

**MADAN SABNAVIS**  
Govt needs to take a full Keynesian approach now

**EDITORIAL**  
A ₹4 lakh crore extra borrowing acknowledges huge fiscal slippage; raise loan-guarantee component in package

**FLYING LOW**  
IndiGo to make wider pay cuts, send some staff on leave without pay

**COVID UPDATE**  
WHO: Wuhan market had role in outbreak, but more research needed

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# FINANCIAL EXPRESS

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SENSEX: 31,642.70 ▲ 199.32 NIFTY: 9,251.50 ▲ 52.45 NIKKEI 225: 20,179.09 ▲ 504.32 HANG SENG: 24,230.17 ▲ 249.54 ₹/\$: 75.55 ▲ 0.21 ₹/€: 81.78 ▼ 0.01 BRENT: \$29.78 ▲ \$0.32 GOLD FUTURE: ₹46,084 ▼ ₹7

**IN THE NEWS**

**Sixteen migrant workers crushed to death by train**

A GOODS TRAIN ran over a group of migrant workers who fell asleep on the rail tracks on Friday killing 16 of them in Aurangabad district of Maharashtra, in a tragedy that highlighted the plight of thousands of labourers hit by lockdown walking long distances back to their native states, reports PTI. The Railways announced a comprehensive probe into the accident which occurred at 5.15 am near Karmad, around 30 km from Aurangabad city.

**26 test positive: Cadila shuts Ahmedabad unit**

GUJARAT-BASED CADILA PHARMACEUTICALS, has decided to shut its Ahmedabad plant's operations from Friday after 26 employees tested positive for Covid-19, reports **fe Bureau** in Ahmedabad. "We are undertaking deep sanitisation of the plant and its surroundings. We are cooperating with the local administration at all levels to ensure the safety and security of our facility and surroundings," said the company in its official statement

**AIIB's \$500-m loan for India's Covid fight**

THE ASIAN INFRASTRUCTURE Investment Bank has approved a loan of \$500 million to support India's efforts to fight Covid, reports PTI. AIIB's Covid-19 Crisis Recovery Facility, has an initial size of \$5 to \$10 billion to support its members' urgent economic, financial and public health pressures.

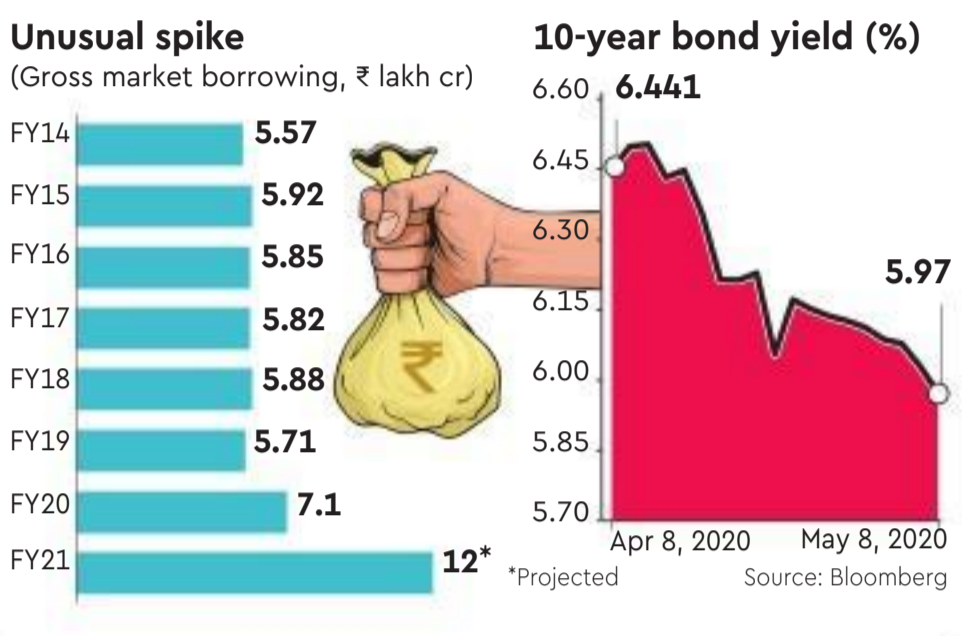
**INEVITABLE STEP**

## FY21 borrowing target raised by a massive 54%

Revenues dried up, so Centre reconciles to higher deficit, yet stimulus size to be small; all eyes on RBI plan

**FE BUREAUS** New Delhi/Mumbai, May 8

THE CENTRE ON Friday ended its silence on whether and how its short-term fiscal stance will be altered in the wake of Covid-19 crisis, by announcing a sharp 54% increase in its FY21 gross borrowing target to ₹12 lakh crore from ₹7.8 lakh crore planned earlier. However, the step, with the potential to inflate the borrowing costs of



states and Corporate India, won't still create room for a fiscal stimulus of the magnitude many experts have pitched for, given that the sharp economic slump will sure blast a big hole in its revenue receipts. The revenue shortfall could be of the same order of the additional borrowing planned of ₹4.2 lakh crore through the year, if not higher. So, what best the latest step could mean is that government spending, while being re-prioritised in a significant manner, might not shrink

much, in the aggregate. Of course, the recent spike in fuel taxes could generate an extra ₹1.4 lakh crore through the current fiscal, but even that won't plug the revenue shortfall. Analysts expect the benchmark 10-year bond yield, which dropped below 6% on Friday, to rise again. Bond dealers said the additional borrowing might push yields higher by 15-20 basis points when the market opens on Monday unless the RBI announces 'some solid steps' to finance the enlarged government deficit. Ananth Narayan, professor-finance at SPJIMR, said, "What matters to the market is whether the RBI will announce OMO purchases of dated securities to support the additional borrowing."

Continued on Page 2

**SOVEREIGN RATING**

**Moody's warns of downgrade, pegs 0% India FY21 growth**

**FE BUREAU** New Delhi, May 8

MOODY'S INVESTORS SERVICE on Friday trimmed its FY21 growth projection sharply to 0% for India in the wake of the Covid-19 outbreak and warned of a possible rating downgrade for the country if fiscal metrics "weaken materially". The global rating agency had in November 2019 revised down its outlook for India from stable to negative, although its sovereign rating of Baa2 is still a notch above those of S&P and Fitch — both the rating agencies have assigned the lowest investment grade to India, with a stable outlook.

In its latest credit opinion, Moody's said: "This would probably happen in the context of a prolonged or deep slowdown in growth, with only limited prospects that the government would be able to restore stronger output through economic and institutional reforms."

Moody's warning follows a similar statement by Fitch and is expected to add to policymakers' unease, as they firm up a relief package to prop up the economy.

Continued on Page 2

**TRADE TALK**

## RCEP seeks to bring India back, offers concessions

**SHRUTI SRIVASTAVA** New Delhi, May 8

A CHINA-BACKED REGIONAL trade bloc has offered concessions to India in a bid to bring it back to the grouping after the South Asian nation exited talks last year, people with the knowledge of the matter said.

The bloc, now comprising 15 nations — ASEAN countries, Japan, Australia, New Zealand, South Korea and China — has written a letter seeking India's return and expressed willingness to discuss the demand for measures that prevent dumping and safeguard mechanisms to check influx of cheap Chinese goods, the people said asking not to be identified citing

**KEY POINTS**

- India wants steps to prevent dumping and safeguard mechanisms to check influx of cheap Chinese goods
- Concerns are high deficits with China and better market access for its services not being addressed

rules. These are crucial to protect interest of local small businesses, they added. The group is keen to get India back into the fold as it offers a ready market of 1.3 billion people.

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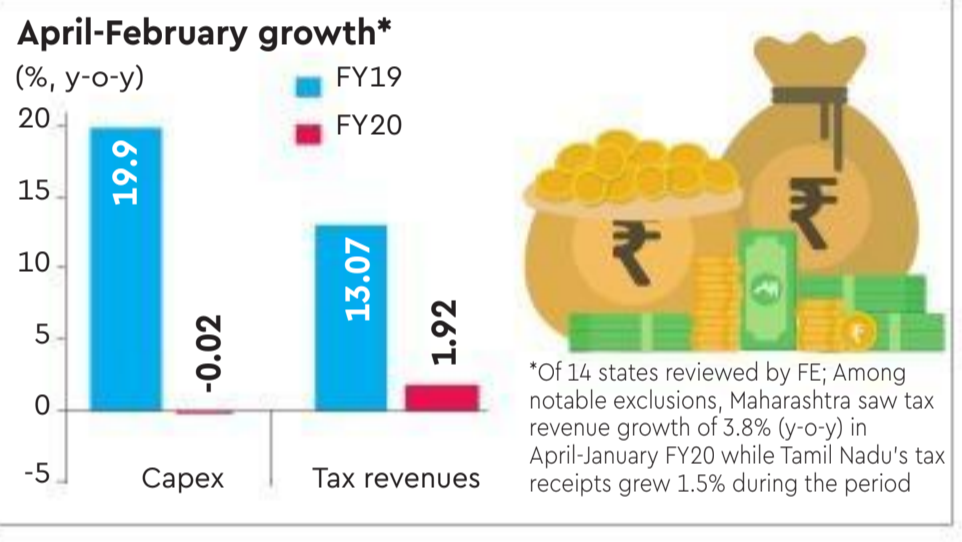
**CAPEX SHRINKS**

## States' tax revenue slipped even before Covid

**PRASANTA SAHU** New Delhi, May 8

EVEN BEFORE COVID-19 hit their finances hard, state governments had faced severe revenue constraints through the second half of the last fiscal. Tax revenues of 14 states — whose budgets were reviewed by **FE** — grew a measly 1.9% in the first eleven months of FY20, against 1.3% a year ago.

To soften the blow to their balance sheets, these states applied the brakes on their capital expenditure (flat growth against 20% growth a year ago), but might still have to report fiscal slippages for FY20. The combined fiscal deficit



of all states was budgeted at 2.6% of GDP in FY20. Lowering of capex by states has been a drag on the country's GDP growth in the second half of FY20. Public capex has been supporting the economy in a major way over the past few

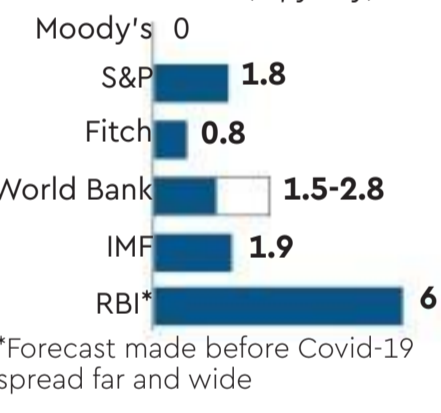
years in the absence of strong private support. In recent years, the ratio of public capex has been roughly in the 5.5:5:3.5 ratio among the states (budget), central PSUs and the Centre (budget).

As for the states' mentioned move, only 58% of the FY20 capex target of ₹3.6 lakh crore was achieved in the first eleven months. Worse, there was a decline in the Centre's tax transfers in the final month of FY20, partly due to a huge shortfall in the Centre's tax receipts but also due to the unpaid GST compensation due to the inadequacy of the relevant cess proceeds.

In April-February of the last fiscal, these 14 states (Tamil Nadu and Maharashtra are the notable exclusions due to unavailability of data) have borrowed ₹2.5 lakh crore or 64% of their annual target, compared with 50% of the relevant target a year ago.

Continued on Page 2

**FY21 India GDP growth forecasts**



\*Forecast made before Covid-19 spread far and wide

**TECH IT FORWARD**

## Vista Equity to invest \$1.5 bn in Jio Platforms

**FE BUREAU** Mumbai, May 8

THE ₹11,367-CRORE (\$1.5-BILLION) investment by private equity investor Vista Equity Partners for a 2.32% stake in Jio Platforms will help Reliance Industries (RIL) pare its net debt further from the levels of ₹1.6 lakh crore. The deal could see Jio Platforms becoming a stronger technology company as both Silver Lake and Vista primarily invest in technology platforms.

The investment by Vista in Jio Platforms may be used to redeem optionally convertible preference shares (OCPs) held by RIL, according to some analysts. Together with the \$5.8-

**RIL's fund raising plans** (₹ cr)

Facebook-Jio	43,574
Rights issue	53,125*
Silver Lake-Jio	5,656
Vista-Jio	11,367
BP-Fuel Retailing	7,000*

\*In the pipeline

billion infusion by Facebook and Silver Lake's \$750 million, the Vista investment takes the equity inflow into Jio Platforms to \$7.95 billion (₹60,500 crore) for a stake of 13.45%.

Continued on Page 2

**Special Feature**

## Licence to drive the autobahn will have to wait



Germany's famously tough driving schools are in lockdown, a microcosm of the toll that the pandemic is taking on small firms; driver education is a big deal in Germany

**Motobahn, P9**

**Quick Picks**

## Industries want suspension of most labour laws for 3 years

EMPLOYERS DEMANDED suspension of almost all labour laws barring a few for the next two-three years to help the industry come out of the present crisis, reports **fe Bureau** in New Delhi. In a webinar with Union labour minister, employers flagged the need for raising daily working hours to 12 hours from 8 hours. Suggestions include the need for suspension of "the labour laws for the next two-three years, among others". **PAGE 2**

## Investors cautious, net inflows into equity MFs halve in April

NET INFLOWS into equity schemes of mutual funds in April were the slowest in four months at ₹6,212.96 crore as investors turned cautious, reports **fe Bureau** in Mumbai. Compared to March, net inflows into equity schemes in April declined by 47%. Data from the Amfi showed that flows into equity schemes through SIPs in April was at ₹8,376 crore, which is a tad lower than ₹8,641 crore inflows seen in March. **PAGE 10**

## Cognizant eyes digital skills, to hire 20,000 at entry level

COGNIZANT TECHNOLOGY Solutions, which has significant workforce in India, on Friday said it will continue to invest in the business, while decreasing certain costs due to Covid wrecking havoc in the global marketplace, reports **fe Bureau** in Chennai. Expecting a challenging demand environment throughout 2020, the company plans to invest in developing digital skills while correcting the employee pyramid, by on-boarding close to 20,000 entry-level hires. **PAGE 4**

**TRACKING COVID**

## Alarm as Odisha, Jharkhand see cases linked to migrants

**KAUNAIN SHERIFF M & GARGI VERMA** New Delhi, Raipur, May 8

AS THE SUPREME Court Friday stayed an interim order by the Orissa High Court asking the state government to ensure that the migrants seeking to come back "should (have) tested negative" for Covid-19, concerns are rising in the state about cases linked to returning workers.

Ganjam district, that had two cases on May 2, has 47 now, all linked to migrant labourers coming from hotspot Surat in Gujarat. In the orange zone earlier, Ganjam now is third in Odisha in number of cases, after Jajpur (55) and Khurda (50). Other districts in Odisha, Bhadrak (3), Kendrapara (5), Balasore (2), Mayubhanj (4) and Jagatsinghpur (4), have also reported cases of those returning from Surat testing positive.

Similar concerns have been raised in Palamu district in Jharkhand, where positive cases have turned up among those who returned from Chhattisgarh in the last week of April. The cases are a jolt to the Centre's calculation that Covid-19 would mimic the 2009 H1N1 pandemic in India, where smaller towns with low population densities reported only a few cases.

The first two positive cases in Ganjam had been screened at Surat, which seemed to have been ineffectual as they were asymptomatic at the time. One of the two, a 17-year-old, said he shared a room between March 24 and April 27 with five roommates in Surat and "sometimes" visited a nearby market.

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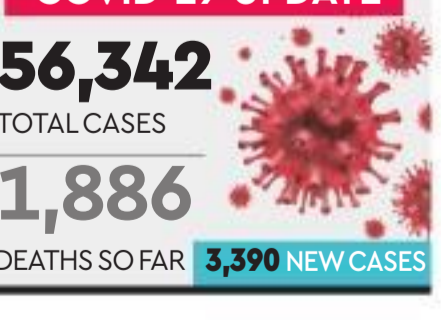


Migrants who arrived by a special train from Gujarat leave Danapur station in Patna on Friday

## 220 return from Bihar as Telangana makes a plea

**SREENIVAS JANYALA & SANTOSH SINGH** Hyderabad, Patna, May 8

AT A TIME when migrant workers are heading back to their home states, 222 workers,



Continued on Page 2

mostly from Khagaria district of Bihar, opted for the reverse journey as they boarded a special train to Telangana on Thursday. The train, which left Khagaria in the early hours of Thursday, arrived at the Lingampalli Railway Station in Hyderabad at 1 pm on Friday. Telangana civil supplies minister G Kamalakar and members of the Telangana Rice Millers Association welcomed the workers with roses, food and water packets.

Continued on Page 2

## SC says states can look at online sale, home delivery of liquor

**ANANTHAKRISHNAN G** New Delhi, May 8

THE SUPREME COURT on Friday said states could explore the option of online sale or home delivery of liquor to avoid overcrowding at vends. Dismissing a PIL against the re-opening of liquor vends, the bench of justices Ashok

Bhushan, SK Kaul and BR Gavai said while it was not inclined to entertain the plea "however, it shall be open for the concerned state government to consider non-direct sale including online sale/home delivery of liquor to facilitate social distancing".

Continued on Page 2

**TCI EXPRESS**

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ROCE 38.06% ROE 26.41% REVENUE 1.00% PAT 22.30%					
AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31st MARCH 2020					
Sr. No.	Particulars	(Rs. in Crores except as stated otherwise)			
		3 Months Ended	3 Months Ended	Year Ended	Year Ended
		31st March 2020	31st March 2019	31st March 2020	31st March 2019
1	Total Income from operations (net)	239.11	267.04	1,036.33	1,026.98
2	Net Profit / (Loss) for the period ( before Tax, Exceptional items and/or Extraordinary items)	25.51	32.82	116.98	111.87
3	Net Profit / (Loss) for the period before Tax (after Exceptional items and/or Extraordinary items)	25.51	32.82	116.98	111.87
4	Net Profit / (Loss) for the period after Tax (after Exceptional items and/or Extraordinary items)	19.01	21.74	89.08	72.84
5	Total Comprehensive Income for the period (Comprising Profit/(Loss) for the period (after tax) and other comprehensive income (after tax))	18.94	20.88	88.10	71.98
6	Paid up Equity Share Capital (Face Value Rs. 2)	7.67	7.66	7.67	7.66
7	Earning per share -EPS (not annualized)-In Rs.				
	Basic Earning Per Share	4.96	5.68	23.23	19.02
	Diluted Earning Per Share	4.94	5.66	23.19	19.00

**Notes:-**

- The above is an extract of the detailed format of Quarter/Year ended Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarter/Year ended Financial Results are available on the Stock Exchange websites. (www.bseindia.com and www.nseindia.com) and on the Company's website (www.tcicxpress.in). Attention is drawn to Note no. 5 of the said financial results explaining the impact of the COVID 19 pandemic on the company's business.
- The above financial results for the quarter/ year ended 31st March 2020 are the IND-AS compliant results and have been prepared in accordance with the applicable Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs u/s 133 of the Companies Act 2013.

Place : Gurugram  
Date : May 8, 2020

For TCI Express Limited  
Chander Agarwal  
Managing Director

# Employers for labour laws suspension for 2-3 years FM to meet PSB chiefs on Monday

FE BUREAU,  
New Delhi, May 8

**EMPLOYERS DEMANDED SUSPENSION** of almost all labour laws barring a few for the next two-three years to help the industry come out of the present crisis arising out of Covid-19 pandemic. In a webinar with Union labour minister Santosh Kumar Gangwar on Friday, employers flagged the need for raising daily working hours to 12 hours from 8 hours.

An official statement issued after the meeting said

suggestions given by representatives of the employers' organisations include the need for suspension of "the labour laws for the next two-three years, except the provisions like minimum wages, bonus and statutory dues, to help the industry to come out of the present crisis".

Employers also requested the government to provide an appropriate package to industries so that the business is sustainable and there is no loss of job opportunities. Also on their ask list was the need for relaxation of the provisions of



Industrial Disputes Act to treat the lockdown period as lay-off.

Keeping in view the difficulties being faced by the industry and liquidity crisis, wages paid to workers may be covered under expenses under CSR funds, they said and demanded that the maximum permissible limit for workers' attendance in workplaces should be enhanced to 50% from 33% now.

Power supply to the industry at subsidised rates and reduction in the social security cost for both employees and employers were also on their

demand list.

Criticising industries' demands, labour expert KR Shyam Sundar said, "The virus of planned labour reforms following Madhya Pradesh and then Uttar Pradesh is progressively offering more flexibility to employers and the virus is fast spreading to various states, and now it has reached to the national level in order to extract maximum labour flexibility from the government, which is worse than the Covid virus."

Leading industry bodies took part in the webinar.

**BANIKINKAR PATTANAYAK**  
New Delhi, May 8

FINANCE MINISTER NIRMALA Sitharaman will hold a meeting with top executives of state-run banks on Monday to review a raft of issues, including credit flow to key sectors like MSMEs and NBFCs, rate transmission to borrowers and progress under the targeted long-term repo operations (TLTRO), sources told FE.

The meeting, to be held via video conference, will also dwell on credit disbursement since March, with the focus on

Covid-19 related credit sanction and offtake. The deployment of excessive funds by banks under the reverse repo route and the repayment moratorium will also be discussed, said the sources.

Monday's meeting is also aimed at reviewing the lenders' preparedness to support the credit appetite of the economy once the lockdown is fully lifted. The meeting comes at a time when the government is preparing to roll out its next relief package, which is expected to focus on supply-side responses, including liq-

uidity and credit offtake.

As for easing credit flow, several PSBs, including SBI and PNB, have hiked the working capital limit for eligible customers to help them tide over a temporary liquidity shortage. PSBs are staring at massive losses, especially in Q1 of FY21, due to the Covid-19 outbreak and the lockdown, which will likely erode their capital position. So infusion will be critical, especially in the September and December quarters, once the corona impact hopefully starts to ebb and the economy needs a massive credit push.

## From the Front Page

### Alarm as Odisha, Jharkhand see cases linked to migrants

HE LEFT Surat on April 27 and reached Ganjam three days later, travelling with 56 others, including three of his roommates, on a special bus. Put in a government quarantine, he tested positive on May 2. The second case in Ganjam was of a 22-year-old who stayed alone in Surat, "often went outside to have food", and travelled back on the same bus. Ganjam saw two more cases, on May 4 and 5, both 18-year-olds who had returned from Surat.

### 220 return from Bihar as Telangana makes a plea

"TELANGANA CHIEF Secretary had asked for sending back the migrants for the rice mills in the state. The local coordinators, who keep in touch with migrant workers, contacted them, and 222 workers boarded the train," said Bihar Deputy Chief Minister Sushil Kumar Modi. The rice mill owners in Telangana provided the names and contact details of labour contractors, supervisors and workers to the state's civil supplies department, which then coordinated with the Bihar government officials.

### SC: states can look at online sale, home delivery of liquor

THE PETITIONER,

Guruswamy Nataraj, a Noida resident, urged the court to declare the May 1 Covid guidelines by the Centre as unconstitutional, null and void "to the extent they permit the sale of alcoholic liquor for human consumption at liquor vendors/shops through direct contact sales during the lockdown period".

