsurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d) Fund reserve	(1,566,310)	-	-	-	(1,183,214)	(399,947)	16,851	1,138,749	-	-	-	1,342,246	(228,823)	25,326
(e) Funds for discontinued policies	180,298	-	-	-	179,361	937	-	205,644	-	-	-	204,887	757	-
Total (C)	**1,431,967**	**770,847**	**155,271**	**171,004**	**167,080**	**(89,924)**	**257,689**	**3,526,212**	**688,658**	**99,700**	**117,493**	**2,393,096**	**86,163**	**141,102**
Surplus / (Deficit) (D) = (A) - (B) - (C)	**231,839**	**32,572**	**7,138**	**51,371**	**126,652**	**12,721**	**1,385**	**134,647**	**19,439**	**2,645**	**34,017**	**56,559**	**20,572**	**1,415**
Provision for taxation														
(a) Current tax credit / (charge)	(13,139)	(13,084)	-	(55)	-	-	-	(11,318)	(11,225)	-	(93)	-	-	-
(b) Deferred Tax credit / (charge)	(4)	-	-	-	(4)	-	-	-	-	-	-	-	-	-
Surplus / (Deficit) after tax	**218,696**	**19,488**	**7,138**	**51,316**	**126,648**	**12,721**	**1,385**	**123,329**	**8,214**	**2,645**	**33,924**	**56,559**	**20,572**	**1,415**
Appropriations														
Balance of previous year	103,441	77,456	25,264	650	30	41	-	87,816	64,647	22,823	266	32	48	-
Transfer to Shareholders' account	198,871	(380)	7,373	51,053	126,678	12,762	1,385	107,704	(4,595)	204	33,540	56,561	20,579	1,415
Balance being funds for future appropriations														
Reserve for lapsed unit linked policies unlikely to be revived	-	-	-	-	-	-	-	71	-	-	-	30	41	-
Funds for future appropriation	123,266	97,324	25,029	913	-	-	-	103,370	77,456	25,264	650	-	-	-

*Including rewards and/or remuneration to agents, brokers or other intermediaries

FORM L-2A-A-P&L

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED

Shareholders' Account (Non-Technical Account) (₹ in lakhs)

Particulars	March 31, 2020	March 31, 2019
Amounts transferred from Policyholders' (Technical) account	198,871	107,704
Income from investments		
(a) Interest, dividend & rent - Gross	44,811	42,515
(b) Profit on sale / redemption of investments	26,745	31,223
(c) (Loss) on sale / redemption of investments	(5,468)	(9,009)
(d) Accretion of discount / (amortisation of premium) (net)	(144)	(547)
Other income	54	904
Total (A)	**264,869**	**172,790**
Expenses other than those directly related to the insurance business	3,637	3,773
Bad debts written-off	-	-
Provisions (other than taxation)		
(a) For diminution in value of investments (net)	4,656	-
(b) Provision for doubtful debts	-	-
Contribution to Policyholders' account (Technical account)	149,701	52,720
Total (B)	**157,994**	**56,493**
Profit before tax (A)-(B)	106,875	116,297
Provision for taxation		
(a) Current tax credit / (charge)	-	(2,232)
(b) Deferred tax credit / (charge)	-	-
Profit after tax	**106,875**	**114,065**
Appropriations		
(a) Balance at the beginning of the period	198,866	169,603
(b) Interim dividends paid during the period	11,487	22,970
(c) Final dividend	22,255	47,373
(d) Dividend distribution tax	6,936	14,459
(e) Transfer to reserves	-	-
Profit / (Loss) carried to Balance Sheet	**265,063**	**198,866**
Earnings per equity share		
Basic earnings per equity share (₹)	7.44	7.95
Diluted earnings per equity share (₹)	7.43	7.94
Nominal value per equity share (₹)	10.00	10.00

FORM L-3A-A-BS

BALANCE SHEET AS AT

(₹ in lakhs)

Particulars	March 31, 2020	March 31, 2019
Sources of funds		
Shareholders' funds :		
Share capital	143,586	143,578
Reserve and surplus	610,559	543,974
Credit/(debit) fair value change account	(32,283)	17,121
Sub-total	**721,862**	**704,673**
Borrowings	-	-
Policyholders' funds :		
Credit/(debit) fair value change account	(25,251)	178,272
Revaluation reserve	6,552	6,481
Insurance Reserve	-	-
Policy liabilities	4,735,562	3,855,243
Provision for linked liabilities	8,803,675	10,369,985
Funds for discontinued polices	904,823	724,525
Sub-total	**14,425,361**	**15,134,506**
Funds for future appropriations		
Linked	-	71
Non-Linked	123,266	103,370
Sub-total	**123,266**	**103,441**
Total	**15,270,489**	**15,942,620**
Application of funds		
Investments	-	-
- Shareholders'	742,090	799,155
- Policyholders'	4,675,032	4,007,118
Asset held to cover linked liabilities	9,708,498	11,094,581
Loans	46,309	27,019
Fixed assets - net block	47,762	47,562
Deferred tax asset	-	4
Current assets		
- Cash and bank balances	81,056	66,102
- Advances and Other assets	302,781	267,492
Sub-total (A)	**383,837**	**333,594**
Current liabilities	330,286	363,862
Provisions	2,753	2,551
Sub-total (B)	**333,039**	**366,413**
Net current assets (C) = (A-B)	**50,798**	**(32,819)**
Miscellaneous expenditure (to the extent not written-off or adjusted)	-	-
Debit balance in Profit & Loss Account (Shareholders' account)	-	-
Total	**15,270,489**	**15,942,620**

FORM L-22

ANALYTICAL RATIOS

Sr. No.	Particulars	March 31, 2020	March 31, 2019
1	New business premium income growth		
	- Non linked Life	47.8%	(13.6%)
	- Non linked Pension	52.2%	120.6%
	- Non linked Group	63.0%	288.7%
	- Linked Life	(19.4%)	(6.3%)
	- Linked Pension	(27.2%)	(45.3%)
	- Linked Group	235.7%	47.5%
2	Net retention ratio	98.3%	98.9%
3	Ratio of expenses of management	13.3%	13.4%
4	Commission Ratio	4.7%	5.2%
5	Ratio of policyholders' liabilities to shareholders' funds	2015.4%	2162.4%
6	Growth rate of shareholders fund	2.4%	2.4%
7	Ratio of surplus to policyholders' liability	0.5%	0.5%
8	Change in networth ('₹' in lakhs)	17,189	16,228
9	Profit after tax / Total income	5.1%	2.7%
10	(Total Real Estate + Loans) / Cash & invested assets	0.8%	0.7%
11	Total Investment / (Capital + Surplus)	2095.4%	2256.5%
12	Total Affiliated Investment / (Capital+Surplus)	1.4%	2.2%
13	Investment Yield (Gross and Net)		
	A. Without unrealised gains		
	- Shareholders' Fund	8.3%	9.4%
	- Policyholders' Fund		
	Non Linked Par	7.2%	8.3%
	Non Linked Non Par	8.5%	9.1%
	Linked Non Par	4.1%	5.1%
	B. With unrealised gains		
	- Shareholders' Fund	3.3%	7.2%
	- Policyholders' Fund		
	Non Linked Par	5.9%	8.2%
	Non Linked Non Par	8.4%	8.5%
	Linked Non Par	(15.8%)	5.6%
14	Conservation Ratio		
	- Non linked Life	78.8%	83.1%
	- Non linked Pension	88.2%	87.3%
	- Non linked Group	595.6%	11.6%
	- Linked Life	75.3%	81.1%
	- Linked Pension	67.6%	72.2%
	- Linked Group	80.1%	97.1%
15	Persistency Ratio#		
	by premium		
	- 13th Month	86.8%	86.2%
	- 25th Month	78.3%	77.4%
	- 37th Month	70.0%	71.0%
	- 49th Month	67.3%	65.0%
	- 61st Month	58.6%	58.1%
	by count		
	- 13th Month	81.9%	78.8%
	- 25th Month	71.6%	72.0%
	- 37th Month	66.0%	66.5%
	- 49th Month	62.9%	62.5%
	- 61st Month	56.4%	53.3%
16	NPA Ratio	NIL	NIL

Note: The audited financial statements have been approved by Board of Directors at its meeting held at Mumbai on April 25, 2020. The Statutory auditors have expressed an unqualified audit opinion. The Revenue account, Profit and Loss account, Balance Sheet and Analytical Ratios (to the extent applicable) presented above are extracted from audited financial statements. Previous year figures have been regrouped and reclassified wherever necessary to confirm to current year's presentation. COMP/DOC/May/2020/55/3595.

#Calculations are in accordance with the IRDA circular IRDA/ACT/CIR/MISC/035/01/2014 dated January 23, 2014. The ratio is computed based on the original premiums issued. For FY2020, policies issued in the April to March period of the relevant year have been measured on April 30, 2020. For FY2019, policies issued in the April to March period of the relevant year have been measured on April 30, 2019. Group policies and policies under micro insurance products are excluded.

For and on behalf of Board of Directors

N. S. Kannan
Managing Director & CEO
DIN : 00066009

Opinion

FRIDAY, MAY 8, 2020

ON THE VIZAG GAS LEAK

Prime minister of India Narendra Modi

Spoke to officials of MHA and NDMA regarding the situation in Visakhapatnam, which is being monitored closely. I pray for everyone's safety and well-being in Visakhapatnam

RationalExpectations

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Where are India's rich, its temples?

In an unprecedented crisis, you would expect them to take full responsibility for lakhs of poor; as they did in ancient times

MANY HAVE CRITICISED prime minister Narendra Modi for—like he did with Balakot and the surgical strikes—once again making an event of a national calamity. If asking citizens to clang vessels and light lamps wasn't enough, he got the armed forces to shower petals on hospitals and to organise fly-pasts as if we had won some war. But we are at war, aren't we? We may be far from winning, but we are fighting against an enemy we know little of, a Chinese virus that for the first time in four decades may ensure the economy actually contracts, and crores of poor workers rendered jobless.

Similarly, Modi has been attacked, and with some justification, for not doing enough for state governments that have been bankrupted by the virus; and if this wasn't bad enough, as Pronab Sen pointed out (*bit.ly/3fkTCzd*), Modi made this worse by banning alcohol and e-commerce in 'non-essentials' that comprise 30-40% of what the states earn on their own. And, while it could be argued that—the e-tail ban, for instance—this was to reduce the spread of the Wuhan virus, it is inexplicable that while the central government can spend almost any amount, nothing has been done to ease constraints on states. How anti-cooperative-federalism the Centre is, of course, is best judged by the fact that CSR funding is allowed for the PM-Cares fund, but not for various CM-Care funds. Certainly, the Centre is doing the right thing by paying the states their share of central collections that was envisaged at the time the budget was formulated even though tax collections have been completely shot since (*bit.ly/2zaojGV*); but the largesse is limited, and while this is to be done till January, the compression after that will be huge.

> There is a debate over how much the govt should spend since a downgrade can result from a big fiscal slip, but none of this applies to India's rich or to its temples that have wealth running into lakhs of crore; they need to help a whole lot more

Modi is also criticised, from both sides ironically, for his handling of the crisis. Having done a good job with checking the spread—from doubling every three days initially to this happening every 11 days by the end of the third lockdown — there is one group who felt Modi should have extended the lockdown; another group feels the economy should be opened up faster. Instead of giving the states more leeway, Modi is even deciding where a barber shop should be allowed to open, and this newspaper has endorsed Delhi chief minister Arvind Kejriwal's call to define red zones more narrowly to keep economic activity going (*bit.ly/3fkzu08*).

Both groups, though, agree that, if the Centre is so all-knowing, how did it get it so wrong on the migrants, by not allowing them to go home in the first place. As a result, they were locked up in camps run by state governments and, it appears, not even properly fed. And, when they were finally sent home, the Railways asked the bankrupt states to pay for part of the transport costs; never mind that, at the same time, the Railways was donating money to the PM-Care fund!

There are no simple answers, or definitive ones either, to any of the questions and there is no group of people who agree on a common solution either. Indeed, a *New York Times* piece (*nyti.ms/2zUcbKh*) sums up how the virus has affected even neighbouring countries differently, making it clear there is no one model that anyone can follow. Even the famous Swedish example of not locking down the economy—cited by almost everyone who thinks Modi has killed the economy—has been re-examined and found to be a lot less attractive than originally thought (*bloom.bg/2SBjNrL*); indeed, Sweden's deaths per million people are higher than those of even the US. That the Swedish model can hardly apply to a country which has a population density that is 19 times higher—the Swedes don't need to practise 'social distancing'!—and a per capita income which is seven times lower, doesn't seem to deter the critics.

But, whether you believe Modi should have opened the economy faster or continued with the lockdown—both, ironically, to save lives!—there can be no doubt that India has never faced a situation like the current one; an economic crisis can be dealt with, so can a natural disaster, but this is one where we know so little about the enemy or even how it attacks our body (*bit.ly/3cO1LXP*). Even in a situation like this, amazingly, there is little political unanimity; while the prime minister does not seem to be looking for all-party consensus, it is not as if the Congress or any of the opposition parties have any well-thought-out solutions either.

No matter how you look at it, whether Modi should have extended the lockdown—and paid workers their wages to stay at home—or whether he should support Indian enterprises stay afloat, there is little doubt he needs a lot of money. NITI Aayog has suggested the government should come out with a stimulus of around ₹10 lakh crore, but the government is worried about the possibility of a sovereign downgrade and its impact. Based on analysis by market demographics firm Price, this column (*bit.ly/2L2K7qA*) estimated the poorest 40% of the population alone need ₹1.3 lakh crore per month to protect their incomes; the cost of the NPAs and what is needed to ensure MSMEs don't shut shop are separate.

Surely in a situation like this, it is fair to assume that India's rich and its famous temples would part with their riches to take full responsibility for the poor; why should the burden be that of the government alone? We've seen what India's rich have donated, and *OpIndia* has a partial list (*bit.ly/3b4z22P*) of what India's temples have given; most are also providing food to thousands of people every day. While the amounts appear large, at a time like this, you would expect a lot more; the rich selling some of their shares and the temples their gold to ensure income support for the poor for several months, for instance. This is not the place to give details of the wealth of the rich or the temples, nor is it a suggestion that the government force them to part with it, but surely these are extraordinary times. This is not Modi's battle, it is ours.

AppADOPTION

Government needs to incorporate more features to drive Aarogya Setu adoption, not force people to download it

THE GOVERNMENT NEEDS to push adoption of Aarogya Setu app for more efficient contact tracing—a report from Maharashtra shows that the state could only do so in 57% of the cases—but the Noida police making travelling around without the app a crime adds to a long list of *faux pas* by overzealous authorities. According to an *Indian Express* report, on May 3, the Gautam Budh Nagar Police issued an order that all residents of Noida or Greater Noida, and anyone entering the city will need to download the Aarogya Setu app. The order further stated that people can be booked under Section 188 of the IPC—relating to disobedience of an order promulgated by a public servant, with a fine of ₹1,000 or imprisonment upto six months—for failure to download the app.

Such orders can be argued to be in public interest, but they violate the privacy of a person and reek of a nanny state. A better idea would be to drive adoption by incorporating more features in the app. While the government has done well to periodically update the app—the service has attracted 9.1 crore downloads till now—it needs to keep adding new offerings. For instance, the new feature that shows how many people within 500m, 1, 5 and 10km radius have been detected positive warns a user whether she is residing in a sensitive zone. Once the government incorporates services like e-passes, and live updates on the app, more people will download it. The government must urgently address security and privacy concerns and make it seem a necessity for people to have the app rather than force it on them.

STATE OF FINANCES

STATES SHOULD BE ALLOWED TO ISSUE 'PANDEMIC RELIEF' BONDS, WITH THE CENTRAL BANK BEING ALLOWED TO BUY THESE BONDS BY PRINTING MONEY AND MONETISING THEIR DEBT

Relax FRBM target for states to fight Covid-19

SHARMADHA SRINIVASAN & PRAKHAR MISRA
Srinivasan is Associate & Misra is Senior Associate, IDFC Institute. *Views are personal*

THE COVID-19 PANDEMIC has made two things clear: The economy will take a huge hit by the time the crisis is over, and the crisis is not ending anytime soon. While some economic recovery will take place in the next 6-8 months, governments will have to move mountains to return to pre-Covid levels of economic growth. State governments will have to raise finances through innovative mechanisms to tide over this crisis. This will require additional measures—from relaxation of the Fiscal Responsibility and Budget Management (FRBM) Act norms and buying of state bonds by RBI to the possibility of introducing a state cess for tackling Covid-19.