Appearing for the petitioner, Advocate J Sai Deepak told the bench that the number of vendors were few compared to the demand and there was crowding at the outlets, resulting in social distancing norms being flouted.

He said that there were about 70,000 licensed liquor vendors in the country and approximately five crore consumers.

The bench said there were reports that some discussions about home delivery, etc, were going on and asked how an Article 32 petition could be maintainable in the matter.

Sai Deepak said states were opening the vendors as they had been permitted by the Ministry of Home Affairs and as such the plea was directed at the MHA guidelines with respect to direct contact sales.

He pointed out that Chhattisgarh was already implementing online sale and home delivery, a better alternative to direct contact sales.

He said all the gains made due to the lockdown would be squandered if prohibition of direct contact sale was not brought back. He said a balance could be struck between the state's interest of generating revenue and public health by permitting only non-direct contact sales through online

and home delivery mode.

He said the life of a common man should not be affected because of the re-opening of the vendors.

### RCEP seeks to bring India back, offers concessions

Also, India could be key to its success in a post-pandemic world as economies collapse and protectionism creeps across Europe and the US. India had opted out of the Regional Comprehensive Economic Partnership, or RCEP, after seven years of negotiations, on the grounds that its "core interest remained unresolved".

### FY21 borrowing target raised by a massive 54%

THERE ISN'T clarity yet on whether the RBI would opt for monetising a part of the Centre's fiscal deficit by buying bonds issued by it directly in H1, although many see this happening later in the year.

According to Barclays Research, the move could give the government room not just to reduce the pressure from estimated revenue losses of around 2% of GDP, but also potentially to scale up expenditures by ₹1.9 lakh crore (0.9% of GDP) from current levels, accounting for the fuel taxes mop-up, (extra) expenditures already announced and factored revenue losses.

FE had estimated earlier

that if the Centre's budgetary expenditure for FY21 has to be maintained at the same level as budgeted, it will have to allow a huge fiscal slippage from the budgeted 3.5% of the GDP and incur a fiscal deficit of 5% or higher. If nominal GDP size in FY21 turns out to be some 4% less than the budgeted ₹225 lakh crore and a net tax revenue shortfall of over ₹3 lakh crore from the budgeted level could inflate FY21 fiscal deficit to 5.3% or thereabouts, in a possible scenario where tax buoyancy is close to zero. The deficit would be higher if one assumes disinvestment receipts shortfall of ₹1 lakh crore, and still graver if the nominal GDP growth turns out to be just 4% (0% real growth has been predicted by Moody's for FY21 and Nomura predicted 0.5% contraction for 2020).

The enhanced borrowing will mean a fiscal deficit of at least 5.5% in FY21, against the budgeted 3.5%, under unchanged conditions, according to CARE Ratings.

The Centre plans to borrow as much as ₹6 lakh crore between May 11 and September 25 in equal weekly tranches of ₹30,000 crore, having already borrowed some amount earlier this fiscal.

For states, which are at the forefront of the Covid-19 battle, higher borrowing costs would further strain their finances. As such, on April 7, in the first instance of the auction for state development loans (SDL) this fiscal, nine states had to issue 10-year bonds at yields between 7.80% to 8%. Investors sought a spread of 140-160 basis points above the central government bond yield of 6.4% for the same tenure. Kerala, which offered 15-year securities, would pay as much as 8.96%, the highest rate by any state. While the yields for some states have since eased, these are still too high for comfort.

While the combined fiscal deficit of states in FY20 is seen at breaching the 2.6% (of GDP) target, several states are now asking for the FRBM forbearance in FY21 to raise the deficit to even 5%.

The gravity of the immi-

nent fiscal slippage would be better appreciated against the fact that consolidated fiscal deficit of the Centre and the states in FY19 was estimated at 5.8% — Centre 3.4% and states 2.4%. States are likely to report some slippage in FY20 and the Covid-19 crisis could exacerbate their fiscal positions in FY21. So, we may be looking at consolidated gross fiscal deficit of 8-9% in FY21, with the actual deficit (including off-Budget) even higher at near double-digit levels. Clearly, the FRBM mandate is being besmirched, but there is hardly any way out, at this juncture.

Announcing the revised calendar, the government said all the auctions covered by the calendar will have the facility of non-competitive bidding scheme, under which 5% of the notified amount will be reserved for the specified retail investors.

"Like in the past, the Reserve Bank of India, in consultation with the Government of India, will continue to have the flexibility to bring about modifications in the above calendar in terms of notified amount, issuance period, maturities, etc, and to issue different types of instruments, including instruments having non-standard maturity and Floating Rate Bonds (FRBs), including CPI-linked inflation linked bonds, depending upon the requirement of the Government of India, evolving market conditions and other relevant factors, after giving due notice to the market," according to an official statement.

The central bank will also conduct switches of securities through auction on every third Monday of the month.

Commenting on ways to finance the fiscal deficit, chief economic advisor (CEA) Krishnamurthy V Subramanian had on Thursday told India Today channel that around \$60 billion could be raised through listing government bonds on the global indices. However, this money is likely to be raised only in the second half of this fiscal and next fiscal. Nevertheless, this route will enable the government to structure

the borrowing plan and finance the deficit in a way that the cost of borrowing doesn't rise much, he said.

Aditi Nayar, principal economist at ICRA, said: "Higher borrowings are likely to push up yields, unless open market operations or other instruments are deployed by the RBI to absorb a part of the higher issuance, and crowd out borrowings by state governments and corporates."

### Capex shrinks: States' tax revenue slipped even before Covid

IN MARCH 2020, all states among themselves borrowed a total of ₹1,16,272 crore through the state development loan auctions, compared with just ₹62,297 crore in March 2019.

Combined tax revenues (own receipts and transfers from the Centre) of the 14 states reviewed were ₹9.69 lakh crore in April-February of FY20, against ₹9.5 lakh crore in the same period of the previous fiscal. These states' combined budgeted tax revenue target for the last fiscal was ₹13.3 lakh crore (which means only 73% of the annual target was achieved in April-February of 2019-20 compared with 79% of the relevant target a year ago). Though the tax receipts conventionally get a push in March, the April-February gap was too big to bridge. On the contrary, the adverse impact of Covid-19 on revenues in March could have further worsened the finances of the states.

The states' revenues could suffer massively in FY21 due to lockdown and social distancing to check the spread of coronavirus. At the same time, their expenditure obligations have risen.

Officials from over half a dozen states told FE that their states' own tax revenues (OTRs) in April were less than a fourth of the usual (estimated) level, with some putting the figure at even 10%. Several state chief ministers have demanded that the FRBM-mandated fiscal deficit ceiling be raised from 3% of GDP to 5% for FY21 to

enable them to borrow more funds. While petitioning the Centre for additional funds to combat the pandemic, many states have front-loaded their borrowings. Some even used more than 90% of the Q1 borrowing window, even disregarding high interest costs.

Even though data for February is not yet available, in the first 10 months of FY20, Maharashtra reported just 3.8% growth in tax revenues while Tamil Nadu's tax receipts in the period grew by an even lower 1.5%.

The fourteen states whose finances have been reviewed by FE are Uttar Pradesh, West Bengal, Gujarat, Karnataka, Madhya Pradesh, Rajasthan, Kerala, Odisha, Punjab, Chattisgarh, Haryana, Jharkhand, Himachal Pradesh and Nagaland.

### Sovereign rating: Moody's warns of downgrade, pegs 0% India FY21 growth

ALREADY, SEVERAL analysts have warned of a negative growth for the entire fiscal, amid a nation-wide lockdown. Manufacturing and services activities have witnessed unprecedented contraction in April, as per the PMI survey. Unemployment rate surged to as much as 27.1% in the week through May 3, according to the Centre for Monitoring of Indian Economy. Moody's, however, expects GDP growth to recover to 6.6% in FY21.

Government finances in India are stressed, amid a big decline in revenue growth and rising expenditure obligations. Tax revenues of most state governments were less than a fourth of the estimated level in April. While the Centre's tax revenue in FY21 is estimated by various agencies and experts to be Rs 3-5 lakh crore below the budgeted level, the Centre is trying to soften the blow to its finances by being wary of loosening its purse strings. Also, it is apparently attempting to shift the extra fiscal burden arising out of the Covid-19 pandemic to states and central public sector undertakings.

While an additional fiscal burden of some Rs 75,000 crore has been committed by the Centre already, the expenditure curbs on various departments in June quarter would more than offset this outgo. Of course, more fiscal packages are likely to be announced by the Centre over the course of the pandemic and its immediate aftermath, although there is no clarity as yet on the size of such stimulus.

Chief economic adviser Krishnamurthy Subramanian has recently indicated that borrowing of around \$60 billion to fund the rising fiscal deficit could theoretically be through listing government bonds on the global bond indices. "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," he said. Moody's said a marked and long-lasting weakening in the health of the financial sector of India would both "raise associated fiscal costs should the government need to support some financial institutions, and increase the risk that growth remained too low to prevent a rise in the debt burden".

Separately, in a report released on Friday, S&P said it expected the banking systems of Indonesia and India to be among the worst hit in the Asia-Pacific region. It said: "India's complete lockdown, accompanied by forced closures of nonessential businesses and declining demand, are hurting the economy. We expect the sharp decline in

India's GDP growth in the current year to lead to a sharp rise in nonperforming assets."

Commenting on outlook, Moody's said on Friday: "The negative outlook reflects increasing risks that economic growth will remain significantly lower than in the past. This is in light of the deep shock triggered by the coronavirus outbreak, and partly reflects lower government and policy effectiveness at addressing longstanding economic and institutional weaknesses, leading to a gradual rise in the debt burden from already high levels."

The rating agency, however, said India's credit profile is supported by its large and diverse economy, and stable domestic financing base. "This is balanced against high government debt, weak social and physical infrastructure, and a fragile financial sector, which face further pressures amid the coronavirus outbreak. The shock will exacerbate an already material slowdown in economic growth, which has significantly reduced prospects for durable fiscal consolidation," it added.

Talking about the debt-to-GDP ratio following massive borrowing to fund productive spending, CEA Subramanian told India Today channel on Thursday that even if the country witnessed 4%-plus real GDP growth for 5-10 years from FY22, the debt levels would still come down. The important point in the debt sustainability issue is that the rate of borrowing will be far lower than our nominal GDP growth rates.

### Vista Equity to invest \$1.5 bn in Jio Platforms

THE VISTA infusion values Jio Platforms at an equity value of ₹4.90 lakh crore, a 12.5% premium to valuation of ₹4.62 lakh crore post the Facebook investment.

The money will come in handy. Although Reliance Jio's operating cash flows jumped 149% year-on-year in FY20, thanks to a big jump in the operating profits and lower working capital investments, the higher capex of ₹67,200 crore resulted in a negative free cash flow of ₹50,700 crore. Over the past five years, Reliance Jio has reported a negative free cash flow of \$24bn, analysts at Jefferies noted.

Moreover, analysts at JP Morgan pointed out that RIL's organic free cash flow generation for FY21 could be impacted and if the reported capex continues to be in the range of ₹60,000-80,000 crore it would be FCF-negative again in FY21E.

The rise in Jio's ARPU (average revenue per user) during Q4FY20 was lacklustre, analysts said despite the fairly sharp 14-5% hike in tariffs in early December. However, the addition to net subscriptions was up 18% at 17 million allaying concerns that the discipline in tariffs might not sustain. The lower level of churn, analysts at Jefferies noted reflect Jio's 7-20% discount to tariffs of Bharti Airtel's even after the hikes.

The RIL management has said it would like to be debt-free by 2020. Analysts at Morgan Stanley said that the company continues to deleverage its balance sheet via stake sales in subsidiaries, rights issues and slowing down new investment. At the time of Silver Lake transaction, Moody's Investors Service had said that including the recently announced rights issue (\$7 billion) and the investments by Silver Lake and Facebook Inc, RIL has announced initiatives that could reduce net debt by about \$13.6 billion from reported net debt of \$21.4 billion as on March 31, 2020.

**ICICI Prudential Asset Management Company Limited**  
Corporate Identity Number: U99999DL1993PLC054135

**Registered Office:** 12<sup>th</sup> Floor, Narain Manzil, 23, Barakhamba Road, New Delhi - 110 001.  
**Corporate Office:** One BKC, 13<sup>th</sup> Floor, Bandra Kurla Complex, Mumbai - 400 051.  
Tel.: +91 22 2652 5000, Fax: +91 22 2652 8100, Website: www.iciciprumpf.com, Email id: enquiry@icicipruamc.com  
**Central Service Office:** 2<sup>nd</sup> Floor, Block B-2, Nirfon Knowledge Park, Western Express Highway, Goregaon (E), Mumbai - 400 063. Tel.: 022 2685 2000 Fax: 022 26868313

**Notice to the Investors/Unit holders of ICICI Prudential Fixed Maturity Plan - Series 73 - 1140 Days Plan E (the Scheme)**

Notice is hereby given that ICICI Prudential Trust Limited, Trustee to ICICI Prudential Mutual Fund has approved declaration of the following dividend under the dividend option of the Scheme, subject to availability of distributable surplus on the record date i.e on May 14, 2020\*:

Name of the Scheme/Plan	Dividend (₹ per unit) (Face value of ₹ 10/- each) <sup>5#</sup>	NAV as on May 6, 2020 (₹ per unit)
<b>ICICI Prudential Fixed Maturity Plan - Series 73 - 1140 Days Plan E</b>		
Dividend	0.0500	15.1669

<sup>s</sup> The dividend payout will be subject to the availability of distributable surplus and may be lower depending upon the extent of distributable surplus available on the record date under the dividend option of the Scheme.

<sup>#</sup> Subject to deduction of applicable statutory levy.

<sup>\*</sup> or the immediately following Business Day, if that day is a Non - Business Day.

Dividend will be paid to all the unit holders/beneficial owners whose names appear in the register of unit holders/Statement of beneficial owners maintained by the Depositories, as applicable under the dividend option of the Scheme, at the close of business hours on the record date.

**It should be noted that pursuant to payment of dividend, the NAV of the dividend option of the Scheme would fall to the extent of dividend payout and statutory levy (if applicable).**

**Suspension of trading of units of the Scheme:**

The units of the Scheme are listed on National Stock Exchange of India Limited (NSE). The trading of units of the Scheme will be suspended on NSE with effect from closing hours of trading of May 11, 2020.

For the purposes of redemption proceeds, the record date shall be May 14, 2020.

**For ICICI Prudential Asset Management Company Limited**

Place : Mumbai Sd/-  
Date : May 8, 2020 **Authorised Signatory**

No. 007/05/2020

To know more, call 1800 222 999/1800 200 6666 or visit www.iciciprumpf.com

**NSE Disclaimer:** It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Scheme Information Document (SID) has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the SID. The investors are advised to refer to the SID for the full text of the Disclaimer clause of the NSE.

As part of the Go Green Initiative, investors are encouraged to register/update their e-mail id and mobile number to support paper-less communications.

To increase awareness about Mutual Funds, we regularly conduct Investor Awareness Programs across the country. To know more about it, please visit <https://www.iciciprumpf.com> or visit AMFI's website <https://www.amfiindia.com>

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

**Nippon India Mutual Fund** (Formerly Reliance Mutual Fund)  
Wealth sets you free

**Nippon Life India Asset Management Limited**  
(formerly known as Reliance Nippon Life Asset Management Limited)  
(CIN - L65910MH1995PLC220793)

**Registered Office:** Reliance Centre, 7th Floor, South Wing, Off Western Express Highway, Santacruz (East), Mumbai - 400 055.  
Tel No. +91 022 4303 1000 • Fax No. +91 022 4303 7662 • www.nipponindiamf.com

**NOTICE CUM ADDENDUM NO. 14**

Investors are requested to note that Nippon India Mutual Fund ("NIMF"/ Nippon Life India Asset Management Limited ("NAM India") (formerly known as Reliance Nippon Life Asset Management Limited) has decided to introduce "Nippon India WhatsApp Facility" ("facility") with immediate effect, features of which are as listed below:

- This facility will allow existing investors (Resident Individuals) to subscribe the units of Nippon India Liquid Fund (Growth Plan/Growth Option). To avail this facility existing, investors (Resident Individuals) will have to save "+91 8433938264" on their mobile phones and send "Hi" on WhatsApp through their registered mobile number.  
For the said purpose, "Nippon India WhatsApp Facility" shall be considered as an "official point of acceptance". Please note the uniform cut - off timing as prescribed by SEBI from time to time and mentioned in the Scheme Information Document ("SID") shall be applicable for transactions received through this facility.
- This facility will allow investors to check the current KYC status.
- Investors can also explore various digital platforms of NIMF by way of this facility.

All Transactions through this facility are subject to such limits, operating guidelines, terms and conditions as may be prescribed by NIMF from time to time. NIMF / NAM India reserves the right to introduce, change, modify or withdraw the features available in this facility from time to time.

Further, the section related to "Transactions through website of Nippon India Mutual Fund www.nipponindiamf.com, Nippon India Mutual Fund mobile applications and other digital assets / platforms" in the SID of Nippon India Liquid Fund will be suitably modified by adding the above feature.

This addendum forms an integral part of SID of Nippon India Liquid Fund and all other terms and conditions of the aforesaid document read with the addenda issued from time to time will remain unchanged.

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

Mumbai Sd/-  
May 08, 2020 **Authorised Signatory**

**Make even idle money work! Invest in Mutual Funds**

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

# Hike MSP, levy cess on sugar: Task Force

PRASANTA SAHU  
New Delhi, May 8

A NITI AAYOG task force (TF) has recommended a one-time increase in minimum selling price (MSP) for sugar to ₹33/kg (from ₹31) to unburden mills, capping of farmer's land use for sugarcane at 85% of total holding, a cess of ₹50/quintal (excluding exports) and cash incentive of ₹6,000/hectare for farmers shifting to alternative crops from sugarcane.

The report of the panel on sugarcane and sugar industry, headed by Niti Aayog member Ramesh Chand, was submitted on April 21. It has been forwarded to the ministries of agriculture, commerce, finance and water resources for action.

The TF has recommended that the revenue sharing formula needs to be introduced with a price stabilisation fund to protect farmers from receiving prices below the fair and remunerative price (FRP). It suggested implementation of the scientific formula suggested by the C Rangarajan committee with slightly upwards adjustment in sugarcane prices, keeping in view the improvement in recovery rates in the last few years.

"Thus, in place of 70% price of sugar and byproducts and 75% price of sugar only, the pricing formula can be 75% of sugar and byproducts and 80% of sugar price. This formula can be implemented prospectively, say from sugar season 2020-21 and 2021-22," the TF said.

The reasons for farmers in water-scarce areas sticking to sugarcane farming are support prices, assured market and profitability ensured by the Centre and state governments. Even as large parts of the country witness acute water scarcity and depletion of water tables, agriculture consumes a disproportionate

## KEY RECOMMENDATIONS OF NITI AAYOG TASK FORCE

- Raise MSP on sugar by ₹2 to 33/kg to reduce financial stress on mills
- Levy ₹50/quintal cess on sugar to create a fund to aid industry
- ₹6,000/hectare to farmers to shift to alternative crops
- Cap land use by farmers for sugarcane at 85% of their farming area
- Implement revenue sharing formula for sugarcane price fixing



more than three-fourths of the country's fresh water resources. Most of irrigation water is used for rice and sugarcane, the two most water-guzzling crops.

While the Centre has been helping the sugar industry clear cane dues (₹20,000 crore for many months in the past two sugar seasons) in recent years through packages, including loans and interest subsidy, the steps have failed to prevent arrears from piling up at regular intervals when sugar prices drop, thanks to generous and unreasonable hikes in cane prices by both the Centre and states like Uttar Pradesh.

The TF recommended a one-time increase in MSP to ₹33/kg from ₹31 as it would help sugar mills to cover the cost of production, including interest, maintenance costs, etc. The MSP for sugar should be reviewed after six months of the notification to enhance it. The current MSP does not even cover the cost of manufacture, given the current FRP for sugarcane at ₹275/quintal (state administered prices are even higher).

Sugar industry body ISMA in its representation to the task force said the production cost for sugar was ₹3,580/quintal in 2017-18, compared with the international price of ₹2,080/quintal.

To aid the liquidity-starved industry, the TF suggested levy of a cess at ₹50/quintal for three years during which about ₹4,500 crore would be garnered, which will help provide bridge funding or act as a comfort for banks providing soft loans to mills for improving technologies or paying to farmers.

To incentivise farmers to migrate to less water-intensive crops, the panel suggested an incentive of ₹6,000/hectare to move about 3 lakh hectare under sugarcane, which yields about 20 lakh tonne of sugarcane, to other crops through this mechanism.

An alternative way of reducing supplies is restricting the sale slip to the extent of 85% of the area of sugarcane farmers, so that they are encouraged to diversify. This mechanism can be considered for the 2020-21 sugar season, it said.

# Maiden round-the-clock renewable energy auction discovers tariff of ₹2.90/unit

ANUPAM CHATTERJEE  
New Delhi, May 8

THE REVERSE AUCTIONS for the country's first round-the-clock (RTC) renewable energy supply tender concluded Friday evening, with ReNew Power quoting the lowest tariff of ₹2.90/unit (for first year) for the entire 400 MW capacity which was offered by the Solar Energy Corporation of India (SECI), sources said.

Through this contract, the developer can supply power from any renewable energy-based plant, be it wind or solar projects, and address the central issue of unreliability associated with green energy.

SE had reported in May, 2019 that the government was coming up with 400 MW of renewable energy tenders for RTC electricity supply. Though the tariff under this tender will increase by 3% annually for 15 years, sources said that the levelised tariff would be around ₹3.60/unit, which is currently the average power purchase cost from non-renewable

sources in the country. Since renewable energy is unpredictable in nature, other sources of energy are required for balancing it, increasing the actual cost of such power, dissuading state-run power distribution companies from buying such electricity. However, power buyers from this contract, in this case New Delhi Municipal Council and Dadra and Nagar Haveli, will be receiving emission-free electricity for the whole contracted capacity 24x7, irrespective of the sun shining or the wind blowing.

Industry experts pointed that such RTC contracts will also provide a leg-up to the power storage industry which is still in a nascent stage. The country has set a target to raise the capacity of installed renewable energy generation plants from the current level of 86.8 GW to 175 GW by the end of 2022. About 35 GW is under various stages of implementation and 32 GW under various stages of bidding.

# Power demand falls 22.6% in April owing to lockdowns

FE BUREAU  
May 8

ELECTRICITY DEMAND IN April, when the lockdown to contain the outbreak of the coronavirus was implemented throughout the month, fell 22.6% year-on-year to 85.2 billion units, owing to muted industrial and commercial activities. This is the lowest growth in electricity demand in the country in any month in recent years.

The April electricity consumption recorded was also the lowest in corresponding months since 2016. Power consumed by highly industrialised states like Gujarat, Maharashtra and Tamil Nadu in April was lower by 26.1%, 17.9% and 28.6%, respectively than the volume of electricity supplied to these states in the same month in 2019.

The three states are among the top five electricity users (other two being Uttar Pradesh and Rajasthan) and fall in power consumption in these places had already dragged down the country's annual demand growth to a six-year low of 1.3% in FY20. Electricity consumption in Uttar Pradesh declined by 20.3% in April while Rajasthan recorded an annual fall of 21.3% in the



same month.