Even before the pandemic hit the economy, state budgets weren't in the best of shape. This was due to both recent policy measures such as shocks from the Goods and Services Tax Act (GST), and structural issues such as poor fiscal marksmanship. This pandemic is only adding to existing worries. Consider Maharashtra—the largest state in India by Gross Domestic Product (GDP)—which had some of the best fiscal indicators in 2019. It had the second-lowest ratio of outstanding liabilities, at 16.6% of GDP, and the fiscal deficit was well within the specified limit at 2.1%. However, the budget presented on March 6—before the pandemic became this deadly—showed an increase in revenue expenditure and falling revenue receipts. Revenue expenditure on salaries, pension and interest, which accounts for more than 80% of the state's total expenditure, was revised upward by 1.9% against the budget estimates. Revenue receipts on the other hand, were revised to ₹3,87,102 crore—a 1.8% drop. Thus, the revenue deficit too witnessed a significant revision: a 55% increase against budgeted estimates. It now accounts for 1.09% of the SGDP. This gap in revenue is set to drastically widen in this Covid-19 hit year.

Even though within limits, these numbers indicate that Maharashtra is not prepared to deal with the sharp drop in economic performance that Covid-19 has brought about. And, this is the dire situation of one of the best-performing states. States' revenues are more susceptible to the crisis, as these are usually taxes on fuel, stamp duty, and liquor. For instance, stamp duty collections have already plummeted by over 40% in Mumbai during the lockdown period.

Thus, the struggle for states such as Maharashtra is real—and that is not all. The Centre is yet to completely compensate states on tax revenue from GST; it hasn't done so due to shortfall in tax collections. Further, the allocations under the State Disaster Relief Funds are too meagre to make up for the additional spending that states are undertaking during this crisis. For Maharashtra, an additional 1% of revenue expenditure would amount to ₹33,500 crore, while the allocation under State Disaster Relief Funds is only ₹4,300 crore. Improving the fiscal firepower of the states will be key to fighting Covid-19.

A few measures could be undertaken as stopgap remedies to improve the situation. The first would be the relaxation of the FRBM Act norm for states for having their deficit at 3% of their SGDP, given that this is a crisis year. The FRBM Act does not specify a well-defined escape clause for the states as it does for the Centre. The escape clause is basically conditions under which the government is permitted to deviate to a certain extent from its fiscal target. In the absence of this, any deviation for the states would, at the very least, require the approval of the Centre.

For Maharashtra, a relaxation of 1% of SGDP would alone allow ₹32,000 crore to be brought to the table. Second, while states such as Kerala have resorted to raising additional borrowing on the capital market and started issuing bonds, the interest rate charged has been exorbitantly high. Kerala raised money on the capital markets, effectively paying 9% interest for a ₹6,000-crore state development loan of a fifteen year period. The outstanding liabilities to SGDP ratio, on an average, is 27.7% across states in India—and will only rise on the back of such high interest rate loans. This pile-up in debt will be a major obstacle for future governments to handle.

> Levying a surcharge on postponed transactions and on consumer spending—from property and stamp duty to state excise taxes on vehicles, fuel and alcohol—is one of the few options states could go towards

Third, in times of such a crisis, central banks are resorting to extraordinary measures. The Federal Reserve has stepped in to buy highly-rated corporate bonds, and the European Central Bank has scrapped its bond-buying limit as part of its Covid-19 response. In India too, states should be allowed to issue 'pandemic relief' bonds, with the central bank being allowed to buy these bonds by printing money and monetising their debt. Further, the Ways and Means Advances facility to the states is extended only for a period of three months. State finances will ultimately need additional long-term measures to cushion their budget, and RBI must consider increasing the duration to six months or even one year.

Left to their own, states would tinker with the taxes under their purview after the lockdown ends and consumer spending picks up. Levying a surcharge on postponed transactions and on consumer spending—from property and stamp duty to state excise taxes on vehicles, fuel and alcohol—is one of the few options states could go towards. But, this would mean that when oil prices are down globally, Indians pay more on fuel as states look to make up in tax collection. Second, the state GST rate could also be increased to garner more revenues—either by increasing the number of goods taxed, or by increasing the rate itself. These are indirect taxes, and will affect the poorer strata disproportionately. The only direct tax that states can look towards is in the agricultural sector. However, while this is notionally a good reform, targeting only a small minority of rich farmers, it is politically *verboten*—especially at a time such as this.

While the fight against Covid-19 requires states to have more resources at their disposal, it is also an opportunity for advancing the cause of cooperative federalism. The coming days will witness the action moving to individual states as the national lockdown slowly starts phasing out. Even the best-performing states, some of which have shown the way in successfully containing the spread of the virus, will require the necessary fiscal power to provide cover for the damage done to the economy.

India's bumpy road back to work

With the lockdown gradually easing, mobility data has begun to tick higher. But, a sudden rise in the Covid-19 proliferation rate, and working capital requirements, may add more road bumps ahead

PRANJUL BHANDARI & AAYUSHI CHAUDHARY
Bhandari is chief economist, India, & Chaudhary is economist, HSBC Global Research. *Views are personal*

TOWARDS THE END of the second phase of the national lockdown (which ended on May 3), the authorities announced some planned restarting of activity. The idea around this third phase of lockdown, starting May 4, is to divide the economy into zones, with limited activity in the red zone (mostly cities), and enhanced activity in the orange and green zones. We estimate that 40% of the economy will continue to remain disrupted (versus 65% and 50% in the first two phases of the lockdown, respectively). In that sense, the country is gradually going back to work ... but it may not be a smooth road.

The April services PMI came in at a shocking low of 5.4, while the manufacturing PMI also contracted at a record pace. This doesn't come as a surprise considering that the economy was in extreme lockdown mode until the middle of the month. But, April may well be the trough. Things have picked up since. Combining Google and Apple mobility data, we find that (1) from mid-April some essential activities have picked up pace (e.g. walking down to the grocers), (2) towards the end of the month, some regular activity started rising gradually (e.g. car rides to the workplace), and (3) in early May, there was a big spike in driving activity (although retail and recreational outings are still at a stand-still).

But, there may be two road bumps ahead along the normalisation route. One, the doubling rate of Covid-19 picked up pace in early-May (exactly a fortnight after the extreme lockdown was first relaxed). This could impact confidence around further opening up, especially in the red zones. Two, the economy may need a fresh injection of working capital in order to restart. We do expect a round of fiscal stimulus to help small businesses, taking the general government fiscal deficit to 10% of GDP in FY21. The latest oil excise tax increases (by ₹10-13/litre) will help the fiscal math, but will only offset ~30% of the (tax and disinvestment) revenue losses, by our calculation.

We believe the 10% deficit number could be managed if the stimulus is targeted and temporary, and the authorities diversify across all sources of funding. Worries about a potential ratings downgrade are widespread. The last time India saw a downgrade was back in 2012, but the action was limited to an outlook change, keeping the economy in investment grade. On the other hand, we think worries about an inflation spike are overdone. As the April PMI suggested, this is both a supply and demand shock, with the latter being stronger than the former, keeping inflation well behaved (despite the April CPI being sticky).

Co-authored with Priya Mehrishi, Economics Associate, HSBC Global Research

Edited excerpts from HSBC Global Research's India's bumpy road back to work (dated May 6, 2020)

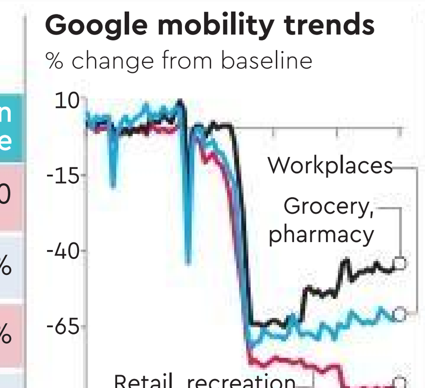
Districts classified per COVID-19 proliferation

	Red zone	Orange zone	Green zone
No of districts	130	284	320
Share in GDP	43%	38%	18%
Activity allowed*	50%	70%	70%
Share of economy back to work	22%	26%	12%

Source: Media reports, CEIC, HSBC; *HSBC estimate based on activity norms announced for the two weeks starting May 4, 2020

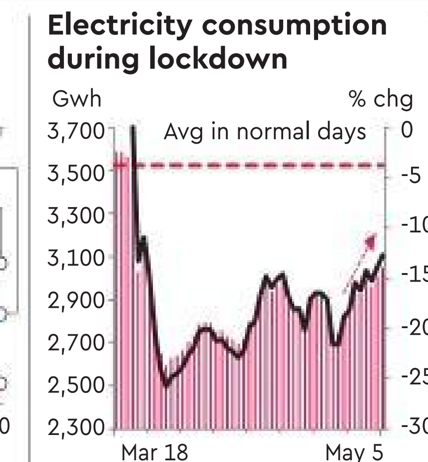
Google mobility trends

% change from baseline



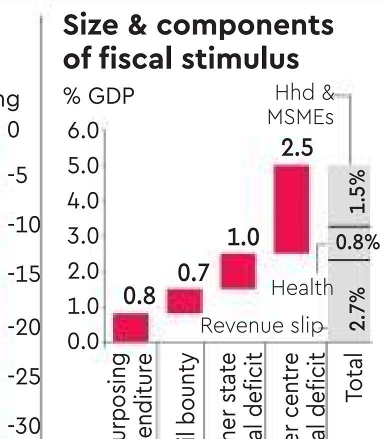
Source: Google mobility data, HSBC. Note: The baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3-Feb 6, 2020. Data as of 30 April 2020

Electricity consumption during lockdown



Source: POSOCO, HSBC. Data as of May 5, 2020

Size & components of fiscal stimulus



Source: HSBC estimates
Note: The govt has raised oil excise taxes by ₹10-13/litre.

LETTERS TO THE EDITOR

Limitations of lockdown strategy

India is one of the few countries that had resorted to a stringent lockdown to combat coronavirus with the aim of trying to slow down the transmission of the virus. Though it had achieved some notable success with more than a month of lockdown restrictions when it comes to mitigating the transmission rate of coronavirus among its population, there is no let-up in the spread of coronavirus in states like Maharashtra, Gujarat and Tamil Nadu. It has now become quite apparent that endless or prolonged lockdown with its catastrophic consequences on the nation's economy, and on the lives and livelihoods of millions of poor and daily wage earners, who are now bearing the maximum brunt of the current lockdown, and which has its own limitations and is highly unsustainable. It is time policy makers need to think beyond the strategy of lockdown and turn their focus towards framing a robust policy to save lives and livelihoods. With the lockdown scheduled to end on May 17, the government needs to formulate a well-thought exit strategy with an emphasis on resumption of economic activities and alleviating the pains of those in the lower rungs of the society. The muted response from the Union government over the vociferous call for a comprehensive fiscal stimulus package with a focus on cash transfer to the poor and needy is baffling. More the delay on the part of Union government to usher in the needed fiscal stimulus package, greater the ramifications will be on our march towards economic recovery.

— M Jeyaram, Sholavandan

●Write to us at feletters@expressindia.com

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

ILLUSTRATION: ROHNIT PHORE

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AFTER THE LOCKDOWN

Giving migrant workers a better deal

Centre and states must work together to ensure migrant workers are not left in the lurch during crises. Social security infrastructure must be strengthened and registration processes made more accessible for them

BY FIRST CANCELLING SHRAMIK SPECIAL trains, the government of Karnataka decided that migrant workers will stay on in the state instead of returning to their homes. The state government concluded that it is a win-win situation since migrants need work and there is demand for labour on construction sites—it has now decided to restart the train service after it faced flak from many quarters. The ethical issue of the unilateral initial decision aside, such knee-jerk decisions can encourage other states to make up rules on the fly, and botch up reopening of the labour market. Optics matter, and on the first shot, Karnataka missed an opportunity to offer a framework within which migrants forced to stay back, or those returning to the state, start on a better footing. Central and state governments together need to ensure workers are not required to jump through hoops while navigating through the complexities of labour markets. Ensuring that workers are never left in the lurch, as happened during the lockdown, is an uphill task, but not a Herculean one. Towards this, we outline a nine-point agenda.

First, we need better coordination between states, the absence of which was acknowledged in Government of India's *Economic Survey 2016-17*. A significant proportion of interstate migration is characterised by split households, i.e., the migrant still has family residing at the source. In such cases, the domicile state of a migrant could be different from the state where they work. Yet, domicile, or address proof, is crucial to receiving social security benefits. An inter-state coordinating framework can address this, as has been attempted in the past through bilateral MoUs.

Second, state governments have to ensure portability of benefits, be it health insurance or access to schools or public distribution system, within their states, especially as the vast majority of migration happens within the state, and even within districts. This should be a precursor to portability of benefits across the country. The Supreme Court (SC) has already urged the government to implement the One Nation, One Card scheme during the lockdown. The *Economic Survey* had flagged the need for "interstate coordination of fiscal costs of migration". One suggestion would be to include this in the terms of reference of Fifteenth Finance Commission of India.

Third, state governments should avoid the 'sons of soil' argument, which violates the rights of citizens to move freely, to settle or reside and work in any part of the country, granted under Article 19 of the Constitution of India. States must not seek to bypass this constitutional right by erecting artificial barriers like language requirements for jobs. In Karnataka, the state government has used the specious logic of higher accident rates of non-Kannadigas in industrial establishments as compared to Kannadigas to preferentially choose the latter for local jobs. We must remember that Maharashtra's attempt to make Marathi fluency mandatory for auto drivers was struck down by the courts.

Fourth, state government should resist the temptation to make the official language of the state a compulsory subject in schools. It should certainly not be the only medium of instruction in government schools. Such policies impose a high cost on children who migrate with their parents.

Fifth, it should be made mandatory to make available the paperwork in every state in all the scheduled languages of India. While Indian states were organised along linguistic lines, it is a fact that interstate migration has increased the diversity of languages spoken in each state. Consider the workers registered under the Building and Other Construction Worker's (BOCW) Act. As per the limited information on Maharashtra's BOCW website, among the interstate migrants, 22% are from Bihar, 9% from Jharkhand, 4% from Karnataka, 2% from Tamil Nadu, 21% from Uttar Pradesh, and 18% from West Bengal. Imagine how a worker from Bihar, Uttar Pradesh, or West Bengal, not comfortable with English or Marathi, will fill a self-declaration form required for BOCW registration. We are just offering the case of Maharashtra as an example. This is true in case of other states, too. Is language a barrier for migrants? Probably, yes. It is important that the different tiers of government facilitate communication in multiple languages.

Sixth, state governments have paid lip service as far as recognising the entitlements of migrant workers, particularly in case of construction workers, is concerned. Despite the SC directing the implementation of BOCW Act and the Cess Act, state governments have been lackadaisical. Now is the time to greatly ease the process of registration of workers, and to relax the 90-days requirement to be eligible for registration under BOCW. There are other well-meaning mechanisms, like the 34 Mathadi Boards in Maharashtra—a *mathadi,* i.e., an individual who carries material on their head or back, is required to be registered with one of the 34 boards.

Seventh, the registration efforts at the destination should be complemented by strengthening the documentation process at the level of panchayats. Detailed household-level data is collected by *anganwadi* workers. This includes information on number of in-migrants and emigrants. If the quality and accuracy of data collected from households is improved, then it can be used for planning purposes. Panchayats have an active role to play in counselling migrant workers on how to negotiate with labour contractors. Labour contractors should be sensitised on the need to provide necessary documentation that would help the migrant workers lead a decent life in the city.

Developing the housing rental market, building dormitories for migrants, and hostels for working men and women, must be considered

Eighth, the need to develop the housing rental market, building dormitories for migrants, and hostels for working men and women, must be considered. Hostel accommodation and counselling services are particularly important for the youth who migrate for educational purposes.

The final point pertains to the Social Security Code Bill 2019, whose objective is to better the lives of over 50 crore workers. What we have learnt in the last six weeks is that even well-meaning legislations aimed at protecting workers have failed utterly. It might be worthwhile to have a larger debate on the Social Security Code Bill 2019, taking cognisance of what we learnt about India's labour market following the Covid-19-induced lockdown.