Since most of the revenue of the state-run power distribution companies (discoms) come from industrial and commercial customers, lower usage by these categories mean additional pressure on the already distressed entities. According to information available in the latest tariff orders of these states, industrial and commercial consumers contribute about 55% of the discoms' revenue in Gujarat, 73% in Tamil Nadu and 54% in Maharashtra.

Manufacturing of motor vehicles, textiles and petroleum products — a lot of these hubs are present in these three states — have been on the decline since FY20 due to lower

demand and rising competition from other countries. Lower income clashes with discoms facing severe revenue shortage with rising difficulties in meter reading exercises and payment collection amid the country-wide lockdown.

Though the industrial and commercial sectors consume about half of electricity supplies, they contribute more than 70% of the revenue of the discoms. Tariffs on domestic consumers is on an average around 40% lower than that for industrial users of power. Experts have pointed that lower power tariffs for industrial consumers can be a trigger to kick-start the economy by increasing industrial production.

# Vashi APMC to remain shut during May 11-17

NANDA KASABE  
Pune, May 8

THE MUMBAI AGRICULTURE Produce Market Committee (APMC), located at Vashi in Navi Mumbai, will remain shut from May 11-17 due to increasing number of Covid-19 cases. All five sections of the market, including onion & potato, fruits, vegetables, spices, dry fruits & food grains will remain shut for a week.

The decision was taken at a meeting attended by Konkan

commissioner Shivaji Daund, Anoop Kumar (principle secretary, marketing), Mathadi leader Narendra Patil, Navi Mumbai municipal commissioner Annasaheb Misal and traders, among others. According to APMC officials, around 125 people from the APMC market have been infected with coronavirus.

Around 484 cases of Covid-19 have been reported in Navi Mumbai. In the last five days, 184 new cases have been reported.

Mathadi leader Patil said that number of cases had risen in the last 15 days. "During the screening held last Sunday for 4,000 people, 58 swabs were taken, of which 12-15 were positive. Another meeting will be held on May 15 where measures will be discussed to prevent the further spread of Covid-19," he said.

Measures were discussed to continue the transportation of foodgrains and vegetables in Mumbai, he said.

MLA Ganesh Naik had ear-

lier written to Prime Minister Narendra Modi and CM Udhav Thackeray seeking the closure of the market. During the closure period, the Mathadi workers, traders totalling about 15,000 will be screened for the virus. Those with symptoms will be treated and only those who test negative for the virus will be allowed to enter the market, APMC officials said. Labourers and traders fear that they may get infected with coronavirus.

APMC administration and

NMMC will carry out disinfection of the market premises and conduct tests. The market will remain open on this Saturday and Sunday.

Navi Mumbai mayor Jaywant Sutar on Thursday appealed to the Maharashtra government to completely shut the APMC market in Vashi. The APMC market is the principal supplier of grains, vegetables, fruits and spices to Mumbai Metropolitan Region (MMR) and is among the largest complexes of its kind in the country.

# Amid pandemic, the world's working poor hustle to survive

How the world's poor get through this pandemic will help determine how quickly the global economy recovers

ASSOCIATED PRESS  
Dubai, May 8



FROM KENYA TO ARGENTINA, untold millions who were already struggling to get by on the economic margins have had their lives made even harder by pandemic lockdowns, layoffs and the loss of a chance to earn from a hard day's work.

More than four out of five people in the global labor force of 3.3 billion have been hit by full or partial workplace closures, according to the International Labor Organization, which says 1.6 billion workers in the informal economy "stand in immediate danger of having their livelihoods destroyed."

The toll for families is hunger and poverty that are either newfound or even more grinding than before. Hunkering down at home to ride out the crisis isn't an option for many, because securing the next meal means hustling to find a way to sell, clean, drive or otherwise work, despite the risk.

How the world's poor get through this pandemic will help determine how quickly the global economy recovers and how much aid is needed to keep countries afloat.

In Kenya, Judith Andeka has seen tough times before. The 33-year-old mother of five lost her husband two years ago and was left to make ends meet on just \$2.50 to \$4 a day from washing clothes in Nairobi's Kibera, one of the world's biggest slums.

But things were never as tough as they are now. Neighbors aren't going to work because of restrictions on movement, so they can't afford her services. Even if they could, they don't want her handling their laundry due to virus concerns.

"I haven't had a good day for the last two weeks," Andeka said.

She's been forced to send all five kids to live with relatives who are slightly better off: "I had no choice, because how do you tell a 2-year-old you have no food to give them?"

In Argentina, Rosemary Páez Carabajal pushed a coffee cart on the streets of Argentina's capital, until the lockdown forced her to stop.

Páez Carabajal, her blacksmith husband who's also out of work and their two children rent a single room in a two-story brick building for the equivalent of \$119 a month.

Now the cart sits idle in the hall, and the home is stacked with textbooks as the couple try to home-school their lone school-age child, a 7-year-old son. They are dipping into meager savings and relying on a one-time government aid voucher worth about \$150. For now, their landlord is not collecting rent.

Páez Carabajal worries her small business may not survive even after restrictions are eased.

"People are going to have doubts about buying because the disease is transmitted by grabbing things," she said.

The coronavirus came at a time of already painful recession in Argentina, with more than a third of its 44 million residents in poverty, according to figures from late 2019. Some 3 million have requested food aid in recent

weeks, adding to the 8 million getting such assistance before the pandemic.

In Cairo, the sprawling and bustling metropolis of some 20 million people, the "ahwa," or coffee shop, was among the first casualties of a shutdown order for many Egyptian businesses.

No longer were they allowed to offer "sheesha," the hookah waterpipe so popular in the Middle East. Before long they were closed altogether.

That cost Hany Hassan his job. He hadn't been making much — \$5 a day — but it was enough to feed his family.

"We are financially ruined," said the 40-year-old father of four.

Unable to find work in a relatively pricey Cairo he could no longer afford, he moved back to family in his hometown of Mallawi, about 190 miles (300 kilometers) to the south.

But his chances for work there are even dimmer. Chronic back pain means he can't do the manual labor jobs many people work in the provinces.

Jobless for over a month, he goes out daily looking for work but comes back empty-handed every night. To keep afloat, he's borrowed money.

Before the coronavirus pandemic, one in three Egyptians or roughly 33 million people were living on about \$1.45 per day, and around 6% were in extreme poverty, or living on less than a dollar a day, according to the country's official statistics agency.

REUTERS  
Milan/London, May 8

Can creative sparks fly through plexiglass? Is the water cooler chat a thing of the past?

Company bosses preparing to reopen offices shuttered due to the coronavirus pandemic are contemplating radical changes to the workplace to keep staff safe.

Hand sanitizers and thermal scanners are just the start. Some firms are considering remodelling their offices to minimize the risk of a second wave of infections. Long rows of desks may be out, work stations sheathed with glass sneeze guards may be in.

As he prepares to return thousands of staff to offices across Italy, Davide Sala, Pirelli's HR boss, is applying practices already adopted in the tyre company's operations in China.

The changes included temperature tests, face masks and more space between desks that allowed the group to resume at least some office work.

"We're going to use the China model elsewhere," Sala said. "There will be more space for staff, fewer people in rooms and the layout of the offices will have to change."

Sala is looking at whether to designate staircases for entry and exit, limit lift use to one person per ride, introduce a shift system for lunch, stagger work times while also having people still work from home and re-imagining desk layouts.

"The real break with the past will be in redesigning the offices," he said.

China is ahead of most of the world in lifting restrictions put in place to slow the spread of the virus and Pirelli is one of many multi-national companies to have tested post-lockdown measures there.

How radical and permanent those changes are is not yet known, as scientists struggle to fully understand the virus and drug companies strive to find a vaccine that protects people. But strategies deployed by companies including WPP,

Rentokil Initial and Page-Group show how a typical 9-5 day at a hot desk in a packed building will not be resuming when governments globally give the green light for offices to reopen.

For the world's biggest advertising company WPP, staff will return gradually and on a voluntary basis, chief executive Mark Read told Reuters. "What we can say with confidence is that more people will be working from home in the future, and I think we can say we'll still have offices," he said.

Almost all WPP's 107,000 staff have been working from home since mid-March. In China, it has slowly introduced its 7,000 staff back to its 50 offices over the past two months

**PUBLIC NOTICE**

NOTICE is hereby given to the general public by **Moral Devcon Ltd., Moral Health & Personal Care Ltd., Moral Commotrade Ltd., Moral Infrastructures Corporation Ltd.** (collectively referred as "Companies") having office address at Royal Arcade, 565-Ka-94-2, Sneh Nagar, Alambagh, Lucknow, Uttar Pradesh 226005 and their respective Directors namely **Arun Kumar, Ajay Kumar Sharma and Gyaneshwar Sharma**, with respect to the Non Convertible Debentures (NCD's) issued by the said Companies respectively during the period June 2010 to December 2012. As per the records maintained by these Companies all their respective Investors/NCD Holders are fully repaid.

ANY Investor/NCD holder having any outstanding claim or complaint with respect to the aforesaid NCD's issued by any of the said Companies, is/are hereby called upon to submit in writing, his/her/its claim/complaint along with documentary evidences, with the respective Companies at the aforesaid address and/or at Email: [moralgroup@gmail.com](mailto:moralgroup@gmail.com), Mobile No. 9076522877, within one month from the date of publication of this public notice. Investor(s)/NCD Holder(s) are advised to separately forward a copy of such claim/complaint with a superscription "Complaints/Claims in the matter of Moral Group of Companies" to Securities and Exchange Board of India (SEBI), Division Chief, Enforcement Department-I (DRA-IV), SEBI Bhavan, Plot No. C-4-A, G Block, Bandra Kuria Complex, Bandra East, Mumbai 400-051. Email: [avinashk@sebi.gov.in](mailto:avinashk@sebi.gov.in).

This public notice is issued in compliance of the SEBI Order dated 20-3-2020, copy of which is available on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in)

Dated this 9th day of May 2020

**Moral Devcon Ltd., Moral Health & Personal Care Ltd., Moral Commotrade Ltd., Moral Infrastructures Corporation Ltd., Arun Kumar, Ajay Kumar Sharma, Gyaneshwar Sharma**

after a four-week shutdown. WPP has also adopted flexible working hours, limited the number of people in elevators and, with the canteen buffet off the menu, staff are bringing in their own food.

PageGroup, the UK-listed recruitment company, has set aside one entrance at offices in China where staff line up each day for a temperature check

and to collect a mask, Rupert Forster, managing director of the China business, said.

It's also encouraging people to bring in their own lunch to avoid busy communal areas and is minimising large group meetings.

Those measures will form the blueprint for the management team overseeing the return of some 7,500 staff to

other offices, Forster said. It's a similar story elsewhere.

Since reopening its seven main branches in China last month, Rentokil's 600 staff stay in the office for about 4-5 hours a day, a spokesperson said. It has also rejigged seating plans, making sure there's an empty seat between each desk.

**SWARAJ ENGINES LIMITED**  
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**EXTRACT OF AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

S. No.	Particulars	₹ Lakhs		
		Quarter Ended 31.03.2020 (Audited)	Year Ended 31.03.2020 (Audited)	Quarter Ended 31.03.2019 (Audited)
1	Total Income from Operations	17,513	77,330	19,147
2	Net Profit for the period (before tax and exceptional items)	2,143	9,307	2,576
3	Net Profit for the period before tax (after exceptional items)	2,143	9,307	2,576
4	Net Profit for the period after tax (after exceptional items)	1,584	7,104	1,665
5	Total Comprehensive Income for the period [Comprising Profit for the period (after tax) and Other Comprehensive Income (after tax)]	1,541	7,061	1,651
6	Paid-up Equity Share Capital (Face Value ₹10/-)	1,213	1,213	1,213
7	Other Equity	-	22,376	-
8	Earning Per Share (of ₹10/- each) (not annualized)			
	- Basic	₹ 13.06	₹ 58.57	₹ 13.72
	- Diluted	₹ 13.06	₹ 58.53	₹ 13.72

**NOTES:**

- The above results have been reviewed by the Audit Committee and thereafter approved by the Board of Directors in their meeting held on 8<sup>th</sup> May, 2020. The Statutory Auditors have audited the financial results for the year ended 31<sup>st</sup> March, 2020 and have expressed an unmodified audit opinion. The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder.
- The Company has opted to exercise the option permitted under section 115BAA of the Income-Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, Current Tax & Deferred Tax Assets/Liabilities have been re-measured and impact of this has been recognised in Statement of Profit & Loss for the year ended 31<sup>st</sup> March 2020.
- The above is an extract of the detailed format of Quarterly Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Quarterly Financial Results are available on the Stock Exchange Websites, [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com), and on the Company's website [www.swarajenterprise.com](http://www.swarajenterprise.com).

for and on behalf of the Board of Directors  
**SUDHIR MANKAD**  
Chairman

Place : S.A.S.Nagar (Mohali)  
Date : 8<sup>th</sup> May, 2020

# Companies

SATURDAY, MAY 9, 2020

## Quick View



### CIL turns down request to extend coal auction timelines

STATE-OWNED COAL India has turned down the request of power producers to extend the timelines for the third round of auction and the demand for reassessment of eligibility criteria for participation in the bidding for fuel supply contracts. Also, the PSU miner said that its role is limited to making available the source-wise availability of coal. The Association of Power Producers (APP) had requested Coal India (CIL) to extend the timelines for the auction as well as reassess the eligibility for participation in the third round of auction under the SHAKTI B (ii) scheme.

### Samsung resumes limited ops at Noida plant

SOUTH KOREAN electronics giant Samsung has resumed limited manufacturing operations at its Noida plant and will scale up the production gradually, a company official said on Friday. The Uttar Pradesh government has permitted limited manufacturing operations, which according to industry players is 25-30% of a plant's capacity, in the state. "We have received requisite permissions to restart production at our Noida factory. On Thursday, the factory started limited operations, which will be scaled up over a period of time," Samsung Southwest Asia head for corporate communications Partha Ghosh said in response to a PTI query.

### GAIL says DoT demand notice not material event

State-owned gas utility GAIL India has told market regulator Sebi that it did not consider DoT's notice seeking ₹1.83 lakh crore in past dues as material event warranting disclosure to stock exchanges as the amount in the provisional assessment was considered not payable. Replying to a notice by the Securities and Exchange Board of India (Sebi) over non-disclosure of Department of Telecommunications (DoT) assessment orders/demand notices, GAIL on May 6 said the demand was not legally tenable.

### Cain International in pact with Oberoi Group

PRIVATELY-HELD REAL estate investment firm Cain International has signed an agreement with the Oberoi Group for the operation of 23 serviced residences in Mayfair in London. The deal represents the Oberoi Group's debut in Europe, the hotel group said in a statement.

### JK Tyre resumes operations partially

JK TYRE & Industries on Friday announced partial resumption of operations after adhering to the guidelines issued by the Union ministry of home affairs and permissions granted by the respective state governments and local authorities. The company has commenced production in a graded manner at its manufacturing facilities in Chennai, Kankroli (Rajasthan) and Laksar (Uttarakhand).

### Hyundai woos customers with finance schemes

HYUNDAI MOTOR India on Friday announced five car finance schemes to create convenience in challenging and uncertain times. The five schemes are a three-month low EMI scheme, step-up scheme, balloon scheme, longest duration scheme and low down payment scheme.

### BMW launches 8 Series sport cars in India

BMW INDIA on Friday launched two models from its stable — the first-ever BMW 8 Series Gran Coupe and the first-ever BMW M8 Coupe. Both models are available to order at all BMW dealerships. The cars are available as completely-built-up units in BS-VI petrol variants.

## COVID IMPACT

# IndiGo to make wider pay cuts, send some staff on leave sans pay

FE BUREAU  
Mumbai, May 8

INDIA'S LARGEST AIRLINE IndiGo will be implementing wider pay cuts and send some staff on 'leave without pay' from May to July, CEO Ronojoy Dutta told employees in an email on Friday. In March, the airline had announced pay cuts for most of its staff for April, but later reversed the decision. "While we have paid our employees salaries in full for the months of March and April... we are left with no option but to implement the originally announced pay cuts for the months of May, June and July," Dutta told employees.

IndiGo had initially planned to cut salaries between 10% and 25% for April. While senior-vice presidents and above would have 20% of their pay slashed, vice-presidents and cockpit crew would take a 15% cut. Salaries of assistant vice-presidents and cabin crew would be cut by 10%. This structure would be followed for May-July, a person aware of the matter said.

IndiGo will also send some of its employees on a "limited, graded leave without pay program" during May-July. "The leave without pay will range from 1.5 days to 5 days depending on the employees group. While doing so we will make sure that the level A employees, who form a majority of our workforce, will not be impacted," Dutta said. He told employees that the cuts were necessary because the passenger operations are likely to resume with "much lower capacity initially and gradually build up capacity in succeeding



IndiGo airplane on the tarmac.

months".

Other domestic airlines have also cut employee costs amid tepid revenues. GoAir delayed April salaries and sent 60% of its staff on leave without pay. Meanwhile, SpiceJet implemented pay cuts in March and will not pay most of its pilots for April-May. Air India staff saw a cut in allowances, while Vistara also sent senior management on compulsory leave without pay for up to four days in May-June.

Commercial passenger flights have been suspended since March 25 in the wake of the Covid-19 pandemic. Commercial flights are currently suspended till May 17 in India.

The aviation industry is expected to see revenue losses to the tune of ₹25,000 crore in FY20, Crisil said adding that airlines will be the worst affected and bear over 70% of the losses.

Airlines globally are struggling to stay afloat as the pandemic has slowed economic activity to a crawl. The International Air Transport Association estimates the revenue loss for airlines globally at around \$314 billion in 2020.

### Air India unions move HC against pay cut due to pandemic

AIR INDIA EMPLOYEE unions have moved the Bombay High Court against the airline's decision to slash allowances, which form a major part of salary, by 10% because of the impact of the coronavirus pandemic.

Air India Aircraft Engineers Association, All India Service Engineers Association and Indian Pilots Guild filed a writ petition in the high court earlier this week against the national carrier and its subsidiary Air India Engineering Services.

The petition, filed through advocates Jane Cox and Karishma Rao, said that on March 20, Air India announced 10% deduction for three months from the allowance package of all employees except the cabin crew on account of the impact of coronavirus outbreak.

The plea pointed out that on the same day the Union government issued an advisory asking all private and public firms not to reduce salaries or sack employees due to the pandemic.

— PTI

### BASF India gets ₹85-crore demand notice from Karnataka tax dept

CHEMICAL MAKER BASF India on Friday said it has received a demand notice of ₹85.19 crore from Karnataka's tax department for the fiscal year 2013-14. In a regulatory filing, it said it had earlier received demand notices from the commercial tax department for 2006-2010, 2010-13, 2014-15 and 2015-16, as it treated the stock transfers of the company's Mangalore plant as interstate sales to dealers.

Subsequently, the company got a stay for the periods 2006-2010, 2010-11 and 2014-15 by the Karnataka Appellate Tribunal, it added. "The company has now received demand notice for the further period i.e. 2013-14 from the Commercial Tax Department, Karnataka aggregating to ₹85.19 crores (including interest & penalty) by treating the stock transfers of its Mangalore Plant as interstate sales to dealers," the filing said. BASF India said the company is in the process of filing its detailed reply/appeals in response to the notice.

The company, based on the legal assessment, does not consider these stock transfers as interstate sales and is taking all the necessary legal steps to defend the matter, the filing said. PTI



### Country's wireless subscriber base sees marginal rise in January at 1,156 million

FE BUREAU  
New Delhi, May 8

THE WIRELESS SUBSCRIBER base in the country increased marginally to 1,156 million in January 2020 on the back of additions by Reliance Jio, BSNL and Bharti Airtel, while Vodafone Idea continued its losing spree. The wireless base stood at 1,151 million at

## Uber resumes ops in green, orange zones

FE BUREAU  
New Delhi, May 8

UBER HAS RESUMED operations in designated green and orange zones in India, which accounts for more than 80% of the country's 733 districts, said CEO Dara Khosrowshahi.

In a bid to curb the transmission of novel Coronavirus, India suspended public transport services and enforced a nearly two-month country-wide lockdown that is currently set to end on May 17. In a notification released on May 1, the ministry of home affairs (MHA) permitted certain relaxations primarily in green and orange zones that included allowing cab aggregators like Uber and Ola to operate. However, major markets like New Delhi and Mumbai fall under the red zones.

"While our rides business has been hit hard by the ongoing pandemic, we have taken quick action to preserve the strength



of our balance sheet, focus additional resources on Uber Eats, and prepare us for any recovery scenario," Khosrowshahi said in a statement following the announcement of the company's Q1 2020 results.

The US-headquartered company announced a reduction in customer support and recruiting teams by more than 3,700 employees which it said was consistent with "lower trip volumes and (the firm's) hiring

## DHFL resolution: CoC to meet on May 12 over Covid impact

ANKUR MISHRA  
Mumbai, May 8

THE COMMITTEE OF creditors (CoC) of beleaguered mortgage lender Dewan Housing Finance Corporation (DHFL) will meet on May 12 to discuss the demands of the bidders for relaxing bidding criteria and relook at the timeline of the resolution post the Covid-19 scenario, sources close to development told FE. This will be first meeting of the lenders post the Covid-19 lockdown. DHFL had already extended the deadline for the submission of bids for the company to May 26, from April 16 earlier.

"The CoC will discuss exclusion granted

the operations of DHFL. Lenders will get an update on the progress of transaction audit report by Grant Thornton on May 12, as per the agenda of the meeting.

The administrator R Subramaniakumar had told lenders in a CoC meeting held on March 12 that certain past transactions of the troubled mortgage lender may be 'avoidance' — a term used for preferential, undervalued, extortionate or fraudulent nature of transactions.

The administrator had earlier ordered three transaction audit reports by Grant Thornton to examine the suspicious transactions of the troubled lender.

DHFL had already extended the deadline for the submission of bids for the company to May 26, from April 16 earlier

by Insolvency and Bankruptcy Board of India (IBBI) and subsequent changes in the timelines of corporate insolvency resolution process (CIRP)," the agenda circulated among lenders said.

IBBI had earlier notified on March 29 that the lockdown period would be excluded from the resolution process timeline. The CoC will also discuss impact of Covid-19 on

the end of December 2019.

As per data shared by the Telecom Regulatory Authority of India (Trai), Reliance Jio added 6.55 million net users to increase its overall base to 376.57 million at the end of January, Jio was followed by state-run BSNL, which added 1.22 million subscribers, with its base increasing to 119.24 million, while Airtel added 854,262 new customers to take

its base to 328.15 million.

In contrast, Vodafone Idea lost 3.62 million subscribers and its base has declined to 328.98 million at the end of January. In fact, Airtel is marginally lower than Vodafone Idea in terms of subscribers with a market share of 28.38%, while that of Vodafone Idea is 28.45%. Jio is the market leader with 32.56% share.

## Cognizant plans to invest in digital skills, hire 20,000 at entry level

FE BUREAU  
Chennai, May 8

US-BASED IT SERVICES major Cognizant Technology Solutions, which has significant workforce in India, on Friday said it will continue to invest in the business, while decreasing certain costs in the wake of the Covid-19 pandemic wrecking havoc in the global marketplace. Expecting a challenging demand environment throughout 2020, the company plans to invest in developing digital skills while correcting the employee pyramid, by on-boarding close to 20,000 entry-level hires.

Cognizant believes that against today's Covid-19 backdrop, the traditional industry bench policies do not adequately address the interests of impacted employees. Consequently, any employees impacted by

demand-supply imbalances may benefit from extended medical coverage and exit packages through the end of the third quarter.

Releasing its first quarter 2020 results, the company said it aims to significantly decrease other costs including corporate overhead, travel, marketing, relocations and non-commercial lateral hires. It expressed confidence that its strong business mix, balance sheet and liquidity will help it weather the Covid-19 storm. Since more than 60% of its business is in financial services and healthcare, it believes that the company is less exposed to some of the hardest hit industries, including travel, hospitality, retail and automotive.

Cognizant has reported a decline of 16.78% in net income at \$367 million for the quarter ended March 31, 2020, as com-

pared to \$441 million in the same period a year ago. However, its revenue grew by 2.8% to \$4.22 billion during the quarter compared to \$4.11 billion a year ago, after a negative 50 basis points impact from the exit of certain content services business it had announced earlier. Cognizant had in last month communicated that given the continued uncertainty around the duration of the Covid-19 pandemic and its impact, the company was withdrawing its full-year

guidance.

Cognizant CEO Brian Humphries said: "Amid the pandemic's unprecedented human and economic challenges, we remain focused on the health and safety of our associates whilst maintaining business continuity for our clients and supporting our communities. While we expect a challenging demand environment throughout 2020, we believe the pandemic is accelerating the secular trends of core modernisation and cloud migration as companies shift to digital business models. These and other related IT trends play directly to Cognizant's strategy. I am confident we will emerge from this crisis in a position of strength."

The highest growth in revenue during the quarter came from communications, media and technology, which grew 5.2% to \$626 million. Financial services and health-

## DEMAND ENVIRONMENT

Brian Humphries, CEO, Cognizant

While we expect a challenging demand environment throughout 2020, we believe the pandemic is accelerating the secular trends of core modernisation and cloud migration, as companies shift to digital business models. These and other related IT trends play directly to Cognizant's strategy. I am confident we will emerge from this crisis in a position of strength

## Gas leak: NGT slaps interim penalty on LG Polymers, issues notices to Centre

PRESS TRUST OF INDIA  
New Delhi, May 8

THE NATIONAL GREEN Tribunal (NGT) slapped an interim penalty of ₹50 crore on LG Polymers India and sought response from the Centre and others on Friday in the gas leak incident in Visakhapatnam, saying "there appears to be a failure to comply with the said Rules and other statutory provisions".

A bench headed by NGT chairperson Justice Adarsh Kumar Goel set up a five-member committee to probe Thursday's gas leak incident in the chemical factory, in which 11 people were killed and 1,000 exposed, and submit a report before May 18.

"Having regard to the prima facie material regarding the extent of damage to life, public health and environment, we direct LG Polymers India Pvt Ltd to forthwith deposit an initial amount of ₹50 crore, with the District Magistrate, Vishakhapatnam, which will abide by further orders of this tribunal. The amount is being fixed having regard to the financial worth of the company and the extent of the damage caused," the bench said.

The NGT issued notices to the ministry of environment and forests, LG Polymers India, Andhra Pradesh State Pollution Control Board, Central Pollution Control Board, Vishakhapatnam's district magistrate and sought their response before May 18, the next date of hearing.

The NGT directed the Vishakhapatnam DM and the regional office of the state pollution control board to provide logistic support to the committee to enable their



fact-finding and reporting.

"The Chairman, CPCB may steer and facilitate the functioning of the committee using available technology. CPCB will bear the initial cost of functioning of the Committee to the extent necessary. The committee will be at liberty to take assistance of such experts, individuals and institutions as may be considered necessary," the bench said.

The committee may visit and inspect the site at the earliest and give its report before May 18 by email and the site visit may be initially conducted by members available locally in consideration with outside members online, the NGT said.

The committee has to submit report on sequence of events, causes of failure and persons and authorities responsible, extent of damage to life among others.

The NGT said that Styrene gas is a hazardous chemical as defined under Rule 2(e) read with Entry 583 of Schedule I to the Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 and the Rules require on-site and off-site Emergency Plans to ensure prevention of damage.

## Adani Gas reports 61% increase in Q4 net profit

PRESS TRUST OF INDIA  
New Delhi, May 8

BILLIONAIRE GAUTAM ADANI'S CNG retailing firm Adani Gas on Friday reported a 61% rise in standalone net profit in the fourth quarter on the back of lower tax rate and operational efficiencies.

Net profit in January-March at ₹122 crore was 61% higher than the net profit of ₹76 crore a year back, the company said in a statement.

In a media call, company CEO Suresh Manglani said the profit was higher due to lower tax rate and operational efficiencies.

The government had offered lower tax rates to companies willing to forego all exemptions.

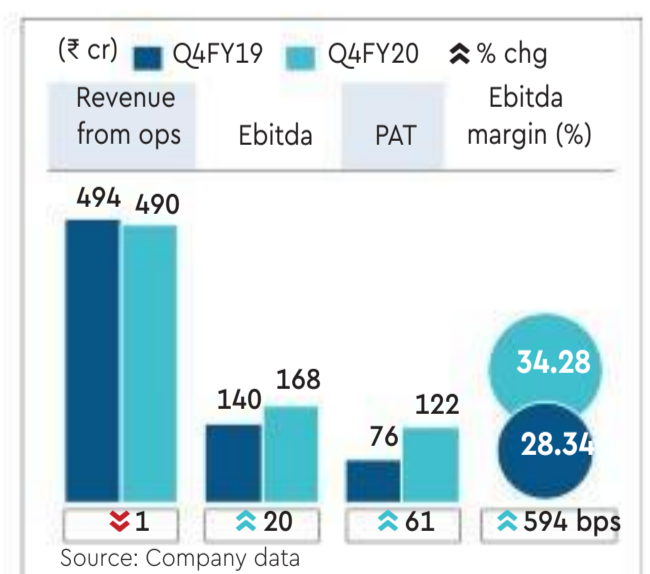
Adani Gas opted for a lower tax regime of close to 25% as compared to the previous rate of 33%, resulting in higher profitability.

The company, which retails CNG to automobiles and piped natural gas to household kitchens and factories primarily in Gujarat and Uttar Pradesh, saw sales volumes rise by 3% to 145 million standard cubic metres.

First the travel restrictions imposed to curb the spread of coronavirus and then the lockdown impacted CNG sales, which dipped 2% to 7 million metric standard cubic metres (mmscm), he said.

Piped natural gas (PNG) sales were up 8% to 75 mmscm.

However, revenue from operations was 1% lower at ₹490 crore.



# Pharma exports fail to meet FY20 target due to curbs

FE BUREAU  
Hyderabad, May 8

**INDIA'S PHARMACEUTICAL EXPORTS** have taken a hit by about \$1.5 billion due to export restrictions on a few drugs and supply disruptions, resulting in \$20.58 billion for FY20, against the estimated target of \$22 billion. However, the industry reported a 7.57% growth as against \$19.13 billion reported in the previous year, according to Pharmaceuticals Export Promotion Council of India (Pharmexil) data.

"Combined with lockdown measures across the countries and export restrictions on some of the products, led to a downturn in export growth," Udaya Bhaskar, director-general, Pharmexil, said. According to him, pharma exports during February and March are usually quite brisk to an extent of 22-23%. "Having seen the good pace of export trend in first three quarters and price stabilisation in the US, it was estimated that FY20 exports would reach \$22 billion. As the fourth quarter of FY20 brought in a negative growth, the overall exports fell to 7.57% from 11.5%."

Drug formulations and biologicals, which contribute to almost 72% of exports, have shown 9.5% growth in FY20. However, export of bulk drugs and drug intermediates posted negative growth (-0.73%), drag-



ging down the overall performance. Vaccines and surgicals recorded 22% and 10.5% growth, respectively.

India has exported pharmaceuticals to 202 destinations during FY20 with North America as the largest exporting region with 34% share recording 15.11% growth. "About \$6.7 billion worth of drugs was exported to the US with 15.8% growth. This has constituted almost 32.74% of our total exports followed by Africa with 17% share and Europe with 15% share. Our exports to China in FY19 was \$230 million and this year, it is \$228 million," he said, adding India is still dependent on China to an extent of 60-70% of its needs of bulk drugs and has faced disruption in the supply chain due to Covid-19.

Meanwhile, understanding the over-dependence of Indian pharma industry on China for bulk drugs, key starting materials (KSM) and intermediates, Pharmexil conducted a study

with the support of commerce ministry on 'Strategies to reduce import dependence of APIs, KSMs and Intermediates' and gave a detailed project report (DPR) to the government in January 2020. The DPR has given inputs for framing the schemes for promotion of domestic manufacturing of critical KSMs, drug intermediates and APIs in the country.

The sanctioned schemes include promotion of bulk drug parks and production-linked incentive scheme.

"The proposal is to develop three mega bulk drug parks in partnership with states. While the government of India will give grants in aid to states with ₹1,000 crore for each bulk drug park, a sum of ₹3,000 crore is approved for this scheme for next five years. The scheme is expected to reduce manufacturing cost of bulk drugs in the country and dependency on other countries for bulk drugs," Bhaskar said.

# Restaurants to set up digital platforms to reach out to customers directly

PRESS TRUST OF INDIA  
New Delhi, May 8

**THE RESTAURANT INDUSTRY** is coming together to develop and identify alternative digital platforms that will level the playing field between restaurants and food delivery platforms, industry body NRAI said.

Expressing the sentiments of the industry, the National Restaurant Association of India (NRAI) said the 'lockout' movement cemented the belief that the industry needed to take back control. "Aggregators have become digital landlords. While they came in to solve a genuine problem, their one-sided policies are destroying the business, especially small restaurants. The industry is working together to create an alternative technology solution to reorient and sustain their businesses in the post-Covid-19 world," NRAI managing committee member Thomas Fenn said.

The focus for the NRAI is on easy reconciliation, transparent pricing, cheaper delivery and protection of customer data. The solution will be driven by customer loyalty, omni channel online sales, integrated payment gateways and digitised delivery logistics, he added.

Social media platforms like WhatsApp, Facebook and Insta-



**The current efforts of the association are more viable at creating more viable alternatives for its members and not aimed at being rivals to other aggregators or their current programmes, said Anurag Katriar, president, NRAI**

gram are also being explored to leverage to reach out to customers, Fenn said.

In similar vein, NRAI President Anurag Katriar said, "Members of NRAI collectively own and operate some of the most popular restaurants and bars across the country. We feel that we have an ability to create the most comprehensive and attractive loyalty programme

with some of the best names in the business coming together on a single loyalty program across the nation".

NRAI reckons that there cannot be a better programme than this in the restaurant trade. Once again, this will be by the industry and for the industry, he added. "We have tied up with one of the largest player in this sphere and have already drawn out our blueprint and work is going on at a good pace. We will be in a position to launch this in a few months," Katriar said. The current efforts of NRAI are simply aimed at creating more viable alternatives for its members and not aimed at being rivals to other aggregators or their current programmes, he added.

# P&G profit marginally climbs to ₹91 cr, sales drop 6% to ₹656 cr

PRESS TRUST OF INDIA  
New Delhi, May 8

**PROCTER & GAMBLE** Hygiene and Health Care on Friday reported a marginal rise of 1.09% in net profit at ₹91.10 crore for the March quarter 2020 as the lockdown impacted its business operations.

The fast-moving consumer goods firm, which follows July-June financial year, reported a profit of ₹90.11 crore in the year-ago period.

Net sales were down 6.19% to ₹656.05 crore in the latest quarter as against ₹699.34 crore in the year-ago same period, P&G said in a BSE filing.

"The company was forecasting high single digit sales growth for the quarter before



the lockdown. But following the nationwide lockdown to contain the spread of Covid-19, the business operations were severely disrupted across the country," P&G said in a post-earning statement.

Total expenses during the quarter stood at ₹545.70 crore as against ₹568.79 crore earlier, down 4.05%.

Shares of the company were trading at ₹10.135 apiece on the BSE, down 0.28% from the previous close.

# Bharat Biotech to lead monoclonal antibodies project for Covid-19 therapy

FE BUREAU  
Hyderabad, May 8

**VACCINE MANUFACTURER BHARAT** Biotech said it would lead a project to develop human monoclonal antibodies as therapy for Covid-19 infections. The project is sanctioned by Council of Scientific and Industrial Research (CSIR) under its flagship programme, New Millennium Indian Technology Leadership Initiative.

This project brings together National Centre for Cell Science (NCCS), Pune; Indian Institute of Technology, Indore, and Gurgaon-based PredOmix Technologies in a collaborative mode for a public health emergency.

"We are fast-tracking the development process to make the antibodies available within the next six months and improve the treatment efficacy," said Krishna Ella, chairman and managing director, Bharat Biotech.

The project aims at an alternate therapeutic regimen by generating highly effective and specific human monoclonal antibodies that are capable of neutralising the SARS-CoV2 virus. Such virus-neutralising antibodies can block the spread of infection by binding to the virus and rendering it ineffective. Monoclonal antibody therapy is a highly effective and safe method.

Talking about the novel antibodies approach to deal with Covid-19 pandemic, Ella said, "While both Israel and The Netherlands have recently announced the development of virus-neutralising antibodies, our approach is to develop a powerful cocktail of neutralising antibodies that can also simultaneously block mutational variants of the virus."

"Although efforts are underway for the development of drugs and vaccines for controlling the Covid-19 pandemic, these are slow and expensive processes with uncertainties. Therefore, an alternate therapeutic regimen for early deployment is critical."

**BSE LIMITED**  
Registered office: 25<sup>th</sup> Floor, P J Towers, Dalal Street, Mumbai - 400001  
Tel.: +91 (022) 2272 1233 / 34 • CIN: L67120MH2005PLC155188

**PUBLIC NOTICE**  
Inviting claims against Vineet Securities Pvt. Ltd. and Grovalue Securities Pvt. Ltd. declared as defaulter as well as expelled

This is to inform that pursuant to declaration of Vineet Securities (P) Ltd. and Grovalue Securities Pvt. Ltd. as defaulters as well as its expulsion by NSE vide its circular no. 35/2020 dated April 30, 2020 w.e.f. April 30, 2020, the Exchange has declared the following Trading Members of the Exchange as defaulters, in terms of the provisions of SEBI Circular No. SEBI/MISRD/Master Cir-04/2010 dated March 17, 2010 and also expelled the said Trading Members in compliance with the requirement of Circular No. F. No. 1/26/SE/91 dated August 12, 1991 issued by Ministry of Finance (Department of Economic Affairs), Government of India w.e.f. May 4, 2020

a) Vineet Securities Pvt. Ltd. (Cig. No. 3208)  
b) Grovalue Securities Pvt. Ltd. (Cig. No. 6577)

Investors having any outstanding claims against Vineet Securities Pvt. Ltd. and Grovalue Securities Pvt. Ltd. are advised to file their claims with the Exchange, if they so desire, within 90 days from the date of issue of this notice ("specified period"), as provided under SEBI Circular No. MRD/DoP/SE/Cir-38/2004 dated October 28, 2004, circular No. MRD/DP/06/2011 dated June 16, 2011, circular No. SEBI/HO/DMS/CIR/P/2017/15 dated February 23, 2017 and any other modifications/circulars as may be issued by SEBI in this regard, from time to time.

The investors can file their claim against Vineet Securities Pvt. Ltd. and Grovalue Securities Pvt. Ltd. at the concerned regional Investor Centre of BSE Ltd., the list of which is available on Exchange's website at the following link: [https://www.bseindia.com/Static/investors/cac\\_tm.aspx](https://www.bseindia.com/Static/investors/cac_tm.aspx)

The investors can also lodge their claims through Exchange's website under e-Complaint Registration, a link for which is given below:  
<https://bseindia.com/ecomplaint/frmInvestorHome.aspx>

The investors are hereby advised to go through the documentation requirement for filing their claim against defaulter, which is available on the Exchange website at following link:  
[https://www.bseindia.com/downloads/1/Lodging\\_claim\\_against\\_Defaulter\\_Expelled\\_Member\\_Checklist.pdf](https://www.bseindia.com/downloads/1/Lodging_claim_against_Defaulter_Expelled_Member_Checklist.pdf)

Further, the investors are hereby advised to go through the norms for eligibility of claims for compensation for compensation from IPF to the clients of the Defaulter Member which are available on Exchange website at the following link:  
<https://www.bseindia.com/downloads/1/Normseligibilityclaimsdefaultermember.pdf>

The eligible claims filed before the end of aforesaid specified period would be considered for compensation from the Investor Protection Fund (IPF), as per the provision of SEBI circular no. CIR/MRD/DP/28/2014 dated September 29, 2014 to the maximum extent of Rs.15 Lacs per client. Further, investors filing their claims after the specified period are required to provide reasons for delay in filing the claim and should satisfy the IPF that the claim could not have been filed before the end of specified period for the reasons beyond the control of the claimant.

For BSE Limited  
Sd/-  
Chief General Manager  
Dept. of Investors Services

Place: Mumbai  
Date: May 9, 2020

**NOTICE**

1. The company, Modern Automotives Ltd., has created a charge viz. Mortgage or otherwise, on basis of laminated original Title Deeds.

2. Details of the relevant property are as:

(a) Immovable property measuring 57K-198H bearing Khata no 3/16/13-8) 25/27(7-8) 4/20/15(14) 3/15/21(11) 4/11/16(11) 12 (7-8) 13/13(13) 16/8(8) 19/13(13) 20/21(13) 25(1-5), Khevat no 25/46, Kharsa no 25/46 situated at Village Chattarpur, Tehsil Amlah, Distt Fatehgarh Sahib vide sale deed no 2763 dated 01.02.2006, sale deed no 2785 dated 02.02.2006, sale deed 2784 dated 01.02.2006 and sale deed no 2786 dated 02.02.2006 owned by Modern Automotives Ltd.

(b) Immovable property measuring 11K-118H being ie 231/723 share of the land measuring 36K-33H bearing Kharsa no 4/7/3(3) 14/7(16) 15/min(7) 16/min(2-19) 17(7-16) 25/min(6-8) situated at Village Chattarpur Tehsil Amlah, Distt Fatehgarh Sahib vide sale deed no 2762 dated 01.02.2006 and Sale deed no 3041 dated 27.02.2006 owned by Modern Automotives Ltd. However in the latest (amended) for the year 2016-17, the company has been recorded as owner of 11K-118H ie 32/76 share out of land measuring 26K-128H Kharsa no 4/14/31(1-4) 4/15/20(1-1) 4/16/1(3-8) 4/17/7(1-16) 4/24/7(1-6) 25/16(7) Khata no 35/28 situated at village Chattarpur.

(c) Immovable property measuring 7 Bigha 13 Biswa bearing Kharsa no 809/4(4) 809/1(1-10) 809/2(10-10) 19/10/810/1(0-10) 19/12011/10(10-19), Khevat no 140, Khatoni no 355, situated at Village Ajnali, Teh Amlah, Distt Fatehgarh Sahib vide Title deed no 2757 dated 02.02.2006 owned by Modern Automotives Ltd.

3. The company, wishes to create/extend charge having availed the Credit Facility of Rs. 23.75 Cr. from State Bank India, SME Branch, Sector-6-C, Chandigarh.

In case any party has any claim towards the said relevant properties, the same should be lodged with the intending party and also with the above stated branch of State Bank of India, within 15 days from publication of this notice.

**NOTICE**

Notice is hereby given to the following persons appearing as a promoter of Avon Mercantile Limited ("the Company"). Please be informed that the company has applied for revocation of suspension in trading of its shares, to BSE Limited, under applicable revocation norms. As per revocation norms, the Cis required to submit the information with respect to all its promoters. Accordingly, the Company has tried to contact the below mentioned persons on their last available address, by sending letters and thereafter also sent a person to know the whereabouts of these persons, however, as of now no information/whereabouts of these persons are available with the Company. You all are requested to contact the Company at its given address and submit the information required at the earliest but not later than 15 days.

Please note that if the Company does not receive any communication from the below mentioned person within 15 days from this newspaper advertisement, any decision taken by the Company/Exchange w.r.t. classification (Promoter/public) of these persons will be binding upon them.

List of persons:

1. Bir Bahadur Mishra S/o Shri Hardev Mishra
2. Haridas Nambiar S/o Shri K. Raman Nair
3. Deepak Chakravarti S/o Shri D. C. Chakravarti
4. Azad Singh S/o Shri Badar Singh
5. LN Maheshwari S/o Shri Durga Prasad Maheshwari
6. Sudhir Kumar S/o Shri LN Savita
7. Ashok Kumar S/o Shri Dalip Chand

By order of the board of Directors  
**AVON MERCANTILE LIMITED**  
Sd/-  
Pranjul Gupta  
Company Secretary & Compliance Officer

08.05.2020  
Noida, UP

**Dr. Lal PathLabs**

**Dr. Lal PathLabs Limited**  
Corporate Identity Number: L74899DL1995PLC065388  
Regd. Office: Block E, Sector-18, Rohini, New Delhi-110085  
Corporate Office: 12<sup>th</sup> Floor, Tower B, SAS Tower, Medcity, Gunuram-122001, Hayana  
Tel.: +91-124-3016500; Fax: +91-124-4234468  
Website: www.lalpathlabs.com; Email: cs@lalpathlabs.com

**Notice**

Notice is hereby given pursuant to Regulation 47 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, that a meeting of the Board of Directors of the Company will be held on Monday, May 18, 2020 to inter-alia, consider and approve the Audited Financial Results for the Quarter and Financial Year ended March 31, 2020.

This intimation is also available on the Company's website at [www.lalpathlabs.com](http://www.lalpathlabs.com) and on the website of the Stock Exchanges viz. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com)

For Dr. Lal PathLabs Limited  
Sd/-  
Rajat Kalra  
Company Secretary and Legal Head

Date: May 7, 2020  
Place: New Delhi

**Ambuja Cement**

**AMBUJA CEMENTS LIMITED**  
Regd. Office: PO Ambujanagar, Tal. Kodinar, Dist. Gir-Somnath, Gujarat 362715.  
Corporate Office: Elegant Business Park, MIDC Cross Road "B", Off Andheri-Kurla Road, Andheri (East), Mumbai, 400059.  
CIN No: L26942GJ1981PLC004717 • Website: www.ambujacement.com  
email: shares@ambujacement.com

**NOTICE**

Notice is hereby given pursuant to Section 91 of the Companies Act, 2013 and applicable Rules thereunder that the Company has fixed Wednesday, 20<sup>th</sup> May, 2020 as the Record Date for the purpose of determining the members eligible to receive interim dividend, if any, declared by the Board of Directors of the Company at its meeting, scheduled to be held on 12<sup>th</sup> May, 2020 for the Financial Year 2019.

Interim Dividend in respect of equity shares held in electronic form will be payable to the beneficial owners of the shares as on 20<sup>th</sup> May, 2020 as per the downloads furnished to the Company by Depositories for this purpose.