Rescuing real estate

GOPAL SARMA & PARIJAT JAIN

Authors are partners, Bain & Company. *Views are personal*

Developers must take bold and agile action to survive the corona shock, and retool for future success

INDIA'S RESIDENTIAL REAL estate market has been battling multiple headwinds recently. The government-backed system clean-up through RERA, GST, demonetisation and the Benami Transaction (Prohibition) Act significantly impacted the housing sector. According to Knight Frank data, sales volume dropped by 10–15%, and new launches nosedived by 25-35% between 2014 and 2019, with a severe inventory overhang in some cities. As a result, the sector faced a severe cash crunch and multiple developers ran into insolvency proceedings.

Covid-19 has added to woes. Consumer sentiment is weak, and demand likely to be muted till there is economic stability and job security. Residential property sales have already dropped 40-45% y-o-y in 1Q2020, with new launches dropping correspondingly. A minimum 25–35% fall in residential real estate sales over the next year is estimated. Also, the inventory overhang and poor secondary sales will impact pricing.

Government efforts to contain the corona outbreak, too, are causing operational disruptions—limited inter-state movement of goods, temporary suspension of construction activities, and labour shortage, etc—that will delay project delivery timelines. Most developers will be faced with significant working capital challenges. Developers are also seeing a long-term impact on working capital needs due to changing customer behaviour, including higher sales late in the project life-cycle.

Covid-19 is likely to have irreversible impacts on consumer behaviour, and the broader society. A wait-and-see approach won't suffice. Businesses must drive two types of strategic actions to survive the crisis: 'Act Now' to protect and sustain the business, and 'Plan Now' to retool it for the future.

For 'Act Now', company leadership should create a "war room" with a senior cross-functional team, focused on scenario planning, prioritising crisis response, and managing initiatives in with dynamism and agility. Immediate focus themes are:

- Pause non-essential spending, especially capital spending and other such expenses. Developers should revise procurement plans based on the slowdown in construction. Companies should freeze hiring, protect current employees, and look at expanding the roles of employees at the headquarter.
- Make all business decisions after a careful evaluation of their impact on liquidity. Engage with financial institutions for short term loans at nominal rates, long term changes in working capital needs, and debt restructuring through repayment period extensions and/or reduced interest rates. Liaise with the government for an extended moratorium for interest/principal repayments and deferred GST and TDS payments. Evaluate sale of assets in case of severe cash crunch, and extend RERA-filed deadlines for project completion to avoid penalties. A consortium of developers should represent proposed initiatives to the government and campaign for a stimulus through property tax and stamp duty reductions.
- Protect and reassure employees with transparent and frequent communication, aiding remote working, and ensure their physical and mental well-being. The focus should be on internal training and capability building till operations are ramped up. Support contract labour with direct cash transfers and subsidised healthcare. Ensure hygiene of construction sites so that they are safe to return to when the peak is over.
- Adopt a customer-centric approach, focused on creating awareness and mitigating fears. Leverage regular customer feedback for this. Work on extending short-term payment support. Re-prioritise channels like digital, telesales, customer referrals with changing customer behaviour, and adopt a refined lead prioritisation and conversion strategy.
- Stabilise operations for a 'new normal.' Assess supply chain exposure to international geographies and find alternative local suppliers. Request vendors for a temporary delay in payments due to market slowdown and cash flow challenges. Anticipate labour shortages and create a back-up staffing plan with staggered reporting to reduce manpower at the site.

Further, five potential 'Plan Now' themes for future-readiness are: build differentiated offerings with innovative products; pursue potential M&A opportunities as distressed assets are presented amid crisis; conduct a comprehensive zero-based budgeting exercise to revise baseline for costs; streamline processes to enable optimal cross functional collaboration; and invest in technology and digital tools for efficient operations.

The current situation is dynamic. It is, therefore, crucial for developers to remain agile and take bold actions to ensure the survival of the business through the crisis, and use the opportunity to retool for future success.

Co-authored with ***Yajur Kapoor****, principal, Bain & Co*

Bitter medicine

Covid 19 has exposed the pitfalls of Indian pharma's over-dependence on Chinese API, and underscores the need to invest in R&D to boost domestic capability

TANMAY THOMAS

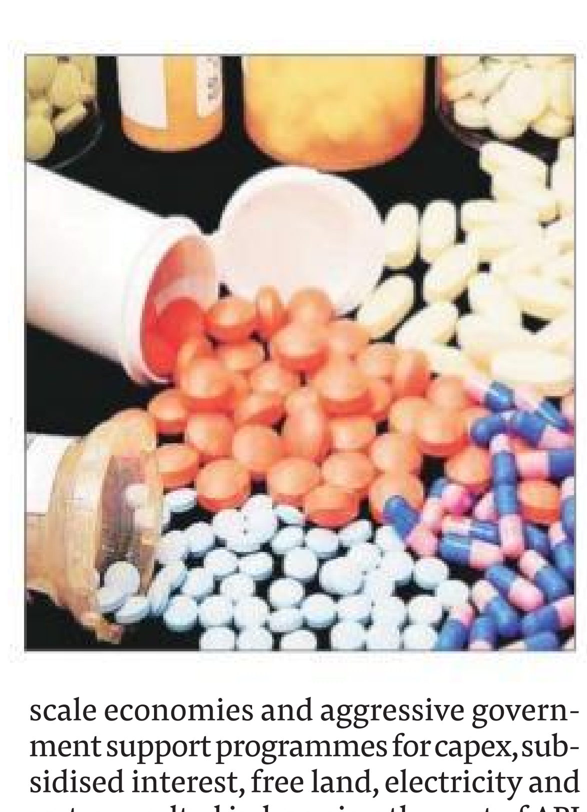
Author is associated with the Economics department at Purdue University. *Views are personal*

RECENTLY, INDIA LIFTED the export ban on 24 pharma ingredients and drugs in a move to alleviate shortages in the countries severely affected by Covid-19. It had imposed an export ban on 26 pharma products and medical devices in March. Despite being a $50 bn industry in 2020, the corona-crisis has highlighted fragilities. A key reason for the ban was the anticipated supply disruption in API, or bulk drugs. With the non-availability of the critical input and the lack of domestic capability to fill in the demand, the expectation was a fall in production of drug formulations. This underlines the need to examine the issue, and propose a post Covid-19 action plan.

Maintaining the high growth trajectory of the pharma industry is a challenge due to the discontinuity in growth drivers. The consumer market is no longer captive, with rising healthcare spending and patient awareness, expanding insurance coverage, and the emergence of new hospital formats. Industry structure, too, has changed with enhanced medical infrastructure, accelerated innovation, and new entrants.

With these developments in the domestic market, India not only catered for the expanding domestic market but also for the global market. India is the largest supplier of cost-effective generic drugs to developed countries. However, for sustaining this demand, the foreseeable challenges are as follows. First, with a number of drugs going off-patent, the demand for cost-effective generic manufacturing will rise exponentially. As such, global pharmaceutical players/innovators will be looking for outsourcing the manufacturing to manage costs for which India would emerge as a major hub. The expected rise in this segment is above 50%. And, second, the growth of exports of formulations is likely to be high at 14-16%, given the loss of patent protection and exposure to generic competition. As such, to meet the projected market growth, the scaling up of the domestic industry is necessary. The potential for scaling up will largely fall in the domain of patented products, consumer healthcare, biologics, vaccines, and public health. It is in this context that R&D would be vital for pharma industry. The R&D cost per molecule has increased significantly due to technological complexity in drug development and greater specificity in diseases targets. Encouraging private investment in R&D necessitates appropriate incentives.

Thus, India's dependence on API imports from China needs a critical review. It is important to underline that in 1991, India imported only 0.3% of its active ingredients from China. However, currently, India imports 70% of its API from China. This shift is a result of many factors. The emergence of China as a major supplier of APIs in the world market is on account of scale economies and aggressive government support programmes for capex, subsidised interest, free land, electricity and water resulted in lowering the cost of API by over 40%. Coincidentally, in India, with the relaxing of the licensing policies and implementation of the product patent law in 2005, pharma companies preferred to import API rather than to produce domestically. The reason being long manufacturing cycles, and strict quality standards that resulted in low margins. The need for reducing our dependence on imports of API from China came in three years ago when, due to pollution regulations on the chemical industries in China, many API units were closed down, resulting in a price increase of over 20%. This naturally led to the rise in prices of the formulations as well. Even after recognising this impending threat, not much was done. The Katoch committee, in 2015, had proposed several measures like setting up parks for API, providing capex, and subsidised loans to boost domestic production of APIs. Unfortunately, these policies are yet to be implemented. Subsequently, another committee was constituted in 2018, but nothing much has come out of this either.



Amidst the coronavirus crisis, countries have looked to India for the supply of hydroxychloroquine. India accounts for over 60% of world supplies of this medicine, and has established manufacturing facilities. To capitalise on these growth opportunities, the pharma industry would require a resilient and technically dynamic manufacturing set-up that aligns with global standards. The agenda is as follows.

First, with the potential expansion of market both in size and diversity, scaling up opportunities needs a structured approach. For example, an action plan for integration/complementarity between drugs manufacturing and biologics needs to be effectively detailed, particularly considering the vast expanse of technical skills available in these sectors. Together with many patents expiring, investment opportunities abound for pharma companies. The role of the government is to facilitate these investments through appropriate fiscal instruments, investment strategies (FDI, M&A), and promoting a predictable investment climate with fewer uncertainties in pricing policies.

Second, the R&D spend by companies will have to increase not only for product extensions but also for new product development. Considering the huge initial investment required and high gestation time for recovery, incentivising R&D spend along with developing skill-based/knowledge-based ancillary units will facilitate capturing the gains from the growing CRAMS market. The proposal for setting up SEZs, parks, and for developing clusters should be seriously considered. In this context, the collaboration between companies for co-investing, market creation needs to be encouraged. In all this, the overall objective should be to develop a favourable ecosystem for promoting the Indian pharmaceutical industry.

And, third, with the expected growth in demand, particularly in the emerging markets (especially India), the marketing strategies and branding (brand extensions) will undergo significant changes. Although the retail segment is likely to dominate, the hospital channel will gain importance, leading to various hospital formats with varying value propositions in the area of treatment protocols and profitability. As such, the model of engagement with hospitals will change and it is the responsibility of the regulatory framework to ensure a competitive yet technically dynamic industry.

International

FRIDAY, MAY 8, 2020

TREAD WITH CAUTION

Tedros Adhanom Ghebreyesus, WHO chief

A return to work should be done in a phased, controlled and cautious manner, otherwise it can put lives at risk and threatens to undermine our efforts to restore social and economic activity

TARIFF WAR

US & China to talk trade as Trump threatens deal

US President says he could say in a week or two whether China is adhering to the phase one trade deal

AGENCIES
Beijing/Washington, May 7

TOP CHINESE AND US trade negotiators will speak as soon as next week on progress in implementing a phase-one deal after President Donald Trump threatened to "terminate" the agreement if Beijing wasn't adhering to the terms.

Chinese Vice Premier Liu He will be on the call, according to people familiar with the matter. The US will be represented by Robert Lighthizer, one of the people said.

The planned phone call will be the first time Liu and Lighthizer speak officially about the agreement since it was signed in January, just before the global coronavirus pandemic hit the world's two biggest economies and upended global supply chains. The deal called for Liu and Lighthizer to meet every six months, making next week's call slightly ahead of schedule.

US President Donald Trump said on Wednesday he would be able to report in about a week or two on whether China is fulfilling its obligations under the phase-1 deal the two countries signed in January.

On Sunday, in response to a question at a town hall from a business owner who said he was losing money on the tariffs, Trump noted that the duties prompted China to promise to buy $250 billion worth of US goods.

"Now they have to buy," the president said. "And if they don't buy, we'll terminate the deal, very simple."

According to the text of the agreement signed earlier this year, China has agreed to buy an additional $200 billion in US goods and services over two years compared with 2017's level.

The purchases so far have been behind the pace needed to reach the target of the first year's $76.7 billion increase, as imports from the US declined by 5.9% in the first four months of 2020 from a year ago due to the coronavirus outbreak. Given that the imports in 2019 were smaller than 2017, the pressure to catch up is mounting.

MAPPING THE VIRUS

Cases pass
3.7 million

Deaths top
264,000

Recovered
1,192,261

- China study finds 5% to 15% of Covid-19 cases are reactivated
- China says it backs WHO in tracing Covid-19, denounces US 'lies'
- US health insurers offer discounts to customers hit by virus
- Cold, crowded, deadly: virus stalks workers at US meat plants
- WHO faces funding gap of $1.3 billion this year
- For some JPMorgan staff, remote work may become permanent

Japan approved the antiviral drug three days after receiving an application from Gilead, public broadcaster NHK said. The rapid move by Japan's usually conservative authorities comes days after the U.S. authorized the drug for emergency use on virus patients.

The World Health Organization faces a funding gap of $1.3 billion to respond to Covid-19, Director-General Tedros Adhanom Ghebreyesus said Thursday. He spoke in a briefing to government ministers where he thanked the European Commission for organizing a pledging event on Monday.

Moderna surged 13% in pre-market trading after the company said its experimental vaccine for the new coronavirus would be in late-stage studies by early this summer. A mid-stage study is expected to start imminently.

European countries emerging from lockdown need to be ready to reverse course if there are signs the virus is making a comeback, the

World Health Organization's regional office warned on Thursday.

IAmong recovered Chinese Covid-19 patients, about 5% to 15% may have tested positive again, a Chinese study found. The rate of reactivation in China varied among different places, with some regions showing less than 1% of such cases among recovered patients.

The number of confirmed cases in Russia rose by a record 11,231. This is the first time the country has reported more than 11,000 new cases in 24 hours, and the fif-Your data has been truncated.

China exports rebound

China's exports unexpectedly rose in April for the first time this year as factories raced to make up for lost sales due to the coronavirus pandemic, but a big fall in imports signalled more trouble ahead as the global economy sinks into recession.

Overseas shipments in April rose 3.5% from a year earlier, marking the first positive growth since December last year, customs data showed on Thursday.

Quick View

China car sales up first time in two years

CHINESE MONTHLY AUTO sales rose for the first time in almost two years after the country opened up for business again, fueling expectations of an industry recovery from the coronavirus. Carmakers shipped 2 million vehicles to dealerships and stores in April, up 0.9% from a year earlier, the China Association of Automobile Manufacturers said in a statement Thursday.

Apple awards $10 million to nasal swab maker

APPLE SAID ON Thursday that it was awarding $10 million to a maker of nasal swabs and other materials for collecting samples for Covid-19 tests in a move aimed at boosting the swab maker's production to 1 million collection kits per week by early July. The award would help Murrieta, California-based COPAN Diagnostics expand into a larger facility and create 50 new jobs in Southern California.

Uber leads $170 million investment into Lime

UBER IS LEADING an investment round of $170 million in scooter-rental company Lime, a lifeline for a startup reeling from layoffs. Alphabet, GV and Bain Capital Ventures, along with other new and existing stakeholders, also participated.

ArcelorMittal beats Q1 profit estimates, pins hope on exits from lockdown

AGENCIES
May 7

ARCELORMITTAL WITHDREW ITS closely watched global steel guidance because of the coronavirus pandemic, but sounded a relatively upbeat tone as lockdown restrictions start to ease.

While ArcelorMittal likened the suddenness of the virus impact to the global financial crisis, it looked forward to economies reopening. A recovery in Chinese demand, coupled with easing lockdowns in some parts of Europe and the US, including restarts at auto plants is "a good start," chief financial officer Aditya Mittal said.

The company said its core profit (earnings before interest, tax, depreciation and amortisation) in the second quarter would be $400 million-$600 million. In the second quarter of last year it was $1.56 billion.

First-quarter core profit this year came in at $967 million, beating an average forecast in a company poll of $867 million. Goldman Sachs Group Inc. and Morgan Stanley economists said earlier this week that there is evidence the world economy is starting to recover from the coronavirus and the restrictions placed on businesses and consumers. Steel demand — a barometer of the global economy — has dropped about 30% in Europe and North America.

"We would expect that Q2 would be the low point in terms of activity levels," Mittal said on a conference call on Thursday. "Clearly it's difficult to predict at this time but there are certain signs that would suggest that."