Members are requested to furnish their Bank Account details, change of address etc. to the Company Registrars and Transfer Agents in respect of shares held in physical form and to their respective Depository Participant if the shares are held in electronic form.

This intimation is also available on the website of the company <http://www.ambujacement.com/investors/shareholders-information/disclosures-to-the-stock-exchanges/notice-for-book-closures-and-record-date> and on the website of the Stock Exchanges where the shares of the Company are listed at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)

For AMBUJA CEMENTS LTD  
Sd/-  
RAJIV GANDHI  
COMPANY SECRETARY

Place: Mumbai  
Date: 08<sup>th</sup> MAY 2020

**PPFAS MUTUAL FUND**  
There's only one right way™

**NOTICE CUM ADDENDUM TO THE STATEMENT OF ADDITIONAL INFORMATION ('SAI'), SCHEME INFORMATION DOCUMENT (SID) AND KEY INFORMATION MEMORANDUM (KIM) OF THE SCHEMES OF PPFAS MUTUAL FUND**

**Introduction of Systematic Investment Plan (SIP) Pause Facility under all existing Schemes of PPFAS Mutual Fund**

Notice is hereby given to all the investors / unit holders that PPFAS Asset Management Private Limited ("the AMC") and PPFAS Trustee Company Private Limited. ("the Trustee") have approved the following changes/modifications to Statement of Additional Information ('SAI'), Scheme Information Document(s) ('SIDs') and Key Information Memorandum(s) ('KIMs') of the schemes of PPFAS Mutual Fund ("the Fund"), as applicable.

SIP Pause facility allows investors to pause their SIP for a temporary period, without discontinuing the existing SIP. The facility shall be available to investors w.e.f. **9th May, 2020**.

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

1. SIP Pause request should be received at least 30 calendar days prior to the instalment date for the concerned SIP, which is required to be paused.
2. The Facility is applicable only for AMC initiated debit feeds i.e. ECS/NACH/Direct Debit, etc.
3. This Facility is available only for SIPs with Monthly and Quarterly frequencies except for SIPs registered through Mutual Fund Utility (MFU), MFSS system of NSE or BSE STAR MF platform of BSE or any other platforms of these stock exchanges and Channel Partners or those who have standing instructions with Banks as the SIP are registered directly with them and not with the fund house.
4. The maximum number of instalments that can be paused using this facility are 3 (three) consecutive instalments for SIPs registered with Monthly frequency and 1 (one) for SIPs registered with Quarterly frequency. Thereafter, the balance SIP instalments (as originally registered) will automatically resume.
5. If SIP Pause period coincides with SIP Top Up period, SIP instalment amount post completion of SIP Pause period would be inclusive of SIP Top Up amount. For eg: SIP Instalment amount prior to Pause period is ₹ 2,000/- and the Top-Up amount is ₹ 1,000/-, If the Pause period is completed after date of Top-Up, then the SIP instalment amount post-completion of Pause period shall be ₹ 3,000/-.
6. SIP Pause once registered cannot be cancelled.
7. Investors can opt for the Facility only once during the tenure of the SIP.

The AMC / Trustee reserves the right to change / modify the terms and conditions of the Facility or withdraw the Facility. Please refer to the SIP Pause Facility Form and instructions before enrolment.

All other terms & conditions of the SAI/ SIDs / KIMs of the schemes of the Fund, as applicable, will remain unchanged.

This addendum forms an integral part of Statement of Additional Information, Scheme Information Document(s) / Key Information Memorandum(s) of Schemes of PPFAS Mutual Fund, as applicable and amended from time to time.

For PPFAS Asset Management Private Limited  
(Investment Manager to PPFAS Mutual Fund)

Place: Mumbai  
Date: May 09, 2020

Sd/-  
Director

**Name of Mutual Fund: PPFAS Mutual Fund**

For more information please contact:  
**PPFAS Asset Management Private Limited (Investment Manager to PPFAS Mutual Fund)**  
CIN No: - U65100MH2011PTC220623

Registered Office: - 81/82, 8th Floor, Sakhar Bhavan, Ramnath Goenka Marg, 230 Nariman Point, Mumbai - 400 021, INDIA. Tel.: 91 22 6140 6555 Fax: 91 22 6140 6590.  
E-mail: mf@ppfas.com. Website: www.amc.ppfas.com. Toll Free Number: 1800-266-7790.

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

**IDBI mutual**

**IDBI Asset Management Limited**  
CIN: U65100MH2010PLC199319  
Registered Office: IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai - 400005  
Corporate Office: 4<sup>th</sup> Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai - 400005  
Tel: (022) 66442800 Fax: (022) 66442801 Website: www.idbimutual.co.in E-mail: contactus@idbimutual.co.in

**Notice No.03/2020-21**

**Acceptance of Transactions at Official Point of Acceptance(s) and Branches of IDBI Asset Management Limited (IDBI AMC):**

This is with reference to our notice no 12/2019-20 dated March 26, 2020 informing about temporary closure of all the Branch offices of the IDBI AMC and the R&T Investor Service Centres (Official Point of Acceptance (OPA)) till the Covid-19 pandemic situation comes under control. Investors / Unitholders are hereby requested to note that based on directives / advisory / guideline issued by competent authorities, the Official Point of Acceptance (OPA) and Branches will resume operations from time to time.

Based on directives / advisory / guideline issued by competent authorities from time to time the OPAs and Branches will resume operations or may temporarily close the operations. Investors / Unitholders are requested to visit our website of IDBI Mutual Fund ([www.idbimutual.co.in](http://www.idbimutual.co.in)) for list of OPAs and Branches and changes thereto.

Investors are requested to kindly take note of the same.

For IDBI Asset Management Limited  
(Investment Manager to IDBI Mutual Fund)  
Sd/-  
Head - Compliance and Risk Management

Place: Mumbai  
Date: May 08, 2020

**Statutory Details:** IDBI Mutual Fund has been set up as a trust sponsored by IDBI Bank Limited with IDBI MF Trustee Company Limited as the Trustee ("Trustee" under the Indian Trusts Act, 1882) and with IDBI Asset Management Limited as the Investment Manager.

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

# Opinion

SATURDAY, MAY 9, 2020



## UNLIKE NIXON

Donald Trump, on Russian poll interference allegations

Number one, he (*Richard Nixon*) may have been guilty. And number two, he had tapes all over the place. I wasn't guilty. I did nothing wrong, and there are no tapes. But I wish there were tapes in my case

## Fiscal slip up 2 ppt, need to structure package carefully

A ₹4 lakh crore extra borrowing acknowledges huge fiscal slippage; raise loan-guarantee component in package

**T**HE SHARP INCREASE of over ₹4 lakh crore in the government's borrowing target—for now—is acknowledgement of the sharp deterioration in its finances. Indeed, tax collections alone could fall short by this amount, and then there are the disinvestment targets that pose a big challenge. So, even without looking at what happens to state government deficits—as a result of their own revenues as well as central devolutions collapsing—and the massive expenditure that will have to be made to deal with containing Covid-19, it is clear the 'public sector borrowing requirement' will rise to 1.2% of GDP or even more. Under normal circumstances, that is an almost sure trigger for a ratings downgrade, after which a large amount of FPI flows will have to exit India as their mandates require a country to be investment grade.

While this is the reason why the government has not come out with a stimulus package so far, not doing anything is no solution either. For one, as the economy collapses—and reviving it gets more difficult once large swathes of industry shut down as they will without government support—and tax collections fall, the economy gets close to getting downgraded anyway as servicing debt becomes that much more difficult. Also, it is not as if doing nothing is costless either. If there is no package and businesses start defaulting on bank loans, apart from the human costs—large direct payments will have to be made to the unemployed—the government will have to bear the costs of recapitalising PSU banks whose loans will turn NPA.

In which case, the government's rescue package has to be structured in such a way as to give the biggest bang for the buck while, at the same time, assuaging investor/rater fears. Certainly a large component has to comprise guarantees for loans extended by banks/NBFCs; if a large share of this turns bad, as it will, the bill will come due a year or so from now—not this year—if RBI suspends its NPA-recognition norms for a year or so. This alone will not do the trick and large direct infusion of cash—by way of a public sector-led investment programme and money transfers to vulnerable groups—will also be needed.

Ideally, the government should match the massive increase in expenditure—it is unlikely this is the last of the increases in the government borrowing programme—with a structured plan to cut both debt and expenditure. Including LIC, the value of PSU shares with the government are around ₹15 lakh crore; all of this should be put into a big mutual fund-type structure, and a systematic disinvestment plan should be put in place to sell, say, ₹10,000 crore of shares on the first of every month irrespective of what the market price is, and that money be used to retire debt. Sweeping reforms should not slash wasteful subsidies—two-thirds of Indians get a 90% subsidy on wheat and rice!—or expenditure on inefficient organisations like FCI; for those who think sweeping reforms are difficult, could anyone have imagined the sweeping labour reforms in a few states over the past few days? Addressing investor fears—slash crippling government levies in areas like telecom and oil/minerals—and opening up of new areas like retail-FDI and genuinely removing bureaucratic hurdles to business will pull in large investments to make up for slower local investment levels right now. India has always reformed in a crisis, so something good may just come out of Covid-19.

## Ease labour laws now

UP gets it right, but relaxation must become permanent

**E**CONOMIC RECOVERY FROM the Covid-19 pandemic will require states to relax labour laws—as Uttar Pradesh (UP), Madhya Pradesh, Gujarat and a few other states have done. The economy was not doing well even before the pandemic, and the lockdown decision and the need to enforce distancing at the workplace has meant that the risks to industrial growth have become manifold since. The unemployment rate is already near 25% and, as per data from the Centre for Monitoring Indian Economy (CMIE), nearly 9.13 crore small traders and labourers have lost employment in April 2020. Given the position industry is in, hiring labour—which would ensure restoration of wage-flow for millions—or even continuing with the existing pool of employees would need easing of labour costs, and the underlying labour laws. To that end, Uttar Pradesh has suspended all but three of its 38 labour laws for a period of three years; parts of the suspended laws applicable to women and children will remain in force, though. As per the ordinance brought by the state, only Building and Other Construction Workers Act, 1996, Workmen Compensation Act, 1923, Bonded Labour Act, 1976 and Section 5 of the Payment of Wages Act, 1936, which deals with the right to timely wages, will remain in force. All other laws—including laws governing minimum wage, unionisation, contract labour, health and working conditions, dispute settlement, pensions—won't apply. This allows companies room to function with market-determined costs, unhindered by labyrinthine compliance requirements on firing, closing down, etc. Madhya Pradesh, as *FE* reported last week, has proposed an amendment of the Factories Act to exempt new factories coming up in the next 1,000 days from many of the law's provisions, except the security and hazard related ones. Meanwhile, Rajasthan, Gujarat, Punjab and Himachal Pradesh have amended their respective Factories Acts to allow for 72-hour work-weeks instead of 48-hour ones. These relaxations will help industry get back on its feet—at the very least, ease some of its current pain—which, in the long run, will benefit workers more than the immobilising labour laws that were enacted to ensure the workers' interests were preserved.

Just to have employment levels rise meaningfully—let alone meet goals such as playing host to companies moving out of China, or raising manufacturing's share in the GDP to 25%—the Centre and the states must quickly ease labour laws. Dictating terms of hiring or retrenchment to companies in search of a labour-cost advantage has proved detrimental to the interests of India and its labour force. Indeed, while the Centre has moved towards simplifying labour laws with four codes, the fact is that the swamp of state labour laws is a difficult one to cross for large industries that can generate massive employment—this has led to increasing contractualisation of labour and the loss of economies of scale as the creation of large employers is discouraged in the manufacturing space.

While states have eased labour laws in a temporary manner—effective over a range of three months to three years—India needs to have permanent easing of labour laws, especially ones that manage employee-employer relations, including firing and wage decisions, even as the ones relating to ensuring safety at the workplace are harmonised across states. Else, with the march of technology, India would have legislated its employment rate downwards.

## Elementary, WATSON

ICMR enrolling IBM's AI, Watson, to streamline operations is good, must expand it to data analysis and forecasting trends

**O**N MONDAY, ICMR announced that it would be leveraging IBM's famous artificial intelligence (AI) technology, Watson, to streamline data entry and organisation processes. As ICMR ramps up testing and adds more facilities, IBM will deploy AI chat for operators to aid them in data entry. Watson will also assist centres in processing, capturing, and reporting of records regarding tests, storage of kits, and reagents. This service will be available across centres in both Hindi and English, and is expected to better the response time and data handling of the agency.

ICMR, at present, is only using Watson for backend reporting, but it also needs to deploy it for data analysis and forecasting trends. Watson can, for instance, take states' data and point to anomalies in reporting. It can also highlight which clusters may be turning into red zones and aid the government in conducting better contact tracing. For instance, in the early days, data highlighted anomalies in Gujarat's death rates, which ultimately led to wider testing and detection of more cases. IBM can do well to highlight such trends and more. It can also aid in the development of dashboards which allow for real-time updates on the availability of beds, PPEs and ventilators in hospitals. Not only will this improve the management of these resources, but it will also help the government revamp its supply chains.

## COVID RELIEF

A FULLY KEYNESIAN APPROACH WILL NEED TO BE TAKEN BY THE GOVERNMENT. PEOPLE ARE LOSING JOBS AND PRODUCTION ACTIVITY HAS COME TO A STANDSTILL DUE TO THE LOCKDOWN

# What the Centre must do now

**T**HERE IS A lot of uncertainty with regards to the course of the lockdown. Hence, there is a call from all quarters to come up with a stimulus. Examples of relief measures from other countries are being cited. While the Indian government has already announced a relief programme of ₹1.7 lakh crore for the first quarter, and RBI has followed up with a monetary stimulus of 3.2% of GDP since February, there are expectations of more.

Let us first assay what measures other nations have instituted. The US has a \$2.2 trillion fiscal stimulus, which includes, giving as much as \$3,000 to millions of families. EU's total fiscal response to the epidemic is €3.2 trillion, of which, €100 billion will go towards subsidising wages so that firms can cut working hours and not jobs. The European Investment Bank will utilise €200 billion to lend to companies. Germany has a €750 billion package, with €100 billion for an economic stability fund that can take direct equity in companies, and another €100 billion of credit to KfW for loans to struggling businesses. It also has a stability fund of €400 billion in loan guarantees. France has made provisions for €45 billion for companies and workers, and €300 billion for guarantees of corporate loans. Spain is guaranteeing loans of corporates and individuals. The UK has put €330 billion for loan guarantees to businesses and has offered to pay 80% of wage bills for staff sent on leave, up to a maximum of £2,500 a month. Japan's package totals ¥108 trillion (\$993 billion). It includes cash payouts worth more than ¥6 trillion to households and small and midsize firms.

So, what could be the options for the Indian government? The first would be an extension of the ₹1.7-lakh-crore, or 0.75% of GDP, stimulus for another quarter, which will effectively target

**MADAN SABNAVIS**  
Chief Economist, CARE Ratings  
Views are personal



the neediest. The government has already aggressively delivered this part of the story to the lower-income groups. And, with the lockdown expected to extend further, in different forms across the country, a second-round extension may happen.

The second possibility is setting up a fresh coronavirus fund for various industries that have been impacted adversely. If industries like automobiles, textiles, aviation, hospitality, etc, are affected most acutely, the fund can be used to provide support. This would necessarily be targeted at the registered units where industry associations will play a role in the identification of firms. The fund can support either through direct lending or guarantees given for bank loans. Direct lending is not the job of the government (though nothing stops this from being done), and hence, the latter looks more feasible.

The third is in the area of taxation. Following the example of Western governments that have talked about giving a fixed sum of cash to everyone, the relief programme outlined above can be supplemented with a cash payment to all taxpayers. This can be of a fixed amount, say ₹10,000 per taxpayer. It is easy to identify and implement. There are around 5.5 crore taxpayers, as per FY19 records, and giving this sum could cost ₹55,000 crore. This can be further segmented by the government to exclude those in the higher income groups.

Fourth, the government can work

on giving further concessions to the corporate sector. While cutting the tax rates for a loss-making company may not help, concessions on depreciation can be made, which will help companies. But, this will mean a drop in revenue for the government.

Fifth, the government can also consider halving the GST rates to lower the prices of goods and boost demand. This can be time-bound for this year and can be rolled back to normal in FY22. It should be remembered that on account of the loss of jobs and sharp salary cuts, the ability of people to spend will get restricted. By lowering prices, real purchasing power can be increased, which in turn will help to create demand, and this may gradually help revive growth.

Sixth, the government has to definitely roll back the cuts in DA and pensions that have been invoked for central government employees as it affects the income and livelihood of people. The decision not to pay these amounts is antithetical to the advice given to private companies to continue to pay their staff and desist from layoffs.

Seventh, PSBs can be provided with additional capital by the government to be used specifically for lending to the affected sectors. Here, there

is no revenue loss, but a capital cost, which will make banks stronger by keeping them better capitalised.

Quite clearly, all this requires a substantial amount of spending and cuts in revenue. There is a high cost that has to be borne but is essential. So far, the targeting has been limited to weaker sections. The amount involved is quite reasonable at the macro-level, but very low at the micro-level given the number of people involved. The central government has to take a stance on the amount of fiscal deficit that it is willing to bear. Doubling of the fiscal deficit from ₹8 lakh crore to ₹16 lakh crore may not be out of place here.

In the last five years or so, the government's response to challenges, faced by sectors, has been more in terms of policy changes related to procedures or removal of administrative impediments. While this is useful, they do not directly contribute to demand, which is the requirement today. RBI has stepped in quite proactively to ensure the flow of credit to specific sectors, with SMEs, NBFCs and real estate, in particular, being the beneficiaries.

The approach to be taken this time has to be fully Keynesian in nature, and there is little choice. People are losing jobs, and production activity has come to a standstill due to the lockdowns. There is enough evidence to show that all countries are aggressively doing the same. Paying attention to FRBM norms does not make much sense at this time as survival and sustenance are importance. More important, these steps should be invoked immediately, before it becomes late as lives of several are involved.

## Making sense of the new FDI norms

The recent revisions made to the FDI policy need more clarity for the benefit of investors and companies that are getting lost in its ambiguity

**LALIT KUMAR**

Partner, J Sagar Associates  
Views are personal



**INDIAN TECH COMPANIES**, many other unicorns and the like, are running helter-skelter. Thanks, in large part, to the ambiguous changes made to the recently revised FDI policy. The revisions make government nod mandatory for FDI from countries that share a border with India. This was announced in Press Note 3 (April 17). Later, to give effect to this, the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, (FEMA Rules) were amended. Although the government has denied this, the popular perception is that the policy change is aimed at China. From a legal standpoint, the press note is poorly drafted; the intent of the policy and language of the amendments do not match. The government said that it revised the policy to curb "opportunistic takeovers/acquisitions" of Indian companies due to the Covid-19 pandemic. Yet, there isn't a trace of this in the wording of the substantive parts of the press note. When the press note was issued, everyone had waited with bated breath and hoped that FEMA Rules would clear the air. But, FEMA Rules, released on April 22, did not offer any guidance, and thus, have only disappointed and muddled the waters. This has resulted in a guessing game on the interpretation of words used, and the intent of the policy. The concept of the letter of the law over intent, and, indeed, its converse has been starkly highlighted. The settled principle is that no provision in a statute should be read as redundant. In this context, the FEMA Rules should be given a literal interpreta-

tion. At the same time, the doctrine of purposive interpretation of statutes should not be ignored. This doctrine interprets a statute to find the real purpose for its enactment. This means words in a statute must be read harmoniously with the intent sought to be achieved.

Sadly, in this case, there is only a little chance for purposive interpretation to succeed. This is because the FEMA Rules have not banned FDI from neighbouring countries. All that it requires is prior government approval. Therefore, the letter of the law and the intent do not seem to be at odds. In effect, the amendments provide that it is the government, and not the Indian company or the foreign investor, which can decide if an acquisition is opportunistic or not. Thus, the forum where this question will get settled in is the government; the onus is on the Indian company and foreign investor to satisfy that their acquisition is not opportunistic. On its part, the government is expected to be guided by the rules it has set and should clear the genuine proposals quickly.

This policy interpretation is reminiscent of how the government once interpreted the FDI policy, way back in 2013. The government had then smartly interpreted that a strategically placed comma in the FDI policy meant that FDI is also allowed in greenfield

airlines and not just in existing airlines. This interpretation facilitated the government's nod for greenfield JV alliance between Tata and Air Asia. Ironically, the ministry of civil aviation had opposed the proposal for not being consistent with the FDI policy. But, investors had hailed the government's style of interpretation.

In the present situation, a strict interpretation of FEMA Rules will come as a harsh reality. In these turbulent times, Indian companies are already struggling for capital. Such interpretation won't spare genuine cases of fundraising. For example, funding obligations that were agreed pre-Covid-19 will also get impacted. Even if an investor agrees to pay the same price that was originally negotiated, it would be odd if the pandemic is not used as an opportunity, government approval will still be needed. An infusion of additional capital in an already set-up 100% subsidiary cannot be called opportunistic. Even paying the agreed balance consideration for share warrants and partly paid shares that were subscribed pre-Covid-19 is not opportunistic. Yet, all of this will require government approval. Irrespective of the kind of fundraising, the only rule that seems to apply is that any issue or transfer of shares for FDI from countries sharing a border with India will now require government approval.

**The settled principle is that no provision in a statute should be read as redundant. In this context, the FEMA Rules should be given a literal interpretation**

## LETTERS TO THE EDITOR

### Nationwide lockdown

The three lockdown periods announced by PM Modi to contain the spread of coronavirus for the last 45 days, have failed totally as the numbers of Covid-19 cases are increasing at an alarming rate. The fact of the matter is that there is no coordination between the Centre and the states, and people are not taken into confidence to follow the norms. As per medical experts the coronavirus will be at its peak in the month of June-July. It is high time the Centre must give some relaxation during the lockdown to enable small businesses to run for the survival of the falling economy, which at present is hitting rock-bottom. It is also time that the Centre and the states must have regular dialogues to appraise the people to create confidence in them to fight Covid-19. It is hoped that common sense will prevail, and the Centre will coordinate with states and the people to fight Covid-19, failing which, it will be a serious disaster in June-July for which the Centre will be fully responsible.  
— Bhagwan Thadani, Mumbai

### Vizag gas leak

The gas leak in Vizag that killed 11 people and affected over a thousand others brought back chilling memories of the Bhopal gas tragedy. Hundreds of voiceless cattle, stray dogs and birds also succumbed to it. The plant erred in overlooking safety protocols and didn't sound an alarm after the gas escaped, catching citizens unawares. The Andhra Pradesh CM's announcement of an ex gratia of ₹1 crore to the next of kin of the victims is a great gesture, but the authorities must not spare those responsible for the tragedy.  
— NJ Ravi Chander, Bengaluru

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# Oil in turmoil

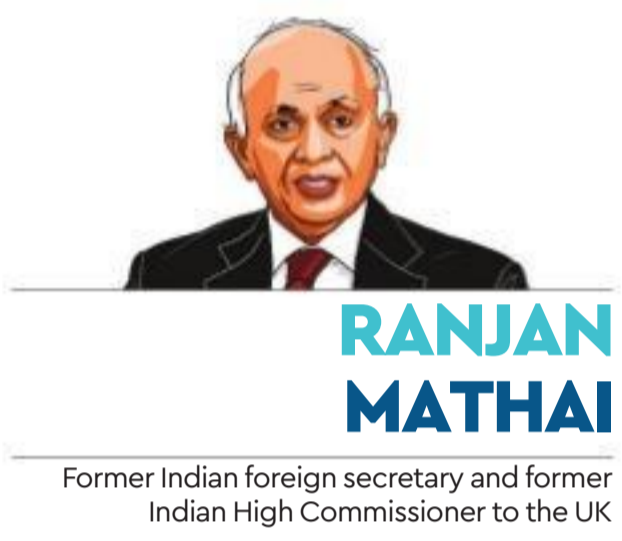
It is time for the govt to abolish cess and lower royalties, to ensure that the lower-cost fields operate sustainably in the present price trough. Re-introduction of modest customs duties on crude imports can make up for the revenue losses

ILLUSTRATIONS: ROHINIT PHORE

**REFORMS ANNOUNCED** LAST week by India's oil regulator are useful to improve ease of doing business for domestic oil producers, but, for now, the industry's priority is to survive the oil price collapse.