Construction and manufacturing are expected to be among the first sectors to be permitted to re-start operations and indeed we are seeing signs of customers re-starting production

— LAKSHMI MITTAL, ARCELOR CEO

Arcelor shares rose as much as 5.4%, even after the company suspended dividend payments.

"It seems likely that over the course of this month countries will start to announce details of their "exit" strategies," ArcelorMittal chairman Lakshmi Mittal said in a statement. "Construction and manufacturing are expected to be among the first sectors to be permitted to re-start operations and indeed we are seeing signs of customers re-starting production."

Tesla suspends Chinese factory, pausing output

BLOOMBERG
Shanghai, May 7

TESLA SUSPENDED PRODUCTION at its plant on the outskirts of Shanghai, according to people familiar with the matter.

The company informed many factory workers, who were supposed to return to work Wednesday after China's five-day Labor Day break, to extend their holiday and return as soon as May 9, according to the the people, who asked not to be identified as the information isn't public.

The reason for the abrupt halt wasn't immediately clear but Chinese technology news site *36kr* reported that it was because of component shortages. While Tesla's only car factory outside the US is seeing delays in receiving parts for its Model 3 in the future, it's also facing problems with a crucial piece of manufacturing equipment that's being fixed, according to the people.

Tesla shares rose 0.6% as of 10 a.m. Thursday in New York trading. The stock has surged almost 90% this year.

The production halt means that Tesla isn't making any cars worldwide because its other vehicle-assembly plant — in Fremont, California — has been idled because of the coronavirus. That's made the Shanghai factory even more crucial for Tesla as the US is weeks, if not months, behind China in reopening its economy.

Some employees are on site in the China plant for equipment inspection, maintenance and repair, the people said.

SCREECHING HALT

- The plant was temporarily idled earlier this year because of the coronavirus outbreak
- Tesla said that its Shanghai factory is conducting normal maintenance work
- Its only car factory outside the US is seeing delays in receiving parts for its Model 3

The plant was temporarily idled earlier this year because of the coronavirus outbreak, but it was also among the first automakers to resume production, helped by aid from local authorities. That helped Tesla see a sales jump in March in China, while others struggled.

Tesla said in a statement that its Shanghai factory is conducting normal maintenance work and that the company made use of the Labor Day holidays to conduct production-line adjustments. The holidays were from May 1 to May 5.

Blacks, Indians and Pakistanis are more likely to die from Covid-19: UK

AGENCIES
London, May 7

BLACK PEOPLE AND those of Indian, Bangladeshi and Pakistani ethnicity have a significantly higher chance of dying from Covid-19 than white people, the British statistics office said on Thursday.

The new study into ethnicity and the coronavirus by Britain's national statistics agency suggests that people from almost all minority ethnic groups — except Chinese and those identifying as "mixed" — are at greater risk of a coronavirus-related death than the white population.

"The risk of death involving the coronavirus (Covid-19) among some ethnic groups is significantly higher than that of those of White ethnicity," the Office for National Statistics said.

In particular, the analysis said that after accounting for age, black men are 4.2 times more likely than white men to die after contracting the virus, and black women are 4.3 times more likely to die compared to women of white ethnicity.

"People of Bangladeshi and Pakistani, Indian, and Mixed ethnicities also had statistically significant raised risk of death involving Covid-19 compared with those of White ethnicity."

Trump admin urges US court not to block work permits to H-1B spouses

PRESS TRUST OF INDIA
Washington, May 7

IN A MAJOR relief to thousands of Indians living in the US, the Trump administration has urged a federal district court not to block an Obama-era rule allowing certain categories of spouses of H-1B visa-holders to work in the country, saying that American workers have not been irreparably harmed by such work authorisation.

An H-4 visa is issued by the US Citizenship and Immigration Services (USCIS) to the immediate family members (spouse and children under 21 years of age) of the H-1B visa-holders, most of whom are Indian IT professionals.

They had obtained work permits under a special order issued by the previous Obama administration in 2015. It is normally issued to those who have already started the process of seeking employment-based lawful permanent resident status in the country.

H-4 visa is issued to the immediate family members (spouse and children under 21 years of age) of the H-1B visa-holders, most of whom are Indian IT professionals

As of December 2017, the USCIS had approved 1,26,853 applications for employment authorisation for H-4 visa-holders. According to a 2018 report by the Congressional Research Service (CRS), 93% of approved applications for H-4 employment authorisation were issued to individuals born in India and 5% to individuals born in China.

In a submission before the US District Court, District Washington this week, the Department of Homeland Security (DHS) argued that the American technology workers, who had challenged the 2015 ruling on giving work permits to H-4 visa-holders, have not been irreparably harmed by such work authorisation.

The DHS, in its submission on May 5, said the argument by Save Jobs USA on behalf of American technology workers "only speculates about potential economic harm to its members, based on five-year-old affidavits".

The H-1B visa is a non-immigrant visa that allows the US companies to employ foreign workers in speciality occupations that require theoretical or technical expertise.

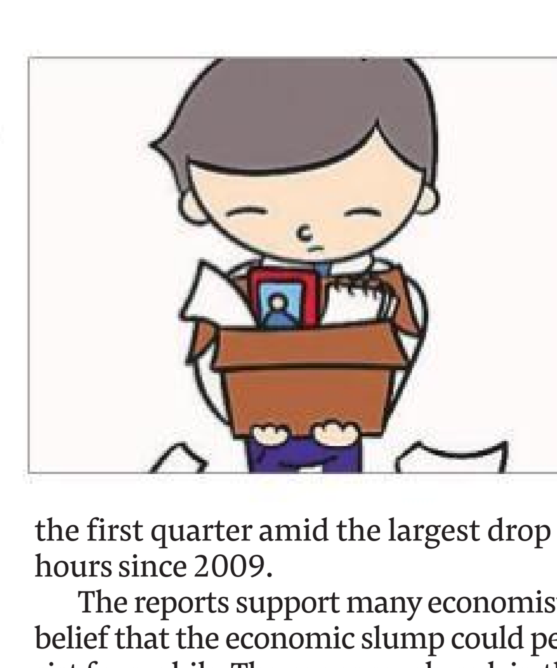
Millions more Americans seek jobless benefits

REUTERS
Washington, May 7

MILLIONS MORE AMERICANS sought unemployment benefits last week, suggesting layoffs broadened from consumer-facing industries to other segments of the economy and could remain elevated even as many parts of the country start to reopen.

Initial jobless claims for state unemployment benefits totaled a seasonally adjusted 3.169 million for the week ended May 2. Data for the prior week was revised to show 7,000 more applications received than previously reported, taking the tally for that period to 3.846 million.

The deepening economic crisis triggered by nationwide lockdowns to slow the spread of the novel coronavirus was underscored by other data on Thursday showing worker productivity dropped at its fastest pace in more than four years in



the first quarter amid the largest drop in hours since 2009.

The reports support many economists' belief that the economic slump could persist for a while. The economy shrank in the first quarter at the steepest pace since the Great Recession of 2007-2009. Data on Wednesday showed private payrolls fell by a record 20.2 million in April, which set up the overall labour market for historic job losses.

Indonesian team claims to have created ventilator that's twenty times cheaper

REUTERS
Bandung, May 7

A TEAM OF INDONESIAN engineers working around the clock says it has produced in two months a compact ventilator to sell at a fraction of the usual cost, hoping to accelerate the fight against east Asia's second-deadliest Covid-19 outbreak.

Like many other countries, Indonesia faces a shortage of the vital mechanical breathing devices to treat people with the pandemic disease.

Using household materials such as plastic drinking tumblers to make parts, the 40 engineers from the Bandung Institute of Technology (ITB) developed the Vent-I ventilator that is the size of a mini-oven, said team leader Syarif Hidayat.

The institute aims to sell the machines for less than 15 million rupiah ($1,000) each, one-twentieth or less than the typical $20,000 to $25,000, he said.

"The structure of this ventilator is much simpler compared to the ventilator that we see in the intensive care unit," said Hidayat, a 57-year-old lecturer at the university. Indonesia, where infections of the coronavirus now exceed 12,000, has 8,413 ventilators in 2,867 hospitals across the archipelago, Health Minister Terawan Agus Putranto said last month.

That is far from enough for the 180,000 ICUs that Indonesia will need in the best case, according to a recent ITB-led study that forecasts infections rising to 1.6 million in the country of 260 million people. Indonesia has a mortality rate of 7.2% from the disease.

A key feature of the Vent-I, Hidayat said as he displayed the machine in his lab 150 km (90 miles) southeast of the capital Jakarta, is Continuous Positive Airway Pressure (CPAP), which is vital for a steady supply of air to the lungs of people with Covid-19.

SELECTIONS FROM

The Economist

BUSINESS
DESPONDENT DAX

The Covid-19 crisis exposes the frailties of Germany's biggest firms

The main German stockmarket index holds up a mirror to the world's fourth-biggest economy

THE DAX INDEX of Germany's 30 most valuable listed companies holds up a mirror to the world's fourth-biggest economy. The reflection isn't pretty. In mid-March the average "price-to-book" ratio of dax firms' market capitalisation to the book value of their assets fell below one, which has previously only happened in 2009 and 2011, amid the global financial crisis and the euro crisis, respectively. It is now hovering barely above one.

The pandemic has hit all of the world's big stockmarkets. But it is shining a particularly brutal light on the weaknesses of Germany's flagship index, which has underperformed those in other advanced markets.

On April 29th Volkswagen, Europe's biggest carmaker (price-to-book ratio: 0.6) reported that its operating profit sank by 81% in the first quarter, year on year. The day before Lufthansa, which is trading at two-fifths of book value, said it may seek bankruptcy protection, as talks with the government over aid for the airline stalled. Days earlier Deutsche Bank reported a 67% fall in quarterly profits. That this beat analysts' estimates is damning with faint praise. Its ratio of 0.2 suggests investors don't think much of its prospects.

Germany's business-software champion, sap, is doing well enough. The dax's only other tech firm, Wirecard, is not. On April 28th the payments processor's share price fell by 26% when it published incomplete findings of a special audit, commissioned after reports of allegations of accounting fraud. Wirecard also delayed the publication of results for last year, which were due on April 30th.

The MDAX, which consists of the next 60 biggest listed companies, looks perkier, thanks to digital darlings such as Delivery Hero and HelloFresh (online food), TeamViewer and Nemetschek (software), Zalando (online fashion), Scout24 (digital classifieds) and Freenet (telecoms), as well as biotech firms like Evotec, Morphosys

and Qiagen. Delivery Hero or Qiagen may soon ascend to the dax, possibly pushing out Lufthansa.

"We think obituaries for the dax are premature," insists Ulrich Stephan, chief investment officer at Deutsche Bank. He is right. But it would look considerably less morbid with fewer corporate oldies stuck in the pre-digital economy.

BrandWagon

FRIDAY, MAY 8, 2020

NUMEROLOGY

Digital issues consumers globally are most concerned about:

- **53%** Fake news on social media
- **52%** Cyberbullying
- **51%** Online predators

— GroupM report

INTERVIEW: SAMIR MODI

Managing Director, Modi Enterprises

'We're preparing for a shift in the cosmetics category'

The Covid-19 crisis and the subsequent lockdown have forced Modi Enterprises — that owns Modicare, 24Seven convenience stores and Colorbar — to relook at its day-to-day operations. **Samir Modi** *tells* **Devika Singh** *that the company is testing doorstep delivery, taking its direct selling model online, and focussing on skincare products, to adapt to the new normal.*

How severe will be the impact on Modicare, which follows the direct-selling model, with social distancing becoming the norm?

Initially, our factories and warehouses were shut down and the supply chain was, hence, impacted. We were not able to deliver products to our consultants. We were expecting a growth of 20-25% in the first quarter, but that has been entirely wiped out. However, now we are figuring out a mechanism to deal with the new normal, as this situation is here to stay and reports indicate that there may be several more outbreaks of Covid-19, going ahead.

Our warehouses and factories are open now. We have also moved all our meetings to the web. Our consultants are doing 150 digital meetings a day and educating potential customers about our products. We have essentials like baby care products and food in our portfolio, and for delivery of these products, we have tied up with a logistics partner. At some places, our employees are also delivering them in compliance with safety and hygiene norms. We were doing deliveries before, too, but it has become an important part of our strategy now. Internally, we have also formed a recovery group to look at our future readiness to deal with this situation. We are also expanding our essentials category by introducing more food items and sanitisation products.

How has the lockdown affected your 24Seven convenience store chain?

Goods have not been reaching our stores because of supply chain challenges, and hence we are running at a fill rate of 65%. Only 75 out of our 108 stores are operational; and we are open only from 9 am to 7 pm, instead of round the clock, with fewer staff. Our sales are up in general, but we could have doubled our sales in comparison to pre-Covid times, if we had a better supply of products. We have had to reinvent here too, as the supply of products will remain a challenge going ahead depending on what situation the manufacturers are in. We are test-marketing delivering products in 13 stores, and have also tied up with Swiggy, Zomato and Dunzo for delivery.

Sales of discretionary products have been badly hit by the lockdown, and cosmetics brands could bear the brunt for a long time. Where does that leave Colorbar?

Colorbar has been our most affected brand due to the lockdown. Moving ahead, there will be a cultural shift in this category, and we are preparing for it. We plan to introduce skincare products that have qualities of sanitisation, protection against pollution, etc. We have postponed some of our cosmetics launches, and plan to introduce skincare products early into the market.

People are concerned about their safety and would not like physical make-up tutorials and makeovers in the current situation. Hence, we are figuring out ways to leverage technology for this. We will continue to advertise on digital and rope in bloggers and influencers for video tutorials on make-up. We are also working on ways to sanitise compact powders and lipsticks. However, most of our products are sourced internationally, so that is going to be a major challenge.

Several new start-ups have entered the cosmetics segment lately. What's your strategy to stand out?

The entry of new players in this segment helps us grow. Of course, they have larger funding from VCs, but our strength is the large network of over 100 exclusive brand outlets in the country. We are well placed from that point of view, and we are not concerned about new brands coming in.

About 15% of our overall business comes from online channels right now and this will only increase. We are leveraging bloggers and influencers on digital media. Besides digital, we are unable to advertise anywhere at this point, so traditional media is ruled out.

BLOGGER'S PARK

Food for thought

Some communication strategies for restaurants during uncertain times

COVID-19 HAS THROWN our lives out of gear. One of the sectors worst affected by the pandemic will be restaurants, estimated at ₹4,23,865 crore in India and employing more than seven lakh people, according to the National Restaurant Association of India. The losses during this period are estimated at ₹100,000 crore.

Although restaurants have shut their doors physically, marketers are finding creative ways to operate in this unprecedented and rapidly changing landscape. What provides comfort is that many customers are opting for take-outs and home deliveries even if they can't dine out. The time is ripe for restaurant marketers to create a strong digital media strategy to connect with their customers, communicate clearly, and build an environment of trust and convenience.

Be authentic

These are unusual times. A one-size-fits-all approach may not work. Brands must identify what their community needs, and work towards delivering the brand promise to their customers. For instance, Burger King's new campaign about making its own Whopper at home reflected how it used the platform to reach out to its customers with light humour, and, at the same time, reminded them of the importance of staying at home.

The current situation demands that brands show empathy and authenticity which can build real, lifetime connections with customers. McDonald's used its iconic logo to remind customers and employees of the importance of social distancing, and to assure them that they care for them.

Platforms like Instagram and Facebook must be effectively used to inform customers that they are open to business, and direct them to where they can order. Brands must also leverage these platforms to showcase their safety protocols as it will be top-of-mind for all customers. For instance, Chipotle assures customers by showing its employees preparing food with gloves on.

Pick the right channels

Brands must personalise messages and drive conversations with customers through e-mail and SMS, sending regular updates and promotions. By diversifying the channels, brands can gain more traction. For instance, Domino's leverages SMS and push

notifications to reach out to its customer base, spreading awareness about its zero-contact delivery efforts.

TV consumption has increased significantly during this period and brands need to leverage their TV spots differently. They need to focus on connected TV and streaming advertising opportunities that allow them to know the individuals they are reaching, and tie that ad view back to an actual transaction at the restaurant. At the same time, restaurant brands must use lower-funnel tactics that are guaranteed to drive results.

Digital display advertising is another great medium to reach out to the target audience. At the same time, location-based advertising is critical right now, and it could be beneficial for restaurants to expand their typical geo-targeting range, as people may be more inclined to travel a bit farther for takeout during this time.

Marketers must create content that makes consumers feel connected and understood during the crisis. The real challenge is how brands can share their most important messages — at scale — to consumers. Of course, expanding the messaging strategy will not completely solve the current business downturn. But strengthening the overall communication strategy will help restaurant owners build long-lasting relationships with their customers.

The author is VP, business development, Epsilon

TAKE 5

SWAROOP BANERJEE
COO, ZEE LIVE

On my bookshelf

I'm almost through with Leander Kahney's *Tim Cook: The Genius Who Took Apple to the Next Level*

A movie I'd like to watch again/ A TV series I love...

I have been beyond fascinated by Netflix's *Explained* lately. The simplicity with which the series breaks down some of the most complex cultural concepts of our time is something I haven't seen anyone pull off in a very long time.

My inspiration is...

In the Indian M&E industry, there are two names that come to my mind. The first being Sudhanshu Vats, whom I have had the fortune of working with, and the second is, as clichéd as it may sound, my boss Punit Goenka.

If not in this profession, I would have been...

A wildlife photographer. My love for photography and the wilderness rolled up into one!

My wanderlust

Those Kenyan forests where I spent my childhood are closest to my heart.

Around the World

Amazon records boost in ad revenue

AMAZON HAS DISCLOSED that its 'other' division (which comprises revenues from its advertising arm) has seen a growth of 44% over the past three months to reach $3.9 billion. This is higher than the growth of its more established offerings like online sales (24%), subscription services (28%) and Amazon Web Services (33%).

Facebook to allow charging for live events

FACEBOOK HAS SAID that it will be adding the option for creators and businesses to charge for access to events streamed on Facebook Live. The events could be anything from online performances to classes to professional conferences.

Personal Finance

COVID-19 EFFECT ON YOUR NEST EGG

Five tips to rework your retirement plan

Reduce your debts, cut expenses and choose investment products prudently to build your retirement corpus

ADHIL SHETTY

ILLUSTRATION: SHYAM KUMAR PRASAD

THE COVID-19 PANDEMIC has impacted retirement plans. The market is currently highly volatile and the portfolio of investors in almost every age group has witnessed a steep fall in value. The planning towards achieving our retirement goals may now require readjustments. Here are some tips to help overcome the financial impact of the pandemic in order to meet your retirement goal.

Review your retirement goal

If you are an early jobber, you may quickly recover from the Covid-19 setback. However, if you are in the middle of your career or close to retirement age, you need to review your retirement goal. Depending on how many years you have to your retirement, you may either need to scale down your retirement corpus goal or—and this may be the more pragmatic option—delay your retirement by a few years in order to achieve the desired corpus.

The interest rate on most of the low-risk investment products has come down. So, post-retirement, you may not be able to get adequate income by investing your retirement corpus only in FDs or small saving schemes. In such a case, you should be ready with a plan to trim your post-retirement expenses as well.

Reset your investment strategy

Your pre-Covid investment strategy may not work for you during the post-Covid period, due to two reasons: your income may have decreased and your investment avenues are likely fetching lower returns than your expected ROI. The first thing you need to concentrate upon is to try to find ways to reinstate your income to the pre-Covid level. You may want to focus on ways to open new income channels by trying to monetise your skills and hobbies.

This would ensure your essential expenses and debt repayments are not impacted. The next thing to do would be to reassess your risk appetite as per the current economic situation and accordingly select investment products that can help you to reach your retirement goal. Remember, your investments should be adequately diversified and meant for your long-term financial goals.

Reduce your expenses

You should also focus on cutting down your expenses and redraw your expense priority list. If you are facing an income cut or a job loss, you should immediately focus on clearing your debts, minimising unnecessary expenses, and exploring ways to hike your income. The lockdown situation should actually help you as some of our expenses, like daily commutes, travel plans and discretionary shopping may have reduced.

If you're planning to go on a strict financial diet, look for ways to save in big chunks, like moving to a more affordable house, or commuting cheaply, and consuming frugally. The more you save, the better your chances of overcoming the loss of income or the underperforming investments.

Manage your debts aggressively

The interest rate on most retail loans has come down after the recent reporate cut by the RBI. If you have an existing home loan, try to repay it aggressively. If you can now repay the same EMI, chances are your loan tenure will get shortened and your overall interest burden will reduce following the interest rate dip. Also, take the 3-months moratorium facility only as a last resort option, and have a plan to start making additional prepayments as soon as the moratorium ends. The point is to clear your debts faster so that you can focus on building a bigger retirement corpus.

Keep your will ready and updated

Estate planning should also be your priority in this difficult time. If you are close to your retirement age, it should be clear to your family who your legal heir would be and how your property and assets will be distributed to them after your death. If you are young or in the middle of your career, even you can prepare your will according to your current assessment of risks.

The author is CEO, BankBazaar.com

Health insurance likely to see strong growth in FY21

Though overall growth in health business declined 11% in March, private players are likely to revive in FY2021

YOUR MONEY

ILLUSTRATION: SHYAM KUMAR PRASAD

GENERAL INSURANCE COMPANIES reported 10% year-on-year (y-o-y) decline in premiums (ex-crop) in March 2020 on the back of Covid-19-related disruptions in the last two weeks of the month. Motor and health segments declined 7% and 5% y-o-y, respectively. Retail health was muted at 4% y-o-y. Most major private players slowed down (down 16% y-o-y) while standalone health insurers reported strong growth in premium (up 8% y-o-y).

Retail health holds on

Overall growth in the health business declined 11% y-o-y, compared to annual growth of 14% y-o-y. Standalone health insurers reported 9% y-o-y increase in health premiums while it declined 19% y-o-y for others (down 4% y-o-y for private players). Retail heath was muted at 4% y-o-y (up 12% y-o-y in FY2020). Standalone health insurers reported strong 12% y-o-y growth in retail health in March 2020 (up 26% y-o-y in FY2020). Private players witnessed 12% y-o-y decrease in retail health insurance premiums in March 2020 (down 7% y-o-y in FY2020). Post Covid-19, health insurance will likely report strong growth over the next few quarters. Standalone health insurers are placed in a sweet sport to capture incremental growth opportunities although business for private players will likely revive in FY2021.

Motor slows down

The motor segment witnessed 7% y-o-y decline in business in March 2020—lower new sales and renewals owing to lockdown-related disruptions largely led to sharp decline in premiums. Motor TP declined 5% y-o-y in March 2020 versus annual growth rate of 12%.

Private players reported 4% y-o-y decline in premium growth, while state-owned players' premiums contracted 7% y-o-y. SBI General delivered the best performance (up by 1.7X y-o-y on a low base). Go Digit slowed down to 21% y-o-y and Acko was up 4% y-o-y. Among other large private players, only HDFC Ergo and Universal Sompo reported strong growth at 50% and 95% y-o-y, respectively.

Own damage business

PSU players' business increased 9% y-o-y while it declined 14% y-o-y for private players. Most large private players posted weak numbers. Motor OD premium for Bajaj GI, Chola and ICICI Lombard declined 27% y-o-y, 26% y-o-y and 12% y-o-y, respectively in March 2020.

Fire premiums up in March

Fire premiums grew 12% y-o-y, lower than 24-50% y-o-y growth observed over the past two months largely due to lower business in the last two weeks of the month. ICICI Lombard was up 37% y-o-y, Chola MS up 21% y-o-y and TATA AIG up 67% y-o-y posted strong growth. GIC had increased property reinsurance rates in March 2019 for eight occupancies (comprising 35% of industry volumes) and subsequently for all 291 occupancies from January 2020. Hence, FY2020 growth was healthy at 35% y-o-y.

Edited extracts from Kotak Institutional Equities Research report

Markets

FRIDAY, MAY 8, 2020

UNDER PRESSURE

Vishwavir Ahuja, MD & CEO, RBL Bank

"We have taken accelerated 100% provisioning...on existing NPA book of credit card. We see further risk from the portfolio once job losses start to happen. MSMEs will also take much longer to come back..."

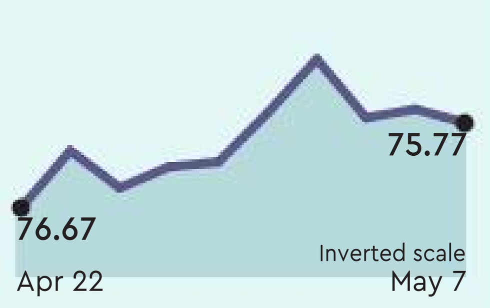
Money Matters

G-SEC

The benchmark yield remained unchanged as markets were shut — 0%

₹/$

The rupee remained unchanged as markets were shut — 0%



€/$

The euro fell against the dollar — 0.05%

FOR ABOVE-₹25L BRACKET

KMB announces 10% salary cut

SHRITAMA BOSE
Mumbai, May 7

KOTAK MAHINDRA BANK (KMB) has announced a 10% cut in salaries for employees earning over ₹25 lakh a year in view of the evolving Covid-19 situation.

The cut will be effective May 2020 through FY21, the bank told its employees in an email, a copy of which *FE* has seen. There will be no impact on salaries of those earning less than ₹25 lakh.

KMB is the first in the Indian banking sector to announce pay cuts after the Covid-19 outbreak. Interestingly, the pay cuts come at a time when analysts are viewing KMB as the leader in the private banking space.

The email to employees said Covid-19 and the subsequent lockdown have been around for some time now. "What seemed like a two-three months phenomenon in the beginning, has turned out to be a pandemic with serious implications on both lives and livelihood. More importantly, it is increasingly clear that the pandemic is not going away anytime soon. Entire mankind is praying and hoping for quick discovery of a vaccine and antidote," it said.

At the end of March, KMB and its promoter had committed ₹25 crore each to the PM-Cares Fund and the bank committed another ₹10 crore to the Maharashtra CM Relief Fund.

The communication further stated that Covid-19 is wreaking havoc on the economy which, in turn, will impact a financial services firm like KMB. Hence, the bank needs to recalibrate its costs and operations, well in advance, to ensure sustainability of its businesses.

The email reminded employees that earlier, the Kotak leadership team has voluntarily surrendered 15% of their pay for FY21, and executive vice-chairman and managing director Uday Kotak has chosen to take only a token salary for the year. "Now, it appears, we will require wider participation," the email said.

In the last few weeks, market experts have said KMB is better poised to weather the Covid storm than its peers. Christopher Wood, global head of equity strategy at investment bank Jefferies, said in a recent note that the bank was removing HDFC Bank and ICICI Bank from its portfolio while increasing KMB's weightage.

SBI cuts MCLR by 15 bps, 3-yr term deposit rate by 20 bps

FE BUREAU
Mumbai, May 7

STATE BANK OF India (SBI) on Thursday reduced its marginal cost of funds-based lending rate (MCLR) by 15 basis points (bps) and three-year retail term deposits by 20 bps, the bank said in a release.

The bank has also introduced a new scheme for senior citizens 'SBI Wecare Deposit' in which they will get additional premium over general public.

After the reduction, the one-year MCLR comes down to 7.25% from 7.40% with effect from May 10. "Consequently, equated monthly instalments (EMIs) on eligible home loan accounts linked to MCLR will get cheaper by approximately ₹255 for a 30-year loan of ₹25 lakh," the bank said. This is the 12th consecutive reduction in the bank's MCLR.

Citing adequate liquidity in the system, SBI pruned its interest rates on retail term deposits by 20 bps for up to three-year tenor, effective from May 12.

The bank has also introduced 'SBI Wecare Deposit' for senior citizens in the retail term deposit segment. Under this new product, an additional 30 bps premium will be payable for senior citizen's retail term deposits with five years and above tenor. This scheme would be in effect up to September 30. Under the new scheme, senior citizens will get 50 bps higher than the rate applicable for the general public for retail term deposits in which tenor is below 5 years.

However, for retail term deposits of five years and above tenor, senior citizens will get 80 bps higher than the rate applicable for the general public. The additional premium will not be payable in case of premature withdrawal of such deposits.

Earlier on April 7, the public sector bank announced a reduction in MCLR by 35 bps and reduced savings deposit rate by 25 bps, citing adequate liquidity in the system.

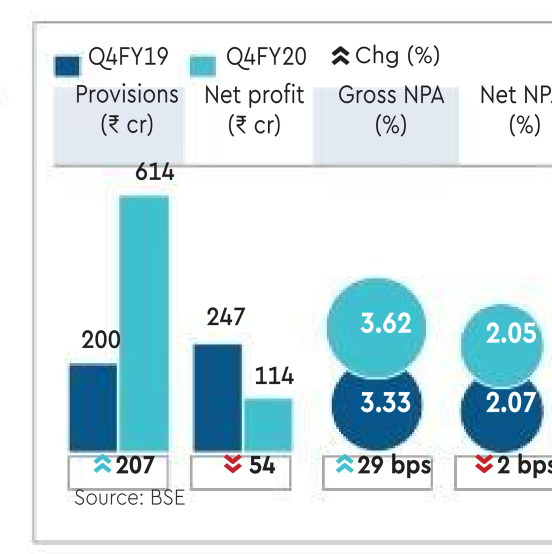
RBL Bank net profit falls 54% as provisions rise

FE BUREAU
Mumbai, May 7

RBL BANK REPORTED a 54% year-on-year decline in its net profit to ₹114.4 crore for the quarter ended March 31 on account of increased provisioning.

Provisions surged three times to ₹614 crore in the quarter from ₹200 crore a year ago. The bank has made additional provisioning of ₹115 crore on account of Covid-19. It was required to make provisions of only ₹13 crore, as per regulatory requirement. The provision coverage ratio (PCR) of the private lender stood at 64%, compared with 58% in the previous quarter.

The bank has provided moratorium to around a third of its customers, RBL Bank MD & CEO Vishwavir Ahuja said in a conference call after results. "We have taken accelerated 100% provisioning as opposed to norm of 70% after 90 days and then 30% after 180 days, on existing non-performing asset (NPA) book of credit card."



He further said the bank believes risk is emerging in the retail segment. "We see risk from credit card portfolio side once job losses start to happen, MSMEs will take much longer to come back...so, we see some stress from there," Ahuja added. However, the bank does not expect much stress from microfinance because of its ability of bouncing back. "Overall, if we are ending this year with 340 bps credit cost, all taken together, including additional provisioning, for next year, I expect the credit cost to remain at same level of around 340 bps," he said.

Advances grew 7% y-o-y to ₹58,019 crore. However, deposits declined 1% to ₹57,812 crore against ₹58,394 crore in the same quarter last year. Operating profit was up 37% y-o-y at ₹765 crore. The net interest income (NII) was up 38.21% to ₹1,021 crore against ₹739 crore last year.

Yes Bank deposit woes continue as CASA slips 63%

FE BUREAU
Mumbai, May 7

YES BANK CONTINUED to lose deposits for the quarter ended March 31, as a rescue act by the regulator and the banking system and also the installation of a new management team seemingly did little to restore confidence of depositors.

The bank's current account savings account (CASA) balances slid 63% year-on-year (y-o-y) and 47% sequentially to ₹28,063 crore at March end. The CASA ratio, too, fell to 26.6% at the end of March from 33.1% a year ago and 32.1% a quarter ago. Term deposits also fell 49% y-o-y to ₹77,301 crore as on March 31. The bank tried to make up for this loss by raising certificates of deposit (CDs), which shot up 348% y-o-y to ₹6,935 crore.

The bank will have to stem the outflow of deposits for any revival strategy to be effective and to do that the bank has to regain the trust.

The maximum outflow of deposits happened between March 18 and 31, bank's MD & CEO Prashant Kumar said in conversation with *FE*. He added that it was a tough task to restore depositors' confidence, but the number of retail fixed deposits the bank originated in April was higher than that added during any month in FY20. Yes Bank remains optimistic about being able to resume deposit accretion and targets raising its CASA ratio to above 40% over the next three years.

Outflow of deposits is a cause of worry and market experts believe that the current environment will make things more challenging. "There is little room for them to build deposits and continue to function like this. Over the next six months or so, it could become a wholesale bank or be merged into some other bank," a banking analyst said.

Most banking firms have stopped tracking Yes Bank, after crisis broke at the capital starved bank late last year.

There could also be landmines on the asset quality front even as the bank continues to provide for existing bad loans. Yes Bank has made full provisions worth ₹3,980 crore against its exposure to a mortgage financier. It has taken a 53% provision against its ₹5,127-crore exposure to a diversified conglomerate.