The industry, it is estimated, employs 50,000 people, and contributes 1.5% of India's GDP; it meets 20% of India's requirements, which the prime minister wants raised to 33%. Oil is a strategic commodity, without which the supply chains of the economy cannot function. The price war among oil producers for shares of a dwindling market is forcing reviews of operating costs and future viability. Calibrated measures to protect India's vital oil assets are, thus, necessary.

ONGC's cautionary plea that under the burden of high taxes, cess and royalties, it cannot cover the cost of producing oil when prices are below \$40 a barrel, has resonance among all Indian oil producers. It is time for the government to abol-



Former Indian foreign secretary and former Indian High Commissioner to the UK

ish cess and lower royalties, to ensure that at least the lower-cost fields operate sustainably in the present price trough. Re-introduction of modest customs duties on crude imports can make up for the revenue losses.

Global oil markets were already oversupplied and marked by severe price competition, even before the pandemic caused demand destruction. The closest

parallel to this unprecedented situation was the period 1929-34 when a slew of giant discoveries in the US, led to a production surge during the Great Depression. Despite having started an effective cartel in 1928 to manage global marketing, the dominant US and British oil 'majors' could not handle the ensuing price destruction on their own; and it took regulatory action by the US authorities to stabilise domestic production and distribution. The majors prospered, and went on to control global oil markets for four decades; many smaller producers were either bought out or went bankrupt and disappeared from the oil map.

A global cartel would be challenging to build, but it may be attempted. The mid-April decision by OPEC+ and Russia, supported by the US, to cut 10m barrels of production per day proved ineffective as demand was down by 30 mbpd. With offtake declining sharply, the premium on storage capacity spiked to the extraordinary point—a negative price for

future oil deliveries in the US. Relatively high-cost shale oil producers in the US are counted among the first to shut shop in this scenario. They could be followed by other high-cost producers worldwide.

A broader decline of US oil would be dangerous for President Trump's re-election prospects, and he has said that he would do whatever he has to do "to protect tens of thousands of energy workers and our great companies". He first tried to buy \$3bn worth of oil for the US Strategic Petroleum Reserve but was blocked by Congress. Hence, he has authorised a legally tenuous scheme to rent out 30m barrels storage space in the SPR to US producers. Oil stored in May-June 2020 would have to be moved out by March 2021. Trump had earlier warned the Saudis that the US guarantee of their security could be threatened unless they agreed to production restraints. Thus, another round of coordinated cuts cannot be ruled out. Both the Russians and the Saudis have low operating costs but high "fiscal prices" due to budgetary dependence on oil. Meanwhile, US oil companies are among those allowed access to low-interest loans from the \$2 trillion relief package approved by the US Congress. In the UK, the Bank of England reportedly allowed debt of oil majors to be eligible for support of the bank's corporate bond purchase scheme. The majors plan to navigate through the shakeout and retain their role in global energy markets.

China has always viewed oil supply from the prism of national security. It has largely filled its SPR—ten times the size of India's. It is determined to raise domestic production—even at a high cost—from the present level of 30% of total oil requirements. The former Chairman of Sinopec explained the rationale as preparing for increased antagonism from the US, which would try to exploit China's oil import dependence. He described 'basic self-sufficiency' as 70% coming from domestic sources; and argued that this should be achieved in a decade. Simultaneously, China is seeking to leverage its growing clout as the world's largest oil importer to create a Shanghai benchmark for prices; in March, the State Council approved the creation of an FTZ in Zhenjiang for refining and trading of oil.

Proponents of a 'green future', decry support for oil and gas and argue that recovery should be based on massive investment in renewables. But all supply chains, even for manufacture of electric vehicles, wind turbines or solar panels, leave alone food processing and daily necessities, are dependent on oil. Building the infrastructure for a low carbon future will require oil. While a long term decline for oil's central place in energy use seems inevitable, we need to ensure that our oil sector continues to contribute to the national economy and security as long as it is needed.

# GST relief 2.0

GOKUL KISHORE  
Advocate Views are personal

Govt can provide relaxations with respect to certain measures under GST

**T**HE GOVERNMENT HAS brought an ordinance to extend due dates for compliances under various tax laws. In CGST Act, new Section 168A empowers it to extend the time-limit specified or prescribed in respect of actions which cannot be completed or complied with due to *force majeure*. Epidemic has been included in the new definition of *force majeure*. Notifications have been issued relating due dates for filing returns, granting interest waiver, reduced interest for delayed payment and waiver of late fee. A second round of GST relief is due.

The time for payment of tax can be extended, or payment in instalments can be allowed as per Section 80 of CGST Act. A maximum of 24 instalments can be permitted. For such payment, interest will be applicable. CBIC may issue a circular highlighting the provision. Commissioners may be instructed to take a liberal view for permitting instalments. No amendment to law is required, and simple instruction with wider publicity is sufficient. Reduced rate of interest can be provided in such cases.

Exemption or rate reduction can be considered for goods used for Covid-19 treatment. Construction concerning hospitals, pharma packaging, services delivered through online mode, particularly in education, and other such services when movement is restricted, need concessional tariff. Sectors severely impacted like travel, tourism, etc, may also need tariff concessions. Exemption to output supply may lead to accumulation of input tax credit on purchases. Refund of unutilised credit admissible in cases of inverted tax structure can be extended to such supplies. The tax relief can be for limited period.

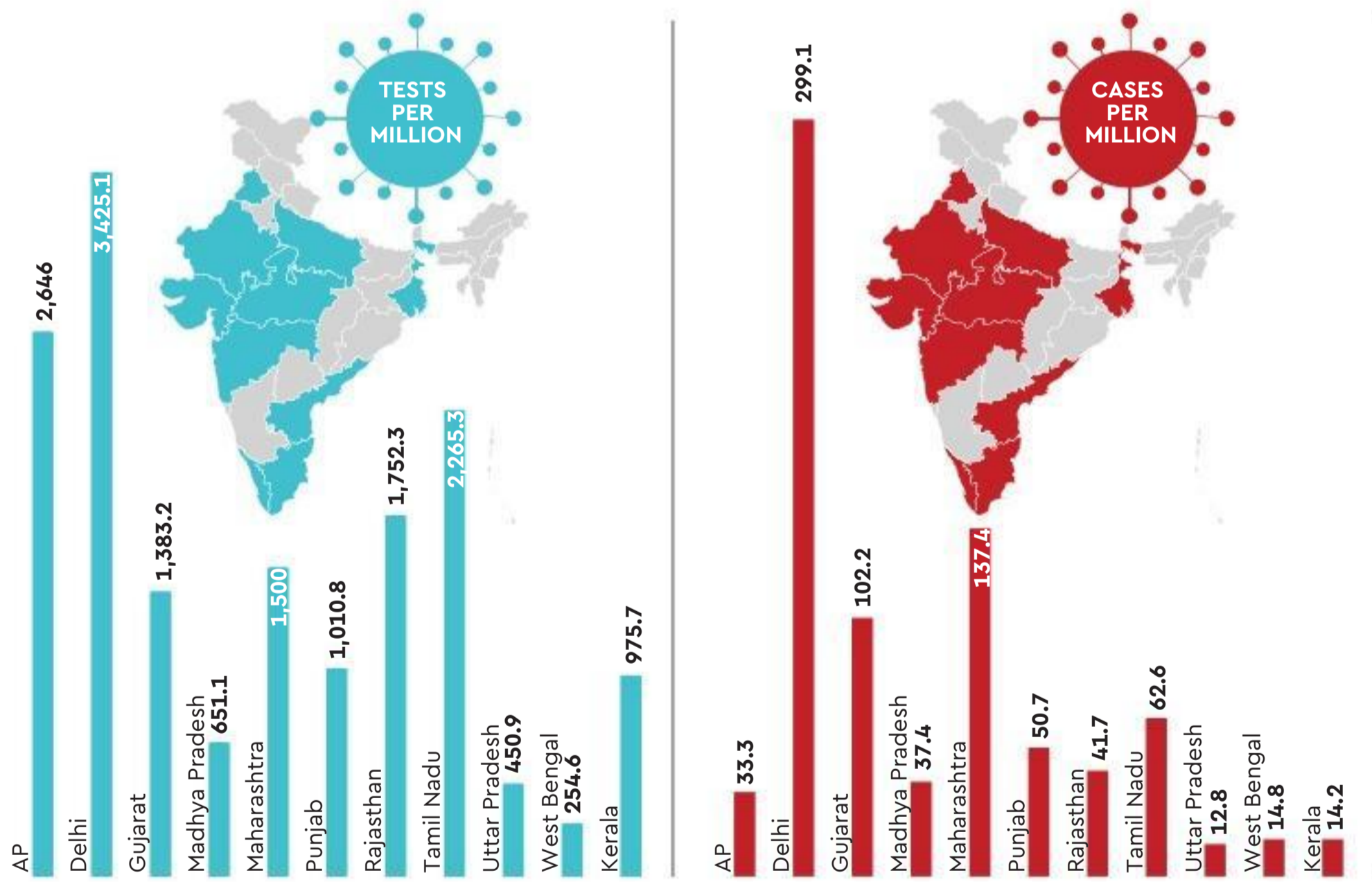
Current relaxations, prospective exemptions, and time taken to restore normalcy may depress tax collections. An increase in the tax rate of certain goods can compensate for losses. Article 279A of the Constitution lets GST Council to recommend any special rate or rates for a specified period to raise additional resources during any natural calamity or disaster. This is suggested because the powers of the Union to impose surcharge or cess under GST is not beyond doubt after amendments made to the Constitution for levy of GST.

Section 17(5) of CGST Act restricts input tax credit on free supplies. Goods distributed free for Covid-19 relief will require ITC reversal. Such ITC restriction is applicable to services like construction (except sub-contractors), putting up telecom towers and pipelines outside factories. The list needs to be re-visited. With relaxation of tax credits, the industry can use more credits to set-off liability instead of relying on cash. The disruptions in distribution chain may result in goods becoming obsolete compelling write-off of such inventory. Reversal of ITC is required at the time of write-off. This can be liberalised along with certain safeguards. Provisions like receipt of consideration from buyers within 180 days for retaining ITC availed should be suspended for this FY.

Firms cannot comply with statutory conditions like the existence of prior agreement and linkage with invoices for the exclusion of post-supply discounts. The CBIC can issue appropriate orders to remove difficulties in implementing such provisions. Stock transfers between states attracts IGST. Such supplies can be exempted. As taxes paid are availed as credit by recipient-units, the situation is largely revenue-neutral. Support provided by head office to branches or own units in different states is deemed as taxable supply and liable to GST. While there is no circular providing clarity, most of the members of trade and industry are paying tax on such deemed supplies. Exemption to such intra-company supply of services will provide significant relief.

CBIC may issue unambiguous instructions to defer visits by audit teams and summon or detain persons or seize goods with circumspection. Issue of demand notices and recovery proceedings can wait. Coercive action like attachment of bank account should not be used sparingly. Invoking penal provisions when revenue collections slip in the coming months should be avoided.

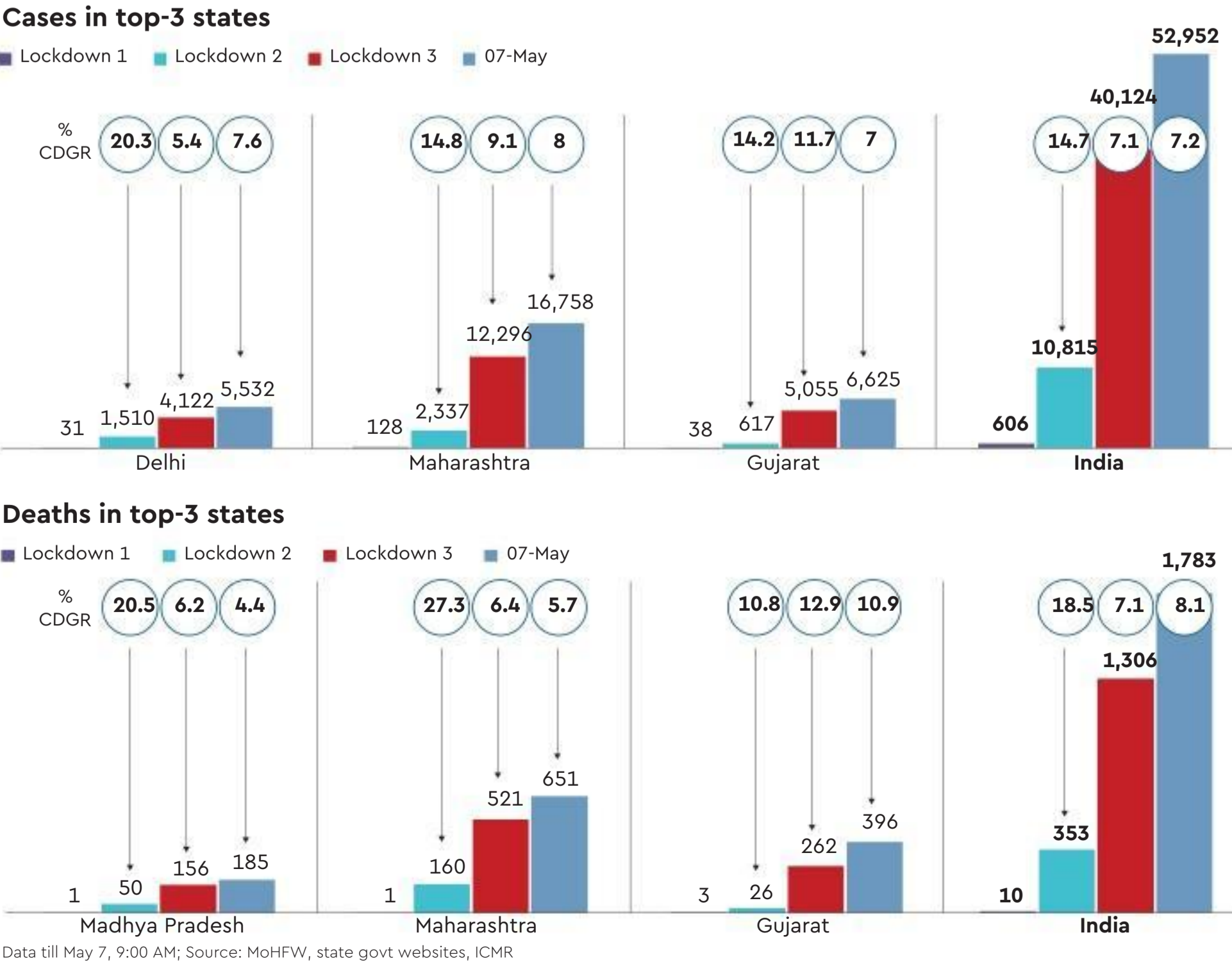
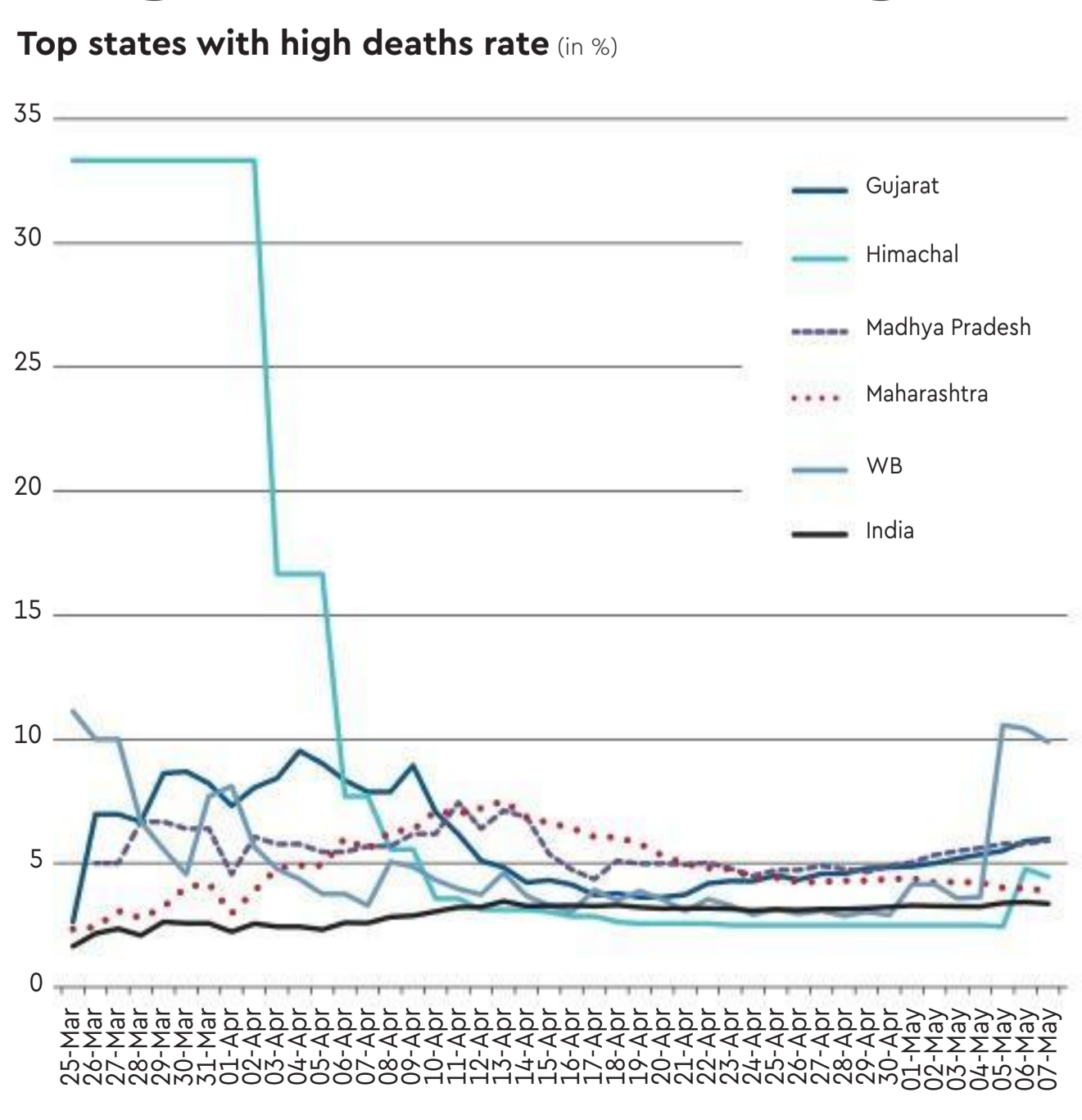
## DATA DRIVE



# Lockdown gains slipping

**A**S STATE GOVERNMENTS gets anxious to resume economic activity, Covid-19 cases seem to be piling up. There is little doubt that the two lockdowns did help the government slow down the pace of infections, but lockdown fatigue is bearing down the country. That is the reason cases have jumped over the last few days when the government announced Lockdown 3.0 with certain relaxations. On May 8, data from MoHFW show that new cases jumped by over 3,000 for two days in a row. While the compounded growth rate during the first lockdown was 14.7%, this came down to 7.1% in the second phase. In the third phase, however, the growth rate has been 7.2% for cases. In terms of deaths, the increase is much more drastic. As against a daily growth rate of 7.1% in the first lockdown, death numbers have been registering an 8% growth since the start of the third lockdown.

Testing per million across the country is still low, cases per million (per capita) have increased. Against a national average of 40, Delhi has 299 cases per capita, while Maharashtra has 138 and Gujarat has 102. Uttar Pradesh, Bengal and Bihar, the three states with lowest testing per million, have only 12.8, 14.8 and 4.4 cases per million, respectively. These need to test more for a clearer picture to emerge.



# International

SATURDAY, MAY 9, 2020



**LEAP FORWARD**  
Christine Lagarde, ECB president  
We have been given a chance to take a leap forward: to reimagine our social contract, reconsider Europe's strategic autonomy, and recognise the risks of not taking the environment seriously

## 14.7% UNEMPLOYMENT RATE US labour market shatters post World War II records

President Trump says jobs report isn't surprising and he is not to blame

AGENCIES  
Washington, May 8

**THE US ECONOMY** lost a staggering 20.5 million jobs in April, the steepest plunge in payrolls since the Great Depression and the starkest sign yet of how the novel coronavirus pandemic is battering the world's biggest economy.

The Labor Department's closely watched monthly employment report on Friday also showed the unemployment rate surging to 14.7% last month, shattering the post-World War II record of 10.8% touched in November 1982. It strengthened analysts' views of a slow recovery from the recession caused by lockdowns imposed by states and local governments in mid-March to curb the spread of Covid-19, the respiratory illness caused by the virus.

President Donald Trump said the government report showing massive US job losses from the outbreak isn't a surprise and that he shouldn't be blamed for it.

"It's fully expected. There's no surprise," he said on *Fox & Friends*, where he was being interviewed as the report was released. "Somebody said, 'Oh, look at this. Well, even the Democrats aren't blaming me for that, but what I can do is I'll bring it back.'"

Trump expressed confidence that employment numbers could snap back quickly, given the nature of the shutdown. "We artificially closed it. Those jobs will all be back, and they'll be back very soon and next year we're going to have a phenomenal year. People are ready to go. We've got to get it open, safely. People are ready to go," he said.

"We were blowing away everybody. We were the envy of the world and then they

### MAPPING THE VIRUS

- Global cases pass **3.8 million**
- Deaths top **270,000**
- Recovered **1,237,502**

- Next coronavirus health crisis could be a wave of suicides
- With virus cases set to soar, state coalitions are mostly talk
- Children suspected of spreading disease as societies reopen
- Russian hospital staff 'working without masks'
- US driving wedge between Communist Party, Chinese people over Covid-19: China
- Prayers resume in mosques of low risk Iranian cities



Spain reported 1,095 new cases in the last 24 hours, the biggest increase in nearly a week, as the country goes through the first phase of a plan to relax its lockdown after eight weeks of confinement

England, Scotland, Wales and Northern Ireland could start easing UK-wide restrictions at different times if medical evidence shows it's necessary, Scotland First Minister Nicola Sturgeon said Friday after speaking with Prime Minister Boris Johnson

Intel compromised worker safety at some of its factories to maintain chip production in the midst of the pandemic, according to complaints filed with government agencies and employees at one of the sites

Swiss restaurant diners will be asked to provide their names and phone numbers before the meal in a move designed to track the spread of possible new infections as an eight-week lockdown continues to ease

Some 60% of German companies are suffering from reduced demand and 80% of firms in Europe's largest economy expect revenues to fall this year as the coronavirus outbreak wreaks havoc, a survey by the DIHK Chambers of Commerce showed on Friday

China on Friday asked American politicians not to "waste" their time by trying to drive a "wedge" between the ruling Communist Party and the Chinese people over the deadly coronavirus pandemic

came in and they explained it and they said, 'Sir, you have to turn it off,'" Trump said Friday. "Nobody ever heard of a thing like this, but they were right."