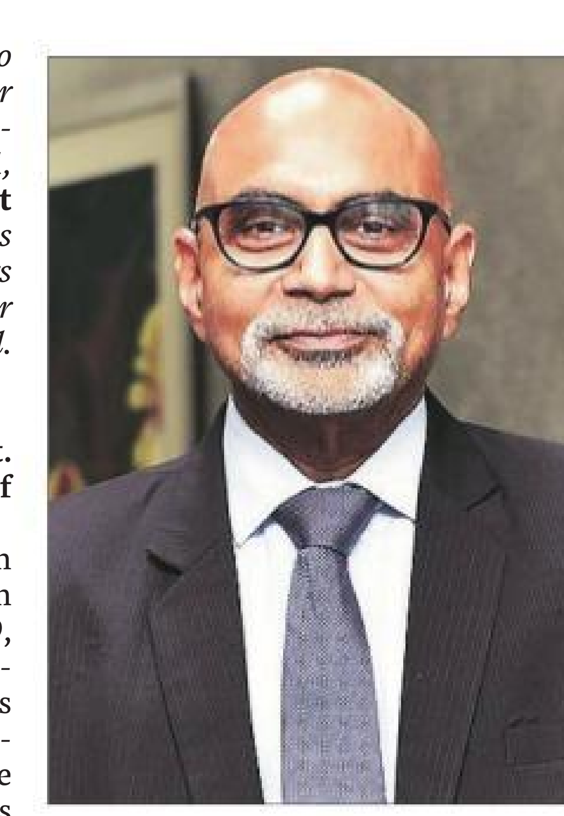
Yet fresh stress could get camouflaged at the bank through the March-May loan moratorium that the regulator has allowed banks to offer. At Yes Bank, up to 45% of corporate and retail accounts (in value terms) have applied for the moratorium. The share of MSME accounts applying for it stands at 40%. The share of retail customers (in absolute terms) who have applied for the moratorium stands at 25% — significantly higher than the average 10% that some other banks have reported so far. Further, MSME loans account for 20% of the bank's loan book and these accounts could be particularly vulnerable amid a nationwide lockdown.

Analysts say some of these accounts availing moratorium could very well have turned defaulters in the ordinary course of business, but the moratorium delays recognition by a few months. In other words, Yes Bank is not quite out of the woods even on the credit quality front. The liabilities piece, however, remains a key monitorable for Yes Bank.

INTERVIEW: PRASHANT KUMAR,
MD & CEO, Yes Bank

'Loan moratorium should be in place till December 31'

Businesses will not be in a position to resume normal activity for a long time after the lockdown is lifted and the loan moratorium should be extended to December 31, 2020, Yes Bank MD & CEO **Prashant Kumar** *told* **Shritama Bose***. The bank is working to take its current account savings account (CASA) ratio to above 40% over the next one to three years, he added. Edited excerpts:*



Your CASA deposits have taken a hit. What are you doing to regain the trust of depositors?

We must understand that the problem has not surfaced in a day. The problem with Yes Bank started on October 1, 2019, when shares held by the erstwhile promoter were sold and then the depositors started moving out. The problem was getting more and more serious and once the moratorium was imposed, the depositors got uncomfortable. Over a period of time, there was a growing trust deficit and the moratorium compounded that problem. But the fact that the moratorium was lifted within 13 days gave a lot of confidence. This bank is quite good in terms of customer reach. I have been speaking to 10-12 retail customers every day and the feedback I get is that they are very happy with the service during the moratorium and the current lockdown. The trust factor is also coming back. But the Covid situation has complicated everything. There is fear on everyone's mind. We made our employees reach out to customers because with the lockdown, there was little else happening. After March 31, deposits have moved away in the institutional and corporate side because these depositors needed the money for their own requirements. This was compensated by retail.

The second point is that our bank is a market leader in the payments space. For example, PhonePe, which had moved away during the moratorium, has now come back fully. Some large corporates who had moved out the cash management piece have come back. We are confident that with an aggressive outreach to customers, gradually we would be able to build that deposit base and the focus is on the granular side. We want to take the CASA ratio to over 40% over a one- to three-year period.

What is your near-term strategy to bring Yes Bank back on its feet?

We have made a 74% provision on the NPAs and also on NPIs, which means investments. This means my entire non-performing portfolio of ₹50,000 crore has been insulated against future earnings. So, there is no need for additional provisions there. We have done a study that if we create a subsidiary within the bank and the entire book is parked there along with the provisions, it would release a lot of liabilities. Or, if a bad bank-type structure is created outside the bank, I can shift the entire thing along with the provisions. If you remove this book and the provisions from the balance sheet, the remaining part would be A-class because on the retail side our NPAs are just 1.5%. I take care of the liabilities. So, if we can segregate this (NPA) portfolio into a separate entity then the remaining bank over the next 18-24 months could be one of the best in the private sector.

The advantage for this bank is its huge technological superiority. I have made a team of 100 people who are professionals on the analytics side who are working on our database to see how we can target customers for both liabilities and assets. It will be a very targeted approach and very cost-effective because your conversion to actual business would be much higher. The remaining bank would be very strong in terms of margins, technology, data analytics and artificial intelligence. My vision is that the remaining bank will be a digital bank.

MSME loans account for 20% of your book and it's now clear that without government intervention, this segment will not be able to function. What is your ask from the authorities?

We are looking at two things. One is to extend the (loan) moratorium immediately and not by two or three months. My thinking is that as things currently stand, we need to extend it till at least December 31 because once the lockdown is lifted and you resume your economic activity, it takes time to generate income. One of the biggest problems is that all migrant labourers have moved back. So, even getting labour for your MSME unit would be very difficult. So, you need to extend the moratorium and then capitalise the interest. You can't expect people to repay your entire interest.

Banks are flush with liquidity, but they also have to look after the interest of depositors. So, we need a backstop from the government in the form of loan guarantees, without which banks cannot lend. Preserving financial entities at a time like this is critical.

Steps taken by Sebi deepened debt markets, says Amfi

FE BUREAU
Mumbai, May 7

THE ASSOCIATION OF Mutual Funds in India (Amfi) on Thursday said measures taken by the Securities and Exchange Board of India (Sebi) had deepened the debt markets. "The steps announced by the markets regulator have led to managing day-to-day redemptions through orderly liquidation of portfolios," Amfi said.

In a release, it said, "All mutual funds except one has been able to manage day-to-day redemptions through orderly liquidation of portfolios due to acceptability of underlying securities in secondary market and measures taken by Sebi to deepen debt market."

Since Franklin Templeton Mutual Fund closed six debt schemes on April 23, there has been a rush by the investors to redeem the money from several categories of debt schemes like credit risk funds and low duration funds.

Sebi in October 2019 in consultation with Amfi and after deliberations with Mutual Fund Advisory Committee (MFAC) had proposed calibrated reduction in limits for investment in unlisted securities in mutual fund schemes.

Amfi CEO NS Venkatesh said: "Measures taken by Sebi over the years, including one in October 19, have deepened the debt markets. Mutual funds have carried out business as usual, including meeting redemptions in the current challenging times."

Indices end lower on negative sentiment

FE BUREAU
Mumbai, May 7

INDIAN EQUITIES CAME under pressure on Thursday in the absence of any positive triggers. Rising Covid-19 cases in the country also hurt investor sentiment, as it is increasingly becoming clear that a return to normal is a long way off.

The benchmark indices were dragged down by marquee financial stocks. The 30-share index Sensex declined by 242.37 points or 0.76% to close at 31,443.38. The broader Nifty50 declined by 71.8 points or 0.78% to close at 9199.05.

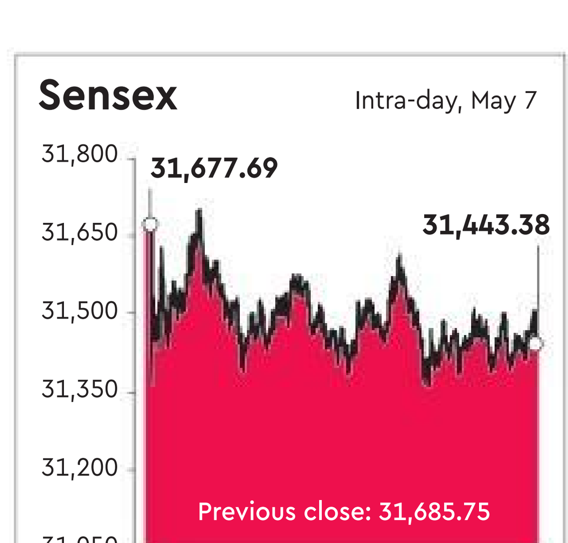
On Thursday's weekly expiry, the market witnessed strong volumes on the NSE with the F&O segment seeing a turnover worth ₹22.79 lakh crore against a six-month average of ₹14.2 lakh crore. The cash market saw a turnover worth ₹75,030 crore against a six-month average of ₹40,898 crore.

The market volumes were soaring on Thursday after GlaxoSmithKline (GSK) sold a 5.7% equity stake in Hindustan Unilever (HUL) through a block deal. Additionally, the weekly options expiry also added to the market volumes.

Foreign portfolio investors (FPIs) continued to remain buyers, pumping $2.5 billion into Indian equities. Domestic institutional investors (DIIs), too, bought $503.4 million worth of Indian equities.

A report by HDFC Securities Institutional Research said the street had not fully factored in the impact of Covid-19. "Many large-sector leaders have posted March 2020 earnings disappointment on an already muted expectation. Most notably, Hindustan Unilever's volume and profit after tax decline in Q4FY20 — clearly points to an underestimation bias, which is likely to unravel as we move through the chunky part of earnings season in May 2020," the report added.

Nifty50 has seen a correction of 6.2% since the start of May after witnessing a strong pullback rally throughout March. The benchmark continues to trade higher than its March 23 lows, which is making market experts cautious. Phillip Capital has maintained a cautious outlook on Indian equities.



According to a report it published, the Nifty is trading at expensive valuations after the recent pull back rally. "Our current stance is of caution after the recent rally to 9,800-odd levels as Nifty is currently trading at expensive valuations of 18x/17x FY21/22 earnings," Phillip Capital said in its report. The brokerage added that it may change its stance in case of a reasonable cure for Covid-19, meaningful fiscal stimulus by the Indian government, decline in the India cases and at least a time correction of the index.

Banking stocks remained under pressure with Nifty Bank declining 1% during the day's trading session, dragged down by heavyweights such as HDFC Bank and Kotak Mahindra Bank. The biggest losers on Nifty were NTPC, BPCL, ONGC, Kotak Mahindra Bank and GAIL, down by 4.3%, 4.2%, 4.1%, 3.69% and 3.59%, respectively. The biggest gainers on Nifty were Bharti Infratel, IndusInd Bank, Adani Ports and SEZ, JSW steel, as well as Mahindra and Mahindra, which were up by 7.1%, 6.5%, 4.3%, 4% and 3.6%, respectively.

The biggest losers among sectoral indices were Nifty Financial Services, Nifty FMCG, Nifty Bank, Nifty Private Bank and Nifty Pharma. Broader market indices such as Nifty Midcap and Nifty Smallcap witnessed a mixed performance with Nifty Midcap declining 0.5% and Nifty Smallcap trading 0.5% higher.

ICICI Sec Q4 net profit rises 28%

FE BUREAU
Mumbai, May 7

ICICI SECURITIES (I-SEC) on Thursday reported a consolidated net profit of ₹156 crore in the March quarter, up 28% year-on-year (y-o-y), on account of growth in revenue and changes in statutory tax rates.

The company reported a consolidated revenue of ₹482 crore in Q4FY20, up 13% from ₹428 crore in Q4FY19, aided by growth in retail equities & allied business. I-Sec has 4.8 million operational accounts, of which about 1.1 lakh were added during the quarter.

The company has 1.48 million active clients (those having traded in the last 12 months) and about 1.08 million NSE active clients (those having traded on the NSE in the last 12 months), up 16% and 27%, respectively. During the quarter, I-Sec's NSE active market share grew 40 basis points y-o-y to 10%.

During the quarter, the broking firm's retail equities and allied business revenue rose 35% to ₹292 crore from ₹215 crore in Q4FY19. The allied business comprises lending towards ESOP & MTF, and Prime subscription fees. Employee stock option plans (ESOP) and margin trade funding (MTF) interest income rose 78% y-o-y to ₹33 crore in Q4FY20. Prime subscription income grew 44% sequentially to nearly ₹8 crore in Q4FY20.

Institutional equities business revenue during the quarter rose 13% y-o-y to ₹37 crore due to increased traction in block deals. Distribution revenue stood at ₹115 crore in Q4FY20, up 3% against Q4FY19.

The company earned ₹57 crore of revenue through mutual fund (MF) distribution during the quarter, down 4% from ₹59 crore in Q4FY19.

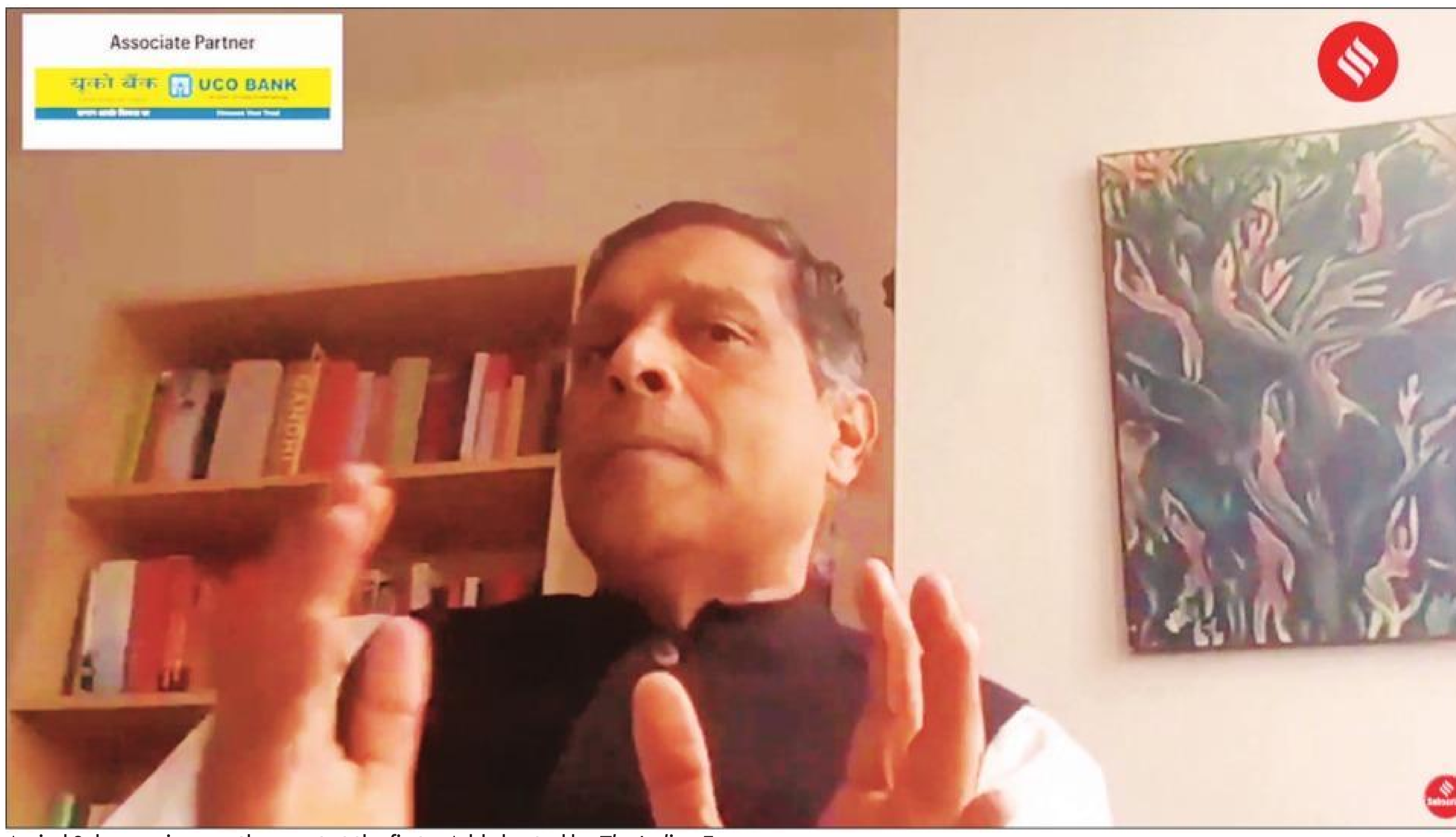
I-Sec MD and CEO Vijay Chandok said the company's predominantly digital business model has held it in good stead with 97% of equity and 94% of MFs transactions conducted online by the clients themselves.