The collapse of the job market has occurred with stunning speed. As recently as February, the unemployment rate was a five-decade low of 3.5%, and employers had added jobs for a record 11.3 months. In March, the unemployment rate was just 4.4%.

The government's report Friday noted that many people who lost jobs in April but didn't look for another one weren't even

counted in the unemployment rate. The impact of those losses was reflected in the drop in the proportion of working-age Americans who have jobs: Just 51.3%, the lowest on record.

In addition to the millions of newly unemployed, 5.1 million others had their hours reduced in April. That trend, too, means less income and less spending, perpetuating the economic downturn. A measure of what's called underemployment, which counts the unemployed plus full-time workers who were reduced to part-time work reached 22.8%, a record high.

## Quick View

### FB, Google to allow WFH through 2020

FACEBOOK AND GOOGLE will allow most of their employees to work from home through 2020 due to the Covid-19 pandemic, according to media reports. Facebook CEO Mark Zuckerberg in April had said that it would require most of its employees to work remotely till the end of May, allowing only a smaller percentage of employees to come to the office sooner.

### Siemens net profit down, abandons yearly forecast

SIEMENS SAW NET profit sag to 697 million euros in the first three months of the year, the company's fiscal second quarter, from 1.92 billion euros in the year-earlier quarter. Revenue was down slightly to 14.22 billion euros. The company abandoned its business forecast for the year, saying it expected the downturn to bottom out in the current quarter.

### Rupert Murdoch gives up bonus after \$1-bn loss

EXECUTIVE CHAIRMAN RUPERT Murdoch is forgoing his cash bonus for the year after the media company posted a \$1 billion quarterly loss due to a write-down in the value of its Australian pay TV unit and the impact of the Covid-19 pandemic on its businesses. The company's chief executive officer, Robert Thomson, is giving up three-quarters of his annual cash bonus.

## Uber, posting first-ever quarterly drop in rides, says the worst is over

BLOOMBERG  
San Francisco, May 8

**UBER SAID QUARTERLY** bookings from ride-hailing customers declined for the first time ever due to the effects of the coronavirus but that the business is already beginning to recover.

The San Francisco-based company has never turned an adjusted quarterly profit and is unlikely to do so this year. Uber now expects to hit that milestone next year, thanks to cost cutting that will eliminate more than \$1 billion in expenses, Dara Khosrowshahi, the chief executive officer, said on a conference call with analysts.

The ride-hailing business was down about 80% in April, but Khosrowshahi said sales have increased for each of the last three weeks and are on track to do so again this week. "We believe the US is off the bottom," he said. Shares were up about 6% in extended trading Thursday.

Khosrowshahi sought to reassure investors on a conference call in March explaining the business would have a \$4 billion cash cushion in a worst-case scenario. "While our rides business has been hit hard by the ongoing pandemic, we have taken quick action to preserve the strength of our balance sheet," Khosrowshahi said in a statement. "Along with the surge in food delivery, we are encouraged by the early signs we are seeing in markets that are beginning to open back up."

Uber is a major investor in Didi Chuxing, the largest ride-hailing operator in China, where the virus originated. By April, Uber withdrew its financial forecast for the year and said it would take a significant charge



Along with the surge in food delivery, we are encouraged by the early signs we are seeing in markets that are beginning to open back up

— DARA KHOSROWSHAHI, UBER CEO

on investments, which totaled \$2.1 billion. That drove a quarterly net loss of \$2.94 billion, nearly triple the loss a year ago.

However, Uber inched closer in the first quarter to its goal of generating an adjusted profit. The loss, excluding taxes, interest and other expenses, declined 30% from a year ago, to \$612 million.

Another bright spot was food delivery, which helped offset the drop in rides. Homebound customers drove a 52% increase in food delivery gross bookings to \$4.68 billion in the first quarter. Gross bookings from rides, a measure of the total value of fares that's closely watched by investors, dropped 5% to \$10.9 billion.

## Chinese drugmaker seeks global trials of its vaccine

BLOOMBERG  
May 8

**THE DRUGMAKER BEHIND** one of China's most promising coronavirus vaccine candidates is in talks to conduct late-stage trials globally as the race for immunisation against Covid-19 intensifies.

Beijing-based Sinovac Biotech is in discussion with regulators in other countries, and the World Health Organization, to launch phase III clinical trials in regions where the novel coronavirus is still spreading rapidly, CEO Yin Weidong said in an interview Thursday.

Most of the leading efforts are now in the midst of phase I and II of clinical trials, where experimental vaccines are administered to hundreds of healthy individuals to see whether they're safe and can elicit an immune response.

It's phase III — involving a control group of individuals who receive placebos or remain unvaccinated — that shows if those who have received the vaccine are able to steer clear of infection more than those who did not. This requires both groups, the vaccinated and the control, to be in an environment where the virus is still spreading.

"To evaluate whether the vaccine can give protection, we need to study the relation between disease incidence and vaccination," Yin said. "You can't do that when there's no cases."

With China having largely curbed its growth of new infections, its drugmakers will need to seek international coopera-

## Wuhan market had role in virus outbreak: WHO

REUTERS  
Geneva, May 8

**A WHOLESALE MARKET** in the central Chinese city of Wuhan played a role in the outbreak of the novel coronavirus last year, as the source or possibly as an "amplifying setting", the World Health Organization said on Friday, calling for more research.

"The market played a role in the event, that's clear. But what role we don't know, whether it was the source or amplifying setting or just a coincidence that some cases were detected in and around that market," said Dr Peter Ben Embarek, a WHO expert on food safety and zoonotic viruses that cross the species barrier from animals to humans. It was not clear whether live animals or infected vendors or shoppers may have brought the virus into the market, he told a Geneva news briefing.

### 'WHO is China's puppet'

President Donald Trump said the US will soon announce plans on funding for the World Health Organization, which he says was complicit in the spread of the virus by accepting China's claims about the severity of the outbreak.

"They're a puppet for China," Trump said on *Fox & Friends* on Friday. "We've been paying so much more than anybody else. And I blame that on our politicians. To be honest with you, our politicians probably could've exerted a lot of force."

## TikTok faces Dutch privacy probe

BLOOMBERG  
Luxembourg, May 8

**TIKTOK, BYTEDANCE'S SOCIAL** media app, faces an investigation by the Dutch data protection authority amid concerns over the safety of children's data.

The watchdog said Friday that "a huge number of Dutch children clearly love using TikTok" and that an investigation is needed to check privacy settings.

The regulator will examine whether the information provided to children using the app "is easy to understand and adequately explains how their personal data is collected, processed and used," Monique Verdier, deputy chairman of the Dutch authority said in a statement. They will also "look at whether parental consent is required for TikTok to collect, store and use children's personal data."

TikTok, owned by Beijing-based ByteDance, has been grappling with mounting questions from US policy makers over whether it poses a national security risk. It rejects the notion it's controlled by the Chinese government or that user data is at risk.

### THIRD PHASE

- Involves a control group of individuals who receive placebos or remain unvaccinated
- It shows if vaccinated persons are able to steer clear of infection better than the unvaccinated
- This requires both groups, the vaccinated and the control, to be in an environment where the virus is still spreading

tion to test their vaccine candidates in other countries — a task that may be complicated by tensions between China and some nations, especially the US, over how and where the virus originated.

While there are over 100 vaccines in development globally, only around 10 have reached the crucial final stage of human testing. A working vaccine is the best hope for countries to re-open their suffering economies and resume normal life without a surge in cases.



Dutch regulator will examine whether the information provided to children using TikTok is easy to understand and adequately explains how their personal data is collected, processed and used

ity risk. It rejects the notion it's controlled by the Chinese government or that user data is at risk.

## China and US signal harmony on trade front despite tensions

THE NEW YORK TIMES  
Beijing, May 8

**AT A TIME** when worsening relations between the United States and China are adding even more uncertainty to the global economic and political outlook, the two countries are trying to reassure the world that the truce in their nearly two-year trade war remains intact.

The two countries said on Friday that their top trade and financial officials had held talks via conference call, their first since the coronavirus pandemic ballooned in late January. Earlier, Trump had suggested this week that the White House would take a skeptical look at whether China was living up to its commitments under the truce.

"Both sides agreed that good progress is being made on creating the governmental infrastructures necessary to make the agreement a success," the Office of the United States Trade Representative said in a statement.

## Tesla plans to restart US plant, defying authorities

BLOOMBERG  
Southfield, May 8

**TESLA PLANS TO** reopen its sole U.S. car plant as soon as Friday, possibly setting up another battle with county- and city-level health authorities in California.

The company aims to restart the factory Friday afternoon, CEO Elon Musk told staff Thursday in an email seen by *Bloomberg*. Musk cited California Governor Gavin Newsom's announcement earlier that he will let manufacturers in parts of the state resume operations starting Friday.

What Musk didn't mention in his memo is that Newsom also said earlier that counties could remain more restrictive than the state. Alameda County, where Tesla's plant is located, said it was leaving in place its health order that contributed to the company idling its plant on March 23. A Tesla representative in China declined to comment outside regular US business hours.

Michigan Governor Gretchen Whitmer issued a separate announcement Thursday with clearer implications for General

### Chinese govt critic's account restored

A woman who was suspended by TikTok after posting viral videos critical of the Chinese government's actions in Xinjiang said in a Twitter post that the Chinese video-sharing app has restored her account and apologised.



The company aims to restart the factory Friday afternoon, CEO Elon Musk told staff Thursday

Motos, Ford and Fiat Chrysler, giving the companies and their suppliers the green light to reopen beginning May 11.

The three automakers have scheduled the restart of their North American plants for May 18.

"We're not out of the woods yet, but this is an important step forward," Whitmer said in a statement.

### SELECTIONS FROM



A LONG TIME ago in a galaxy far, far away—February, to be precise—Bob Iger quit as head of a wildly successful company. Disney ruled the box office, with seven of the ten biggest hits of 2019. It had just launched a streaming service, Disney+, to take on Netflix. And it had completed a \$69bn debt-fueled acquisition of 21st Century Fox. In Mr Iger's 14 years in charge, the firm's share price quintupled. On May 5th he was back, like a Jedi summoned from semi-retirement, to introduce a first-quarter earnings call where

Disney suspended its dividend and said covid-19 had caused net profit to fall by 91% from a year ago.

Covid-19 has infected all big media groups. Cinemas are shut; advertising is down; shooting is disrupted and there are no live sports to televise. (See few have suffered as badly as Disney (see chart). Netflix is thriving as locked-down consumers sign up. at&t and Comcast are stabilised by their dull yet dependable cable and mobile businesses. Disney has been whacked for the same reason that for years it thrived: under Iger, the world's best-known media company grew into far more than a media company. As it diversified into exactly the wrong businesses for a pandemic.

A decade ago Disney's media networks, which include the Disney Channel, ESPN sports and ABC broadcasting, raked in two-thirds of Disney's operating profits from

### BUSINESS CRUISING FOR A BRUISING

## Parks and resorts powered Disney's growth. Then came Covid-19

Disney has diversified into exactly the wrong businesses for a pandemic

its various businesses. Last year they made up half. With pay-tv in decline, Disney has invested elsewhere. One area is film stu-

dios, where profits have been lifted by the acquisition of companies like Lucasfilm (which owns Star Wars) and Fox. That has



boosted its consumer-products business, as fans snap up plastic lightsabres and Iron Man toys. But last quarter, with cinemas closed, Disney studios' profits fell by 8%, year on year. With new releases postponed until July, the next quarter looks worse.

The Fox deal apart, Disney's biggest

expansion under Iger was in theme parks and resorts. Capital spending on these was \$4.1bn last year—more than Disney paid for Lucasfilm in 2012. Six parks and four cruise ships (plus a private island in the Bahamas) helped generate a third of Disney's operating profit in 2019, nearly double the share a decade ago. Bob Chapek, who replaced Iger as CEO in February, ran the division.

Yet this business is especially vulnerable to social distancing. With parks closed and ships docked, quarterly profits in this segment swooned by 58%.

Disney's Shanghai park, at least, will reopen on May 11th, at below 30% capacity. Visitors are banned from hugging Mickey Mouse and must wear face-masks. The Disney shop sells those in packs of four, featuring Mickey or R2-D2, for \$19.99.

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# Motobahn

SATURDAY, MAY 9, 2020



## SUPPORTING DEALERS

Yadvinder Singh Guleria, Director, Sales & Marketing, HMSI

We've extended financial support package for dealers. We've also decided to bear additional 19 days' interest, making it a total of 40 days of interest cost by Honda on BS6 inventory at our dealers. We are confident the support extended will largely ease business continuity concern of our dealers.

## TOUGHEST DRIVING LICENCE

# A licence to drive the autobahn will have to wait

Germany's famously tough driving schools are in lockdown, a microcosm of the toll that the pandemic is taking on small firms

JACK EWING

WHEN THE ECONOMIC victims of the coronavirus crisis are counted, probably not many tears will be shed for the driving instructors of the world, especially in Germany, where getting a licence is a gruelling and costly rite of passage that few people remember fondly. Yet the driving school industry is a microcosm of how the pandemic has brought some service professions to a standstill with often devastating impact on a small but unexpectedly essential niche of the economy.

Driver education is a big deal in Germany, reflecting the role that cars play in the national psyche as well as an obsession with formal training. It is mandatory for

prospective drivers and notoriously difficult, requiring 20 hours of classroom training and often double that much time on the road with a professional instructor.

Like restaurants and hair salons, driving schools can't function without social contact, and are being pushed to the brink after lockdowns forced them to close, erasing their sales overnight. Though a few states such as Hessen have allowed driving schools to resume if drivers/instructors wear masks and take precautions, training is still paused in much of Germany.

"There is no money coming in at all," said Christine Timmer, owner of a driving school in Munich that caters to English-speaking expatriates, whose driver's licences are often not valid in Germany. "I will be able to manage for two to three months, but after that I really don't know."

More than a quarter of German driving schools believe the crisis will push them into bankruptcy, according to a survey by Moving International Road Safety Association, an organisation that lobbies on behalf of driving schools. That would translate into roughly 10,000 lost jobs.



Driver education is a big deal in Germany; most driving schools, including Fahrschule Butterfly (photo)—one of the biggest in Frankfurt—are shut

Among German driving instructors, who suddenly have a lot of time on their hands, there is a debate whether classroom instruction could be conducted online. To get a licence, applicants must attend 14 classroom sessions lasting 90 minutes each, typically held in a driving school's crowded storefront premises.

Frank Dreier, who operates a driving school in Bad Nauheim, a city north of Frankfurt, said he didn't think online courses would make much difference. Students would still have to wait until it was

safe to resume road training, he said.

There are even a few murmurs about making it easier to get a licence.

Germany is a country where it is illegal for a person to repair a tyre, manufacture an accordion or blow glass without having been certified as a "meister," which often requires years of apprenticeship. Getting a driver's licence is almost as demanding.

Students must take a first-aid course and spend as much time practising behind the wheel as the instructor deems necessary. Road training costs an average of

about 43 euros an hour, or \$47. Including classroom training, the total to get a licence is usually around €2,000.

To pass the written test, drivers must memorise 1,000 possible questions and answers on the subtleties of right-of-way rules, road sign hieroglyphics and mathematical formulae that predict how long it takes a vehicle to stop at a given speed.

The failure rate is high. Of 1.8 million written tests administered last year, fewer than two-thirds earned a passing score. (Applicants are allowed to retake the test.)

But opponents say rigorous training is one reason Germany has one of the lowest rates of road fatalities in the world. That may come as a surprise to anyone who has driven on a German autobahn, stretches of which have no speed limits, and where many drivers seem to be channelling their inner Roman gladiator. Statistically, an American is three times more likely to die from a traffic accident than a German.

"People are afraid if they make it easier, the death rate would rise," said Jochen Klima, chairman of a driving instructor's association in the state of Baden-Württemberg. "That's a taboo issue."

Klima and other industry representatives are pressing the government to let driving schools operate using precautions such as face masks and plastic separators between instructors and student drivers.

Baden-Württemberg and some other states are already allowing driving schools to continue training ambulance, truck and bus drivers, who are urgently needed.

Dreier, located in one of the few states that have allowed training of drivers to resume, said he began gradually reopening his business Tuesday. "I'm still solvent," he said Thursday. "It was an ordeal."

NYT

## Volvo cars to get Luminar's lidar

WHEN YOU picture a self-driving car, you may also picture the numerous—often invisible—body sensors such as cameras and radars that help such cars perform manoeuvres such as lane-driving and automatic braking. Volvo Cars, however, has said that it will instead employ laser to perform these functions, and more.

The Swedish auto major has now partnered with tech firm Luminar to provide the latter's lidar and perception technology for Volvo's next-generation cars, which will be ready by 2022. "The partnership will deliver Volvo's first fully self-driving technology for highways and paves the way for future active safety developments," Volvo said in a statement.

Volvo's new cars—based on SPA 2 modular vehicle architecture—will be updated with software over the air; if users decide to opt for Highway Pilot (a feature that enables fully autonomous highway driving), it will be activated once it is verified to be safe for individual geographies.

Volvo Cars and Luminar are also exploring lidar's role in improving advanced driver assistance systems, and equipping all future SPA 2 cars with a lidar sensor as standard.

Luminar's technology is based on its lidar sensors, which emit millions of pulses of laser light to accurately detect objects by scanning in 3D.

—FE BUREAU

## Home deliveries will help grow electric mobility

Growth curve in e-mobility likely post-Covid-19

RUPESH KUMAR & VIKRANT K AGGARWAL

COVID-19 MAY have hit most businesses, but the EV segment is likely to benefit in FY21 due to the uptake of home delivery. Covid-19 has made us realise the importance of sustainability, which, to an extent, can be achieved with electric mobility. For e-commerce players, it makes business sense because electric two-wheelers are cheaper to run and maintain as compared to petrol bikes. For personal users who may have to limit their usage of public transport due to social distancing, electric two-wheelers can be a cost-effective option.

Sales spike in FY20

According to the Society of Manufacturers of Electric Vehicles, in FY20 the sales of EVs, excluding e-rickshaws, grew 20% (1.56 lakh EVs sold compared to 1.3 lakh units in previous fiscal year). E-rickshaws, continuing to remain largely in the unorganised sector, reported sales of 90,000 units in FY20 (sales of e-rickshaws sold in previous financial year have not been documented). While the percentage growth is good, the numbers are minuscule.

Covid-19 and e-commerce

Covid-19 has changed the way we consume goods and services; home delivery has seen an uptake, and the government is also supporting e-commerce. This can be seen as an opportunity by EV manufacturers and all those involved in the segment. Going forward, delivery companies would require more and more vehicles, especially two-wheelers; electric two-wheelers, over their lifetime, turn out to be more cost-effective as compared to petrol ones.

The authors are co-founders, EVI Technologies. Views are personal

## Hero Cycles has a new campaign

EARLIER THIS WEEK Hero Cycles started a campaign to advocate for policy and behavioural changes to promote cycling in greater numbers so that social distancing continues and cities retain some environmental benefits of the lockdown period. Called #TheCycleOfChange, this initiative, Hero said, aims to draw attention to the need for creating bicycle-friendly infrastructure, and educate people about the benefits of cycling.

Pankaj M Munjal, chairman and MD, HMC, a Hero Motors Company, said: "Lifting the lockdown will be a process, not an event—there will be a need to exercise social distancing. In the UK and Germany, bicycle market has surged as people don't want to crowd in public transport. Cycles can help us contain the second wave of infections." As part of campaign, Hero Cycles will undertake a major advocacy exercise and write to states seeking their support in establishing bicycle-friendly road infrastructure.

—FE BUREAU

# Investor

## JINDAL STEEL & POWER RATING: BUY

# Volume uptick in April beat sector trend

Company faring better than peers on operational front due to its focus on exports; lower costs to aid margin; 'Buy' maintained

JINDAL STEEL & POWER'S (JSPL's) production volume uptick of 5% y-o-y in April in a challenging operating environment comes as a pleasant surprise. Key highlights: (i) Exports constituted 74% of sales volume; (ii) Angul blast furnace recorded highest-ever monthly production of 298kt; and (iii) Jindal Shadedee's sales volume stood at 120kt.

Unlike peers, we see relatively lower impact on JSPL's margin due to: (i) use of iron ore fines (negligible cost) from Sarda mine's stock; and (ii) presence of rails & speciality plates. Despite our concerns on the leveraged ferrous space, we maintain our relative preference for JSPL. Maintain Buy with TP of ₹130. The stock is currently trading at 4.4x FY22e Ebitda.

Volume uptick beats sector trend Despite a challenging operating environment, where peers are operating at 40-45% capacity utilisation, JSPL's vol-



ume uptick of 5% y-o-y stands out. Key highlights for April: (i) Standalone sales volume stood at 365kt with additional sold quantity lying at port that could not be shipped owing to lockdown; (ii) exports volume grew 10% y-o-y to 248kt; (iii) blast furnace at Angul operated at average production rate of 10kt per day; and (iv) despite business challenges in GCC countries, Jindal Shadedee recorded sales volume of 120kt with evident destocking. In our view, on operating front, JSPL is faring better compared to peers due to lower inventory build-up

and better volume growth.

Cash generation aided by lower cost and product mix

We understand that management is focusing on tapping export markets in a bid to generate cash to the maximum extent possible. The positive verdict allowing JSPL to transport iron ore lying at Sarda mines came at an opportune time as it enables the company to lower cost significantly. Further, supply of rails blooms to France and rails to Indian Railways is likely to boost margin further.

## Financials & Valuations (₹ mn)

Year to March	FY19	FY20	FY21E	FY22E
Net revenue	393,721	383,182	353,975	368,272
Ebitda	84,056	81,808	72,946	80,078
Adjusted Profit (3,728)	(8,994)	(14,550)	(8,669)	
Diluted equity shares (mn)	968	1,020	1,020	1,020
Adjusted diluted EPS (₹)	(3.9)	(8.8)	(14.3)	(8.5)
EPS growth (%)	(58.5)	141.2	61.8	(40.4)
Diluted P/E (x)	(22.2)	(9.7)	(6.0)	(10.0)
EV/Ebitda (x)	5.6	5.3	5.4	4.4
ROAE (%)	(3.6)	(3.0)	(5.0)	(3.1)

Source: Company data, Edelweiss research

## Outlook: Operationally sound

Amidst challenging operating environment in April, we see JSPL standing out owing to focus on exports. Besides lower cost of iron ore will aid its margin compared to peers. We maintain 'BUY/SO' with TP of ₹130 (exit multiple of 5.8x FY22e Ebitda).