Express Adda

FRIDAY, MAY 8, 2020

‘Covid response: We should be driven by need, not affordability’

In the first e-Adda hosted by *The Indian Express*, Arvind Subramanian, India’s former Chief Economic Advisor and now visiting lecturer at the Harvard Kennedy School, joined us from Boston. He spoke on the coronavirus pandemic, how the crisis may aggravate pre-existing vulnerabilities and why India should plan for negative growth this year



Arvind Subramanian was the guest at the first e-Adda hosted by *The Indian Express*

On the pandemic and what makes the crisis worse for India

I want to set out five thoughts that should inform everything that we think about. This is a very unusual cycle that the world and India face. It is very severe, sudden and new territory. So the first point is that there is so much uncertainty on everything — how the pandemic is going to evolve, how people are going to respond, what policies are going to happen. We are really shooting in the dark and that is something we must all keep in mind. A corollary of that is, in this business, today, for governments around the world, there are no good choices. The choices span from bad to the very, very bad or disastrous, so we should be a little bit careful about how we assess all these things...Because of this uncertainty, every country is responding very differently, both in terms of health and economic response. But I think there is a growing consensus that regardless of how advanced countries are weighing this trade-off between lives and livelihoods, especially as it informs how the exit from the lockdown should happen, those trade-offs are different for developing countries like India. The hardship is greater, the ability to protect them is weaker, in countries like India, the health capacity is not that good, the ability to even enforce severe lockdown policies is more difficult.

Therefore, the trade-off for countries like India, it is only fair and appropriate that it should err more on the side of prioritising the present and preserving livelihoods and so on.

So as we talk about the exit discussion we should keep that in mind. However, something we can categorically say is that any exit from the lockdown, however we do it, different states are going to do it differently. I think that backing it up with comprehensive and ramped up testing is absolutely essential. That is what is going to determine how much we can, where we can ease and how we can sustain it.

Lastly, what is different about India in this crisis is that although of course it is going to be severe around the world, but even before this crisis hit India, our economy was weakening quite substantially and our financial system was naturally quite fragile. This crisis in a sense comes on top of an already weakening economy which is what I think makes the Indian situation even a little bit more difficult and challenging than other countries. The last point I would make is that with this crisis, the states and the Centre have a lot of coordination to do, the states are on the frontline of the response on the health side, social safety side, managing the migrants, which we should talk about. Therefore I think Centre-state coordination and cooperation is of utmost priority in India and we should not forget this while talking about it.

On where the economy is headed

If we look at what the IMF is forecasting for the advanced countries, it is on an average a slowdown of eight-and-a-half percent...it roughly means that the IMF is saying that for all the advanced economies, one month of GDP will be lost. Firstly, India was already weakening, secondly, the kind of lockdown policies in India have not been any less severe than in the advanced countries, and finally, India has a fiscal response of less than one percent of the GDP whereas, on average, the advanced countries have an estimate of eight-and-a-half percent of the GDP so far. If you put all this together, even allowing for the fact that India is a more dynamic economy, I cannot see how India’s growth rate cannot decline by orders of magnitude that the IMF is projecting for the advanced countries. The IMF’s forecast for India is absolutely mystifying and bizarre. I would say these are very imprudent basis on which to plan the response. Almost kind of lulls us into false complacency. I think we should plan for negative growth rates in this financial year.

On how to deal with the crisis and the need to spend

First, about the magnitude. Let’s look at it first from the need point of view, rather than the affordability point of view. What we have said is that supposing you look at the health care response that is required, then the social safety net and then maybe the stimulus. So these are the three things that we may need to do. And the number that Devesh Kapur (of Johns Hopkins University) and I came up with is a very conservative number, which was that the extra spending would need to be something like five percent of the GDP. So we need to find about five percent of GDP or ₹10 lakh crore. Affordability, because as it is that the economy is weakening, revenues are going to come down, so it will translate into substantially higher deficits, and so let’s confront the affordability question. You will notice, what is very interesting is that all our former central bankers have come down on the side of saying that look if you do too much down the lane, our ratings go down, our debt gets out of control and so the economy is in trouble.

So my response to that is, in this case, we should be driven by need and we can afford it. And let me take some of the broader concerns. One is that our credit rating will go down and that is going to hurt us going forward. Now remember that this is a situation that all countries are confronting. Secondly, remember that the whole deficit financing and all these issues arise if people think that suddenly we have become irresponsible. In this case categorically around the world we know this as an exogenous shock nobody was responsible for. Finally we have to be clear of how we are perceived after the crisis and will depend upon how we behave after the crisis. If government policy is reasonably responsible going forward, which I think it will be, then affordability is not an issue. So I think we can afford this. Then the second question is — finance. Where should it come from? I think it should come from a variety of sources. Devesh and I set out five things. One is from abroad — NRIs, multilateral institutions. Then we also said cuts in expenditure, which many states have already done. Then of course the two things are printing money and issuing more bonds to the public. So we need to do everything so as to not burden any one sector.



Subramanian was in conversation with The Indian Express National Editor Harish Damodaran (left) and Executive Editor (National Affairs) P Vaidyanathan Iyer

> The IMF's forecast for India is absolutely mystifying and bizarre. I would say these are very imprudent basis on which to plan the response. Almost kind of lulls us into false complacency

Now let us take your question of deficit financing head on. Any responsible government cannot just say we are going to print money, etc. But I think here this can be done responsibly. How? The concern is two-fold. It is unprecedented. So therefore does it mean that we are going to break all convention suddenly and become irresponsible. The second concern is of course the difference with advanced countries, which is that they have been trying for 10 years to raise inflation and they haven’t been able to. We are not a very high inflation country but we are also not zero or one percent in the last three years. So it is a concern. We have to be careful about that. And finally, I think there is also a huge overhang of liquidity already in the market which people are worried about. Those are the concerns we should take seriously. My response to that would be, one, it seems like it is going to be a deflationary shock that for sometime at least prices are going to be lower rather than higher. So I think that we should keep it in mind. Secondly, we can finance some part of it responsibly but making clear that it will be one off and will not be repeated again and again.

Finally, the states question...one of the quickest ways of getting money to the states would be to increase their deficit financing via the RBI. So bottomline is, yes, we have to be careful and responsible, but the bigger thing is we save and do all these things for a rainy day. When a rainy day comes, you have to spend. This is not a rainy day. This is a deluge. This is pralay in terms of economic things.

On high food stocks, forex reserves and low oil prices being a source of comfort

There are two dimensions to this. In a sense, if you think about even a deficit financing or monetary financing, the fact of food, the fact that fuel prices have collapsed, and the fact that our currency doesn’t collapse because of reserves, means that the inflationary concern going forward is much less. Because these are the three main sources of inflation. Food prices going up, fuel prices going up, currency going down. So in a sense that is a kind of insurance and buffer that we have, in order to be a little bit more ambitious and bold in our response to our crisis. The second way, in which this is very important, is that our food stocks are turning out to be the most effective, quickest, efficient, equitable social safety net that we have. Because remember in this situation, the two social safety nets are food and cash. Cash is proving to be more difficult to get to people’s hands because of bank accounts, the last mile problem, but because we have both the stocks and this public distribution system, we have been able to roll it out very much. So these are the ways that the three Fs come in handy. But I will say one thing that our stocks have been a boon this year but just like you save for a rainy day, I think these stocks have to come down and they have to be distributed as quickly as possible. I think we can’t come out of this crisis with even more stocks of food because of a combination of not having used it enough and the bumper harvest kharif adding to it. We don’t have the capacity. Everything coming together says push the food out, for the moment give people without ration cards, so that it is actually killing many birds with one stone.

On the need to get credit pumping into the system

Remember we started talking about the twin balance sheet challenge, then in December we spoke about the Four Balance Sheet challenge, now it is almost as if it will be easier to count the balance sheets that are not challenged than the balance sheets that are challenged because the problem is proliferating because of this shock. Helping the financial sector and the corporate sector is absolutely critical. The first issue... This has to not only come from the government but also from the RBI and to be fair to the RBI, they have taken a number of good steps. The problem is the following. Essentially what the RBI has done is to lower rates and make liquidity much more abundantly available. That is necessary and possible. But what we need is actual credit flowing to the entire corporate sector. Small firms, medium-sized firms, large firms, everybody needs credit business because the more you get credit, the more you will ensure that they survive through the crisis and not come away with more permanent damage.

> Small firms, medium-sized firms, large firms, everybody needs credit because the more you get credit, the more you will ensure that they survive through the crisis and not come away with more permanent damage

So the dilemma is that more liquidity is not credit, how do you get the credit pumping into the system. To be fair, there are two problems to this. One there was a complete risk aversion even before this began, because of all the problems with the financial system. There is fear of lending because you may be later on investigated. I think some kind of reassurance should be given so that decisions taken now will have a measure of protection. Otherwise, bankers are not going to take them. Secondly, the risk from those decisions should not be with the banks, they should either be with the government in the form of a completely separate fund, or maybe the RBI. That is a tricky call. For example, if the RBI buys corporate bonds directly, some purists will be against it. But again, how we do it is less important than making sure that the credit actually flows to all parts of the corporate sector.

Full text on www.indianexpress.com

VOICE BANK

SWATI PIRAMAL
VICE CHAIRPERSON, PIRAMAL ENTERPRISES

You said that testing more people would help. However, that’s a limitation of machines and kits. Germany and Korea made them and could ramp up production, but we have limited testing. So we have to think of an alternative strategy.

Our capacity is limited but we need to figure out how to allocate the testing. Should we focus on the super spreaders or randomise? There has to be a simultaneous effort by the government. But, we must work on expanding testing. It’s as high priority as the health response and stimulus response because that is going to make our exit from the lockdown carefully, correctly, effectively, and sustainably.

FREDDY SVANE
AMBASSADOR OF DENMARK TO INDIA

What sort of an opportunity has this crisis given India?

We have this architecture, the Jan Dhan, Aadhaar Mobile (yojana), it’s not perfect, but if we can ensure its presence in every household, we can create the basis for a universal basic income. But one pushback is that we do not have the fiscal resources to afford it. We could use wealth taxes, elimination of middle-class subsidies and dedicate those resources towards universal basic income. Why can’t the rich and those who have secure jobs contribute a little to help the poor. Secondly, the situation of urban migrants. Can we move away from place-based social benefit (PDS) to person-based social security?

ANAND PIRAMAL
EXECUTIVE DIRECTOR, PIRAMAL GROUP

The government moves swiftly when it comes to politics, but on economic policies, the twin balance sheet problem and the five percent stimulus, they are slower. What is their mindset?

I am not privy to government motives, but if you look at the global financial crisis, the government had a very large fiscal response in 2008-09, deficits and inflation got out of hand, and we had a major crisis in 2013. These circumstances are different. We can do much more with stimulus, especially with insurance, the private sector, and SMEs, but my hypothesis is that the global financial crisis could be the clue to why the government is acting the way it is.

RAMA BIJAPURKAR
MANAGEMENT CONSULTANT

At this stage we are struggling with the lives vs livelihood question. Will we get to a point of no return?

We can’t let the pandemic get out of control, that’s a point of no return. You want to avoid extreme situations. You don’t want people to starve. And you want people to go back to some aspect of security, so you want to deal with migrants appropriately. On the production side, you don’t want to kill production permanently. Rather than markers of no return, we need to act to ensure that we don’t reach there on the health, or economic and humanitarian side.

RAKESH BIYANI
MANAGING DIRECTOR, FUTURE RETAIL

What are the options available to the government for raising capital? Is Foreign Direct Investment (FDI) a good mechanism? In retail, policies are merged with all kinds of ideas that don’t make sense.

Until a year or two ago, the government was relaxing FDI substantially. There was some reversal on this when it came to the retail sector, for e-retailing and so on. About, encouraging FDI as opposed to hot money, we should be open. We don’t want excessive concentration in any industry, we need competition in all our markets. FDI provides the competition that keeps a check on monopoly or actions by incumbents. Large incumbents in any markets are detrimental to growth, productivity and efficiency.

Uttar Pradesh ushers in agri reforms, waives mandi tax for 46 fruits, veggies

DEEPA JAINANI
Lucknow, May 7

IN ITS FIRST major move to usher in reforms in agri marketing space and promote farm-to-fork initiative, the Uttar Pradesh cabinet on Wednesday approved an ordinance de-listing 46 fruits and vegetables from the provisions of the APMC. This effectively eliminates the role of middlemen and allows farmers to sell their produce directly to consumers and traders outside the mandi yard.

By doing this, the government has not only done away with the condition of farmers bringing their produce to state mandis, but has also exempted them from paying the mandi tax. Farmers will now be free to sell these 46 commodities directly to food processing units and consumers at the farm itself and also sell their produce through the digital platform e-NAM and need not pay any tax. This would not only save them from paying the mandatory 2% mandi tax, but would help them reduce around 15% losses incurred in loading and unloading of their produce at the mandis. Besides, they would also save the transportation cost incurred in taking their produce from their fields to the mandis.

Agriculture minister Surya Pratap Shahi said the move was aimed at decongesting the mandis in view of the Covid-19 and would also help farmers enhance their income. "Now, licensed traders or common consumers can buy products from farmers outside the premise of mandis and farmers will be free to sell their products to food processing units or to anyone."

UP agri minister Surya Pratap Shahi said the move was aimed at decongesting the mandis in view of the Covid-19 and would also help farmers enhance their income

He said the Cabinet also gave the nod for the proposal for permitting warehouses, silos, cold storages to set up farmers-consumer platform and realise user charges from traders for using the places as sub-mandi. "We have also taken steps to develop farmer consumer markets, which will allow vegetable growers to sell their produce at new small markets near their fields and villages."

The state's move comes in the backdrop of the Centre's April 4 directive to states, asking them to facilitate direct purchase of farm produce by big retailers, aggregators and food processors. The idea behind the move is to unshackle the farmer community hit hard by the current lockdown from the fetters of the agricultural produce market committees (APMCs) that control mandis. While most states have already de-listed fruits and vegetables from the purview of APMCs, Uttar Pradesh is probably the last major state to do so.

Onion auctions come to a halt at Lasalgaon as 3 test +ive for Covid

NANDA KASABE
Pune, May 7

ONION AUCTIONS AT Lasalgaon, the country's largest wholesale market for the bulb, have come to a grinding halt for an indefinite period following three cases of Covid-19 reported on Tuesday night. This is likely to hit onion supplies across the country.

Suvarna Jagtap, chairperson, Lasalgaon Agriculture Produce Market Committee (APMC), told *FE* that three cases of coronavirus were reported at Lasalgaon at a distance of 3 km from the main market yard. A doctor running a private clinic and two nurses working at the clinic reportedly tested positive for Covid-19 and therefore as per regulations, the market committee has decided to shut down auctions till further notice, Jagtap said.

According to the chairperson, a person from Malegaon — a Covid-19 hotspot — had reported positive for coronavirus a week ago and when the authorities began tracing the whereabouts of the person, the name of the doctor came up. The authorities then tested the doctor and the nurses at the clinic and three of them tested positive, she said. Therefore, the entire area has been sealed and patients who had visited the doctor during the week have been quarantined, she said.

Some of the markets in Nashik district were already been shut down due to the Covid-19 scare. After a person tested positive for Covid-19 in Chandwad taluka, the Chandwad APMC has remained shut since April 15. Other markets near Malegaon including Satana, Yeola, Manmad, Umrane, Kopargaon were shut due to the coronavirus scare.

This is for the second time in two months that the market has been shut down due to coronavirus. Last month, too, the Lasalgaon APMC had suspended onion auction for a few days after a person was tested positive for Covid-19. Lasalgaon had reverted to the auction of loose onions following a demand from farmers and Nafed. Average wholesale price has dipped ₹200 per quintal in three days. Average wholesale onion price at Lasalgaon APMC was recorded at ₹650 per quintal on Wednesday as against ₹850 per quintal last week.

T.V. TODAY NETWORK LIMITED
CIN : L92200DL1999PLC103001 Website: www.aajtak.intoday.in
Regd. Office: F-26, First Floor, Connaught Circus, New Delhi - 110001
Telephone : 0120-4807100 Fax: 0120-4807172
Email: investors@aajtak.com

NOTICE

Pursuant to Regulation 47 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Notice is hereby given that a meeting of the Board of Directors of the Company is scheduled to be held on Thursday, May 14, 2020 inter alia to consider and approve the standalone & consolidated Audited Financial Results for the Quarter and Financial Year ended March 31, 2020 and to recommend Dividend, if any, to the equity shareholders of the Company for the Financial Year 2019-20.

Date : May 7, 2020
Place : New Delhi

For T.V. Today Network Limited
Sd/-
(Ashish Sabharwal)
Group Head-Secretarial & Company Secretary
Membership No. : F4991

This Notice may also be accessed on the Company's website: www.aajtak.intoday.in and on Stock Exchange websites : www.bseindia.com and www.nseindia.com.

NOTICE

Declaration of Dividend under Axis Triple Advantage Fund :

Axis Mutual Fund Trustee Limited, Trustee to Axis Mutual Fund ("the Fund") has approved the declaration of dividend under the following scheme, the particulars of which are as under:

Name of the Scheme/ Plan(s)	Quantum of Dividend (₹ per unit)#	Record Date*	Face Value (₹ per Unit)	NAV as on May 6, 2020 (₹ per unit)
Axis Triple Advantage Fund - Regular Plan - Dividend Option	0.12	May 13, 2020	10	14.4873
Axis Triple Advantage Fund - Direct Plan - Dividend Option	0.12		10	16.6284

As reduced by the amount of applicable statutory levy, if any.
* or the immediately following Business Day if that day is not a Business Day.

Pursuant to payment of dividend, the NAV of the above stated dividend options of the scheme/plan would fall to the extent of payout and statutory levy, if any.

The dividend would be paid to the beneficial owners / unit holders whose names appear in the statement of beneficial owners maintained by the depositories under the said scheme/plan at the close of business hours on the record date and to the unit holders holding units in physical form, whose names appear in the Register of unit holders maintained with Registrar and Transfer Agent under the dividend option(s) of the scheme/plan as at the close of the business hours on the record date.

Investors may kindly note that declaration of dividend is subject to availability of distributable surplus on the record date/ ex-dividend date. In case the distributable surplus is less than the quantum of dividend on the record date/ex-dividend date, the entire available distributable surplus in the scheme/plan will be declared as dividend.

Investors are requested to kindly take note of the above.

For Axis Asset Management Company Limited
(CIN - U65991MH2009PLC189558)
(Investment Manager to Axis Mutual Fund)

Place : Mumbai
Date : May 7, 2020
No. : 09/2020-21

Sd/-
Chandresh Kumar Nigam
Managing Director & Chief Executive Officer

Statutory Details: Axis Mutual Fund has been established as a Trust under the Indian Trusts Act, 1882, sponsored by Axis Bank Ltd. (liability restricted to ₹ 1 Lakh). **Trustee:** Axis Mutual Fund Trustee Limited **Investment Manager:** Axis Asset Management Company Limited (the AMC) **Risk Factors:** Axis Bank Ltd. is not liable or responsible for any loss or shortfall resulting from the operation of the schemes. **Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**

AXIS MUTUAL FUND

Axis House, First Floor, C2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400 025, India.
TEL : (022) 4325-5161, FAX : (022) 4325-5199, EMAIL : customerservice@axismf.com, WEBSITE : www.axismf.com,
EASYCALL : 1800 221 322 ADDITIONAL CONTACT NUMBER : 8108622211

इंडियन बैंक Indian Bank
इलाहाबाद ALLAHABAD

INFORMATION TECHNOLOGY DEPARTMENT, CORPORATE OFFICE, CHENNAI

Indian Bank, a leading Public Sector Bank, is interested in:

1. **Entering into Rate Contract for Procurement, Installation and Maintenance of Computer Related Items.**
2. **Entering into Rate Contract for Procurement, Installation and Maintenance of UPS with Batteries.**

Interested parties may refer Bank's Website: **https://www.indianbank.in/tenders** for details.

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

NOTICE

NOTICE, pursuant to Regulation 47 read with Regulation 29 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is hereby given that the meeting of the Board of Directors of the Company is scheduled to be held on Friday, May 15, 2020, *inter alia* (1) to consider and approve the audited financial results of the Company for the quarter and financial year ended March 31, 2020; and (2) to recommend payment of dividend on equity shares, if any.

This information is also available on the website of the company i.e. www.nipponindiamf.com and also available on the website of BSE Ltd. at www.bseindia.com and National Stock Exchange of India Ltd. at www.nseindia.com

For **Nippon Life India Asset Management Limited**
(formerly known as Reliance Nippon Life Asset Management Limited)
Nilufer Shekhawat
Company Secretary & Compliance Officer

Date: May 07, 2020
Place: Mumbai

THE TRAVANCORE-COCHIN CHEMICALS LIMITED
(A GOVERNMENT COMPANY)
P.B. No.4004, Udyogamandal P.O., Kochi-683 501, Kerala, India
Phone: 0484-2545011
CIN: U24299KL1951SGC001237, GSTIN : 322AAACT6207BIZI
Email: projects@tcckerala.com, Website: www.tcckerala.com

NOTICE INVITING TENDER

Online bids (E-tender) are invited from reputed firms for the supply of the following through Kerala government e-tender portal http://etenders.kerala.gov.in

Sl.No	Name of work	Tender ID	Last date of Submitting tender
1	Supply of Global Type Pneumatic Control Valves	2020_TCCL_354945_1	06/06/2020
2	Supply of FRP Pipes & Fittings	2020_TCCL_355208_1	26/05/2020

All the relevant details and the tender document can be downloaded from the site. Amendments/Corrigendum if any will be published only in the website.

Date: 08/05/2020

Sd/-
Dy. General Manager (Projects)

JK LAKSHMI CEMENT Ltd.

NOTICE TO THE MEMBERS - UPDATE EMAIL AND OTHER INFORMATION

In furtherance of the 'Green Initiative' of the Government and in compliance with applicable provision of the Companies Act, 2013 ('Act') and the uncertain situation arising out of the COVID-19 pandemic, the Company proposes to send all the documents like Annual Reports, General Meeting Notices and other communications to the Members in electronic form, whose email addresses are registered with Depository Participant ('DP') or with the Company. We once again request the Member(s) who have not yet registered their email addresses, particulars of active Bank account and other relevant details in response to various Notices sent by the Company pursuant to the SEBI Mandate, to promptly register the same with their DP or the Company, as the case may be, and also provide the following details to the Company through email at jklc.investors@jkmail.com or admin@mcsregistrars.com :

First / Sole Shareholder's Name	
Registered Folio Number	
Address with Pin Code	
Email	
PAN	
Contact Number	
Particulars of Bank Account	
a. Bank Name	
b. Branch Name and its Address	
c. Telephone Number	
d. Bank Account Number	
e. IFSC Code of Bank Branch	
f. MICR No.	

Please provide self-attested copies of PAN card, cancelled cheque with name or first page of pass-book (if name of first holder is not appearing on cancelled cheque) and address proof (Aadhar card/voter ID card/ passport/utility bill)

This initiative is in the mutual interest of both the Member and the Company. The Members will instantly get all communications sent by the Company through email and also get direct credit of the dividends as may be declared by the Company from time to time, to their Bank Account. On request, we shall also provide you all communications under the Act in physical form.

Trust, the Members will appreciate and immediately respond in their own interest.

For JK Lakshmi Cement Limited

Date: 5th May 2020
Place: New Delhi

B.K. DAGA
Sr. VP & Company Secretary

Note: Members are also requested to keep the DP / Company informed as and when there is any change in above mentioned details.

PUBLIC NOTICE

NOTICE is hereby given that M/s. Candid Wealth Management Private Limited (CIN: U74140DL2005PTC142848), a Company registered under the provisions of the Companies Act, 1956 and having registered office at Suit No. 116, First Floor, New Delhi House, 27 Barakhamba Road, New Delhi – 110001, intends to acquire the management and control of M/s. Jainex Finance Limited (CIN: U65921AS1993 PLC003858), a Company registered under the provisions of the Companies Act, 1956 and having its registered office at 2nd Floor, Ram Kumar Arcade, Chatribari Road, Guwahati, Assam 781001 (hereinafter referred to as **"the Company"**) by acquiring 75.89% shareholding in the Company. Along with the said change of control and management of the Company, Mr. Dinesh Kumar Agrawal (DIN: 01940124), Mr. Sanjay Kumar Sharma (DIN: 05012740) and Mr. Mukesh Kumar Agarwal (DIN: 08678337), are also proposed to be appointed as Directors in the Company. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC). The RBI through its Regional Office at Guwahati has already provided it's no objection to the aforesaid proposed change in the control and management of the Company (including appointment of aforesaid directors). The proposed move is aimed at strengthening and expanding the business activities of the company and to enhance its future prospects.

Any person, including creditors of the Company, having any objection to the proposed change in the control and management of the Company may write to the Company at its registered office mentioned above or to the the **Reserve Bank of India, Pan Bazaar, Station Road, Guwahati - 781 001**, within a period of thirty days from the date of publication of this Public Notice.

This Public Notice is being issued in terms of the RBI Notification No. RBI/2015-16/122DNBR (PD) CC.No. 065/03.10.001/2015-16 dated 9th July, 2015 read with Para 64 of the Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, as amended.

Jointly Issued by: the NBFC Company – Jainex Finance Limited, the proposed acquirer - Candid Wealth Management Private Limited, the proposed Directors - Mr. Dinesh Kumar Agrawal, Mr. Sanjay Kumar Sharma & Mr. Mukesh Kumar Agarwal and the proposed Transferors – Mr. Pratap Kochar, Mrs. Bimala Kochar, Mr. Avishek Kochar, Mrs. Shikha Kochar, Mr. Arvind Kochar, Jainex India Limited, Pratap Kochar (HUF), Mrs. Khushbu Kocharand Mrs. Beena Biswas.

Dated this 7th day of May, 2020.

NMDC Limited
(A Government of India Enterprise)
Donimalai Complex, Donimalai Township PO, Sandur Taluk, Ballari Dist, Karnataka State, Pin - 583118

Dt: 08/05/2020

TENDER NOTIFICATION

Sealed tenders are inviting from the competent and experienced bidder for the following works:

S No	Tender No & date	Name of Work	Cost of work	EMD (₹)	Sale /download period From-To	Last date of Submission upto 15:00Hrs
1	CE/W/5(245) /2020 DT 08/05/2020	**"Assisting various miscellaneous works by deployment of Semi Skilled labors to attend work under Finance Department for the period of One Year (Job Contract Basis)"** period of completion for work: 12 months (Including Rainy Season from July to October).	11.52 Lakhs	11,520/-	08/05/2020 To 08/06/2020	08/06/2020
2	DNM / ES/ KIOM/ ILLUM-NHR/ 2019-23/OTE DT 09/05/2020	**Illumination of New Haul Road at KIOM, NMDC Limited, Donimalai Complex**	29.98 Lakhs	30,000/-	09/05/2020 To 08/06/2020	08/06/2020
3	DNM/PPT/ Civil/2020 Dt 08/05/2020	**House Keeping/Cleaning and other peripheral works at Pellet Plant, NMDC Limited, Donimalai, Karnataka (Administration, Laboratory, First Aid, Canteen building, gardening etc)**	56.64 Lakhs	57,000/-	08/05/2020 To 08/06/2020	08/06/2020
4	KIOM/V-Job Contract/2020 DT 09/05/2020	**Various works at KIOM on Job Contract basis for a period of one year**	51.10 Lakhs	51,100/-	09/05/2020 To 09/06/2020	09/06/2020
5	KIOM/VS-Job Contract/2020-21 Date 09/05/2020	**Various sampling works at KIOM on job contract basis for a period of one year**	69.94 Lakhs	69,940/-	09/05/2020 To 09/06/2020	09/06/2020
6	NMDC/Donimalai/ 20/20-21/ET/80 Dated 05/05/2020	**Supply of Recon Engine on Unit Exchange scheme for BS6D170-1 BEML Dozer**				26/05/2020
7	CE/W/5(238)/2020 DT 08/05/2020	**Cleaning of PWD Road in Township for a period of one year (Job contract basis)**	37.94 Lakhs	37,944/-	11/05/2020 To 10/06/2020	10/06/2020
8	CE/W/13(570) /2020 DT 08/05/2020	**Assistance works in attending Housekeeping works, Office works and other various miscellaneous works at Administrative Building including sanitation materials for a period of one year (Job contract basis)**	24.41 Lakhs	24,450/-	12/05/2020 To 11/06/2020	11/06/2020
9	KIOM/ HOUSEKEEPING/ 2020 DT 09/05/2020	**Housekeeping work at KIOM Plant for a period of one year**	56.33 Lakhs	56,500/-	09/05/2020 To 09/06/2020	09/06/2020

Further clarification, tender related Sl. No. 01, 07, 08 may contact **diomcivil@nmdc.co.in**, Sl. 02 may contact **diomelectrical@nmdc.co.in**; Sl. 03 may contact **maswamy@nmdc.co.in**; Sl. 04 and 05 may contact **kiom.nmdc@gmail.com**; Sl. No. 9 may contact **arindam210990@nmdc.co.in**

For Sl No. 01 to 05 and 07 to 09; The detailed NIT and tender documents can be viewed and /or downloaded from NMDC's website **https://www.nmdc.co.in/nmdctender/default.aspx** or Central Public Procurement Portal **https://www.eprocure.gov.in**.

For Sl. 06 of above work; Prospective bidders may download the tender documents from website **https://www.mstcecommerce.com/eprochome/nmdc/**, **https://www.nmdc.co.in/nmdctender/default.aspx**, **https://www.eprocure.gov.in** and upload their offer on the mstcecommerce website portal as per instructions provided in tender documents. All prospective bidders are requested to visit the above mentioned MSTC website regularly for any corrigendum in this regard.

Further, for any corrigendum, amendment, clarification… etc may please follow the above website.

For and on behalf of NMDC Limited
JGM (Prod.)

HDFC MUTUAL FUND
BHAROSA APNO KA
MUTUAL FUNDS Sahi Hai

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

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

NOTICE

NOTICE is hereby given that HDFC Trustee Company Limited, the Trustee to HDFC Mutual Fund ("the Fund") has approved the declaration of dividend as under in the below-mentioned Schemes / Plans / Options of the Fund and fixed **Wednesday, May 13, 2020** (or the immediately following Business Day, if that day is not a Business Day) as the Record Date for the same:

Name of the Scheme / Plan / Option	NAV as on May 6, 2020 (₹ per unit)	Amount of Dividend (₹ per unit)	Face Value (₹ per unit)
Plans launched under HDFC Fixed Maturity Plans - Series 37:			
HDFC FMP 1218D December 2016 (1) - Regular Option - Normal Dividend Option	12.8958	Distributable surplus, as reduced by applicable statutory levy	10.00
HDFC FMP 1218D December 2016 (1) - Direct Option - Normal Dividend Option	13.0281		
HDFC FMP 1218D December 2016 (1) - Regular Option - Quarterly Dividend Option	10.0877		
HDFC FMP 1218D December 2016 (1) - Direct Option - Quarterly Dividend Option	10.0884		
HDFC FMP 1199D January 2017 (1) - Regular Option - Normal Dividend Option	12.7396		
HDFC FMP 1199D January 2017 (1) - Direct Option - Normal Dividend Option	12.9032		
HDFC FMP 1199D January 2017 (1) - Regular Option - Quarterly Dividend Option	10.0821		
HDFC FMP 1199D January 2017 (1) - Direct Option - Quarterly Dividend Option	10.0829		
HDFC FMP 1170D February 2017 (1) - Regular Option - Normal Dividend Option	12.7370		
HDFC FMP 1170D February 2017 (1) - Direct Option - Normal Dividend Option	12.8875		
HDFC FMP 1170D February 2017 (1) - Regular Option - Quarterly Dividend Option	10.0792		
HDFC FMP 1170D February 2017 (1) - Direct Option - Quarterly Dividend Option	10.0841		

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

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

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

For **HDFC Asset Management Company Limited**

Place : Mumbai
Date : May 7, 2020

Sd/-
Authorized Signatory

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