EDELWEISS

## NIIT TECHNOLOGIES RATING: ADD

# Execution stood out in a challenging scenario

Recovery is expected in Q2; upgraded to 'Add' given recent correction and other positives; TP cut to ₹1,310

NIIT TECHNOLOGIES (NITEC) reported strong execution in Q4FY20 with revenue growth of 3% q-o-q in CC terms, \$180-mn deal TCV reflecting a book-to-bill of 1.16x and 20% y-o-y growth in 12-month executable to \$468 mn being the key highlights. Though management expects revenues to decline by single digit percentage on a sequential basis in Q1FY21, a recovery is expected from Q2FY21 with growth projected for full year FY21. Ebitda margin including ESOP expenses though is expected to decline by a sharp ~200bps in FY21 despite an aggressive cost takeout plan.

Though airlines segment within the travel vertical (46% of travel revenues) is likely to see sharp erosion in spends, other sub-segments like airports, rail transportation and travel technology are relatively resilient. Verticals like BFS and Insurance are actually expected to see a

Financials	2019	2020P	2021E	2022E
Revenue (₹ mn)	36,762	41,839	45,430	50,597
Net Income (₹ mn)	4,089	4,512	4,171	5,122
EPS (₹)	65.6	72.1	66.7	81.9
% chg				
Y-o-Y	44.7	9.9	(7.6)	22.8
P/E (x)	18.1	16.5	17.8	14.5
CEPS (₹)	86.7	99.9	95.1	112.7
EV/E (x)	10.1	9.1	8.8	7.6
Dividend Yield (%)	0.0	2.6	4.6	2.9
RoCE (%)	17.5	17.2	15.9	17.5
RoE (%)	19.7	18.8	17.4	19.3

sequential increase in revenues even in Q1FY21 as deals won in H2FY20 ramp up. We upgrade NITEC to an Add rating given ~33% correction in the stock price since Q3FY20 results and superior execution relative to peers.

Airlines key area of spend weakness NITEC has seen project cancellations within the Airlines sub-segment in



Q4FY20 itself and expects cancellations to worsen in Q1FY21. However, spends are relatively resilient in other travel sub-segments. More importantly, the company has seen no change in deal ramp-up plans in other verticals especially BFS and Insurance. Given that 12-month executable orderbook is up 20% y-o-y in Q4FY20 to \$468 mn, management is confident of delivering positive CC revenue growth in FY21.

Ebitda margin including ESOPs will see a more material drop in FY21

NITEC is pursuing an aggressive cost takeout programme. Management expects Ebitda margin pre-ESOP expenses to be down at most by 80bps relative to the adjusted Ebitda margin of 17.8% reported in FY20. However, there will be an additional ESOP expense of

between 100-130bps in FY21.

## Upgrade to Add

Deal pipeline is robust even in Q1FY21 with many conversations being in advanced stages. NITEC is also more open to buy out smaller captives. Revenue growth is expected to recover from Q2FY21 on timely execution of a strong backlog and as drags from the airlines segment become smaller. Given that valuation is now a more reasonable 14.5x FY22e EPS, ₹3.37 bn of impending buyback in the next few months and strong relative execution, we upgrade NITEC to Add from Reduce earlier with a revised TP of ₹1,310 (earlier ₹1,800) based on 16x Mar'22e EPS (earlier 19x Dec'21e EPS).

ICICI SECURITIES

## EXPLAINED

# What is Hyundai's EMI assurance?

The company doesn't want to lose even a single buyer



VIKRAM CHAUDHARY

NEED TO BUY a car but staring at a possible job loss? Miserable as it may sound, but the Covid-19 lockdown may negatively impact the salaried class. Last week's CII CEOs snap poll (of 300 CEOs) found that 54% foresee job losses in their respective sectors after the lockdown ends.

## What is EMI assurance?

Hyundai India, like all other companies, doesn't want to lose even a single buyer in a post-Covid-19 world. So, it is offering a cover for the salaried class in the private sector who may need a new car. "There may be customers who have the 'need' of a car, but may have uncertainty related to their jobs," said Tarun Garg, director, Sales, Marketing & Service, Hyundai India. "For such customers, we offer to pay three monthly EMIs."

## Who can avail of the scheme?

The Hyundai EMI Assurance programme will be offered to those who take the delivery of a car in May, but the scheme will be applicable for a year (excluding the first three months). Garg added: "In case there is a job loss, now or later during the year, the insurance company (in our case Shriram General Insurance) would pay up to three EMIs to the bank or financier from whom the customer took the loan. About 80% of our cars are sold on finance. This step is an assurance to the customer that, even if you lose your job, you don't need to part ways with your car."

The claims processing and documentation evaluation will be done by Shriram General Insurance, and the cost of the scheme will be borne by Hyundai India.

## Which cars does it cover?

It is not applicable for premium Hyundai cars such as the Creta, Elantra, Tucson and Kona Electric, but on the Santro, Grand i10, Grand i10 NIOS, Elite i20, Aura, Xcent, Verano and Venue.

## Is it safe to go to showrooms?

To avail of this scheme, you don't necessarily need to go to a showroom. Even if you buy a car online (using Hyundai's Click To Buy website) it is applicable. At the same time, Hyundai is disinfecting showrooms. In association with Mobis India, a parts company, Hyundai will dispatch 6.8 lakh masks (3-ply, N-90 and N-95) as well as 20,000 half-litre and 1.5-lakh 100-ml cases of sanitisers for consumers, sales, service and backend staff.

# Markets

SATURDAY, MAY 9, 2020



## RESPONSIBLE BANKING

Nirmala Sitharaman, finance minister

PSBs complemented RBI on loan moratorium. Their effective communication & proactive actions ensured that over 3.2 cr. a/c availed 3-month moratorium. Quick query redressals allayed customer concerns. Ensuring responsible banking amid #lockdown.

## Money Matters

### G-SEC

Benchmark yield fell due to buying support **0.057%**



The rupee appreciated on global cues **0.28%**



The euro rose against the dollar **0.07%**



## CAUTIOUS INVESTORS

# Inflows into equity MFs halve in April to ₹6,213 cr

Lump-sum investments have stopped; some investors are stopping their SIPs due to the unpredictable equity markets, say experts

FE BUREAU  
Mumbai, May 8

**NET INFLOWS INTO** equity schemes of mutual funds in April were the slowest in four months at ₹6212.96 crore as investors turned cautious. Compared to March, net inflows into equity schemes in April declined by 47%.

Data from Association of Mutual Funds in India (Amfi) showed that flows into equity schemes through systematic investment plans in April was at ₹8,376 crore, which is marginally lower than ₹8,641 crore inflows seen in March.

Redemptions from equity funds stood at ₹8,303 crore during the month. Industry experts say that lump-sum investments have stopped and even some investors are stopping their SIPs due to the unpredictable equity markets. Overall mutual funds saw net inflows of ₹46,000 crore in April, aided by inflows into liquid and equity funds.

NS Venkatesh, chief executive at Amfi, said, "Investors are waiting at the sidelines

Month	Net inflows		SIP contribution
	Open ended debt funds	Equity oriented schemes	
Nov '19	51,428	1,312	8,273
Dec '19	-78,427	4,499	8,518
Jan '20	1,09,306	7,877	8,532
Feb '20	-27,940	10,796	8,513
Mar '20	-1,94,915	11,723	8,641
Apr '20	43,432	6,213	8,376

Source: Amfi

and reassessing the situation to see how first quarter earnings are going to be reflected into the share price movements. That is why we saw little lesser flows into the equity funds last month." In April Senx was up by 14.4% even as inflows into equity funds slowed down. Average net assets under management (AUM) for equity funds in April stood at around ₹6.11 lakh crore as compared to over ₹6.50 lakh crore in March a fall of over ₹38,659 crore.

Despite the Franklin debacle in April, debt schemes saw positive inflows into liquid funds. Credit risk funds and other medium to low duration funds saw redemptions during the month. Following the winding up of six debt schemes by Franklin Templeton, credit risk funds saw net outflows of ₹19,238.98 crore in April. Debt oriented schemes saw net inflows of ₹43,431.55 crore in April, with liquid funds saw net inflows of ₹68,848 crore. Jimmy Patel, MD and CEO at Quantum

Mutual Fund, said that investors moved money from high risk category to low risk category in April. "Overall investors turned conservative and moved their money to other safer option like liquid and overnight funds from credit risk funds," said Patel.

Net AUM of mutual fund industry stood at ₹23.93 lakh crore as on April end compared to ₹22.26 lakh crore in March 2020. Distributors in the mutual fund industry also say that many investors have stopped or paused SIPs and there might be further slowdown in SIPs inflows in the months to come.

AK Narayan, founder and CEO of AK Narayan Associates, said, "We are seeing some professionals who don't have regular stream of income pausing their SIPs. However, regular investors have continued to invest through SIPs in equity funds." He also added after the crash of equity markets in March, they are suggesting investors to continue to stay invested for few years and not redeem the money at loss.

## Coupon on new benchmark bonds settles at 5.79%

BHAVIK NAIR  
Mumbai, May 8

**WITH THE NEW** benchmark bonds maturing in 2030 witnessing aggressive bidding during Friday's auction of central government securities, the coupon on the paper settled at 5.79% — a level that was better than market expectations, dealers say.

Market participants have been anticipating the coupon on the new 10-year bonds to settle at levels close to 5.85%, around 15-18 basis points lower than the yield on the current benchmark bonds.

Dealers say the aggressive interest in acquiring the new paper led to a fall in its yield in the secondary market as well.

Siddharth Shah, head of treasury at STCI Primary Dealer confirmed that indeed the cut-off on the new benchmark bonds came in much better than the market expectations. "Anticipation was rife in the market that the new benchmark coupon should settle at levels close to 5.85%; however, the bids were aggressive which eventually led to the cut-off go as low as 5.79%. Those who could not get the paper during the primary auction seem to have bought aggressively in the secondary market that has led the yield on the paper close at 5.72% during Friday's session," Shah said.

According to data put out by the Reserve Bank of India (RBI), the new 10-year paper received bids worth ₹48,040 crore against the notified amount of ₹10,000 crore. The government finally accepted ₹2,000 crore more by exercising the greenshoe option, taking the total amount accepted to ₹12,000 crore for the new benchmark bonds.

Meanwhile, the yield on the current benchmark bonds — 6.45% yielding notes



Market participants have been anticipating the coupon on the new 10-year bonds to settle at levels close to 5.85%, around 15-18 basis points lower than the yield on the current benchmark bonds

maturing in 2029 — closed 6 basis points lower at 5.97% on Friday to hit the lowest level since February 2009.

"The RBI has bought government securities, most likely treasury bills, to the tune of over ₹61,000 crore from the secondary market via open market operation (OMO) outright purchases in the month of April itself. Till the time there is anticipation that such kind of support will be shown by the central bank, I think the yields will remain soft," said an expert.

Bonds maturing in 2022 received the highest interest with bids crossing six times the notified amount of ₹3,000 crore during Friday's auction. Market participants said excessive liquidity in the system and an expectation that there could be further cut in the reverse repo rate has made short-term papers attractive. This is evident from the fact that banks have been parking in excess of ₹8 lakh crore via reverse repo auctions with the central bank showing waning credit growth, and risk-aversion in current times.

## Quick View

### Caspian Debt gets \$20 million from US International DFC

CASPIAN DEBT ON Friday announced an investment of \$20 million by US International Development Finance Corporation (DFC) as long-term debt. The new facility, which is a combination of subordinated and senior debt will support Caspian Debt in providing customised, collateral free loans digitally to professionally managed enterprises operating in high impact sectors in India, including microfinance, SME finance, affordable housing, affordable healthcare, sustainable agribusiness and education.

### Gold bond issue price fixed at ₹4,590/gm

The issue price for the next tranche of Sovereign Gold Bonds has been fixed at ₹4,590 per gram of gold, the Reserve Bank of India said in a statement on Friday. The Sovereign Gold Bond Scheme 2020-21-Series II will be opened for subscription from May 11, 2020 to May 15, 2020. The issue price for Series I (April 20 to 24, 2020) was ₹4,639 per gram of gold. Last month, the central bank had said the government will issue Sovereign Gold Bonds (SGBs) in six tranches, beginning April 20 till September. Sovereign Gold Bond 2020-21 is to be issued by Reserve Bank India on behalf of the Government of India.

### Forex reserves rise by \$1.62 bn as on May 1

INDIA'S FOREIGN EXCHANGE reserves rose by \$1.622 billion during the week ended May 1 to \$481.078 billion. Since end-March, the forex reserves have risen \$3.27 billion. During the previous week, the forex reserves had fallen by \$113 million. The forex reserves had witnessed a fall as the rupee remained volatile, weakening and subsequently recouping its losses to stay above the 76-mark against the dollar since April 29. Compared to the year-ago period, the forex reserves have risen by \$62.39 billion in the week to May 1. Since the previous week, foreign currency assets (FCA), which form a key component of reserves, rose by \$1.752 billion to \$443.316 billion.

### Paytm Payments Bank FDs cross ₹600-cr mark

PAYTM PAYMENTS Bank said on Friday it has registered a sharp increase in fixed deposits during the lockdown, and crossed ₹600 crore in FD accounts, held with its partner IndusInd Bank. PPBL said it offers its customers to opt for an FD account with its partner bank, allowing them to earn up to 7% per annum interest. PPBL said in a statement it has already crossed ₹1,000 crore in savings accounts.

## Non-food credit growth slips to 6.67% amid Covid crisis

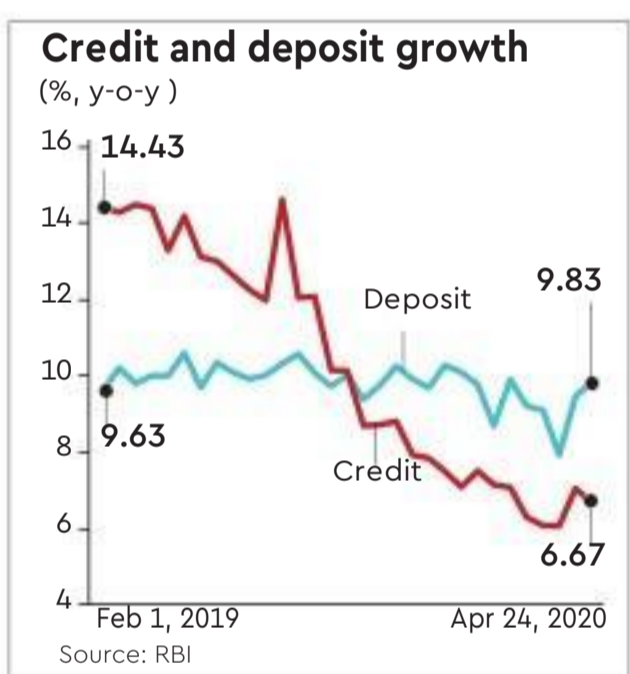
FE BUREAU  
Mumbai, May 8

**NON-FOOD CREDIT GROWTH** in the banking system for the fortnight ended April 24 stood at 6.67% year-on-year (y-o-y), lower by 66 basis points compared to the previous fortnight. The figure grew 13.14% during the corresponding period last year.

The year-to-date (YTD) non-food credit fell by 1% between March 27 and April 24. During the previous fortnight, the non-food credit growth stood at 7.04%. Outstanding loans to companies and individuals extended by scheduled commercial banks fell to ₹102.17 lakh crore as on April 24. The outstanding non-food credit has been falling since the fortnight ended March 27, shortly after the lockdown was announced on March 25.

Meanwhile, deposit growth in the banking system rose to 9.83%, falling marginally compared to the previous fortnight. The growth in deposits comes after a dip in the aftermath of the Yes Bank crisis during the end of March. Deposits with scheduled commercial banks during the fortnight ended April 24 stood at ₹137.11 lakh crore, compared to ₹135.15 lakh crore during the previous fortnight. The credit-deposit ratio stood at 74.5% during the fortnight.

Rating agency Icrs said that banks are expected to account for ₹6-7 lakh crore of incremental credit during FY21, while the incremental credit flow from banks, commercial papers and corporate bonds outstanding is expected to rise by ₹7.3-9.7



Outstanding non-food credit has been falling since the fortnight ended Mar 27, shortly after the lockdown was announced on Mar 25

lakh crore during FY2021. "The incremental credit growth from banks stood at ₹5.9 lakh crore and stood weak during FY2020 as compared to ₹11.9 lakh crore during FY2019 as slowing economic growth curtailed the fresh credit demand apart from increased risk aversion among lenders," the agency said, adding that the expectations of increase in incremental credit flow during FY2021 is driven by increased credit demand amid weakening cash flows of borrowers because of Covid-19 induced stress.

## Indian equities gain on strong global cues

FE BUREAU  
Mumbai, May 8

**INDIAN EQUITIES GAINED** on strong global cues on Friday, as more economies around the world are coming out of a lockdown. Stocks also gained on the back of news of a possible stimulus package to be announced by the government.

The 30-share index Sensex rose 0.6% or 199.3 points to close at 31,642.7. The broader Nifty50 rose 0.5% or 52.45 points to close at 9251.5. Index heavyweight Reliance Industries also helped pull the markets higher, following another investment it announced into Jio Platforms. While the benchmarks posted gains on Friday, Nifty and Sensex so far in May have fallen by 6% each.

According to market experts, May is likely to be a hard-hitting month for the markets where they will remain volatile. The market movement would be impacted by the quarterly results and global cues that would keep the market volatile. According to Rusmik Oza, executive vice president - head of fundamental research, Kotak Securities, said, "May could be the month of reversal of the recent rally. In the near-term the market may react to global cues and fiscal stimulus but most interim rallies are getting sold into as of now."

The Indian benchmarks started the day

off their highs indicating that the rally was sold into. However, some market experts believe that investors should continue to invest and buy into good quality companies. Axis Securities in its report suggested that investors should focus on investing and owning a concentrated portfolio of strong companies.

"The themes of digital, telecom, supply chain realignment, formalisation, stable, small ticket discretionary and large private banks will continue to generate returns for shareholders," said Axis Securities in its report.

The markets after witnessing strong volumes on Thursday rose on thin volumes on Friday with the F&O segment on the NSE witnessing a turnover of ₹5.7 lakh crore against the six month average of ₹14.2 lakh crore. The cash market segment witnessed turnover worth ₹47,366 crore against the six month average ₹40,898 crore. Foreign Portfolio Investors (FPIs) on Friday pumped \$228.1 million into Indian equities whereas domestic institutional investors sold \$198.8 million worth of Indian equities. FPIs after two consecutive months of selling have turned into net buyers in the Indian market pumping as much as \$2.09 billion to the Indian equities. FPIs turned into net buyers after the Hindustan Unilever block deal that took place in the previous trading session.

## SBI Cards Q4 net plunges 66%

FE BUREAU  
Mumbai, May 8

**SBI CARDS AND** Payments (SBI Card) on Friday posted a 66% year-on-year (y-o-y) drop in net profit for the quarter ended March as impairment losses and bad debts shot up 138% y-o-y to ₹838 crore. The company also set aside additional provisions for Covid-related losses.

"Considering the possible effects from the pandemic relating to Covid-19, the company has performed sensitivity analysis and based on current estimates has created specific Covid-19 related provision of ₹489 crore," the credit card lender said in a statement accompanying the first set of numbers declared after the company's listing.

The total balance sheet size as on March 31, 2020 was ₹25,303 crore, up 25.6% from ₹20,146 crore on March 31, 2019. The company's net worth stood at ₹5,413 crore at the end of the quarter, up 48% y-o-y. Total credit card receivables as of March 31, 2020 were ₹24,140 crore, up 30.3% y-o-y. The net interest margin (NIM) improved 155 basis points (bps) y-o-y to 16.6% in Q4FY20. Total income increased 21% y-o-y to ₹2,510 crore.

Gross non-performing assets (NPA) accounted for 2.01% of gross advances as on March 31, 2020, down from 2.44% a year ago. The provision coverage ratio increased to 67.2% from 66.48% as on March 31, 2019. The company's tier I capital ratio was 17.7% as on March 31, 2020, up from 14.9% a year ago. SBI Card saw the number of new accounts in Q4FY20 drop to 8.51 lakh from 9.55 lakh in Q4FY19.

FE BUREAU  
Mumbai, May 8

**WITH THE LAUNCH** of trading in rupee derivative contracts — that will be settled in foreign currency — on two exchanges in the IFSC Gift City, India is aiming to bring at least part of the overseas rupee trading volumes to its shores that may eventually help the country prevent extreme movements in the currency during times of turmoil. Finance minister Nirmala Sitharaman inaugurated the rupee-dollar derivatives trading on the two exchanges on Friday.

The India INX which is a subsidiary of BSE and the NSE IFSC which is a subsidiary of NSE launched trading in rupee derivative contracts, including futures and options. "Long trading hours and USD settlement at IFSC would also help to improve access for overseas participants. This shall in turn help these participants in hedging their rupee exposures effectively at IFSC," said a statement issued by NSE IFSC.

So far, foreign players who wanted to take exposure to the Indian rupee or speculate on the currency have been taking positions in the non-deliverable forwards (NDF) markets. NDF markets enable trading of the non-convertible currency, like a rupee, outside the influence of the domestic authorities. For instance, trading in

## SBI hikes home loan rates for new borrowers by 20 bps

FE BUREAU  
Mumbai, May 8

Loan amount	Effective home loan rate		
	EBR*	Before May 1	After May 1
Upto ₹30 lakh	7.05%	7.20%	7.40%
From 30 lakh to ₹75 lakh	7.05%	7.45%	7.65%
₹75 lakh & above	7.05%	7.55%	7.75%

\*EBR: External benchmark rate Source: SBI website

FE BUREAU  
Mumbai, May 8

**IN A SURPRISE** move when the banks are reducing lending rates, the largest lender, State Bank of India (SBI), has hiked its home loan rates effectively by 20 basis points (bps) for new borrowers by widening the spread over its repo rate linked external benchmark rate (EBR), according to the details given on its website. This move follows the Thursday's announcement by SBI to cut its marginal cost of funds-based lending rate (MCLR) across tenors by 15 bps.

On March 27, SBI had cut external benchmark linked rates by 75 bps, following Reserve Bank of India's (RBI) 75 bps repo rate cut announcement. After the last rate cut, external benchmark rate (EBR) of SBI stood at 7.05%.

Banks charge a premium over benchmark rates for giving home loans. The data on SBI's website shows that EBR for the

bank still remains at 7.05%, but the premium over EBR has been increased by 20 bps from May 1, 2020. The premium over EBR, which ranged from 15-50 bps across loan amount brackets prior to May 1, has been widened to 35-70 bps now.

For home loans upto ₹30 lakh, the premium is now at 35 bps, compared to 15 bps earlier. Effectively, the home loan rate has increased to 7.4% from May 1, compared to 7.2% earlier. Similarly, for home loans between ₹30 lakh to ₹75 lakh, the effective interest rate is now at 7.65%, compared to 7.45% earlier. For loan amount of ₹75 lakh and above, SBI will charge the interest rate at 7.75%, compared to 7.55% earlier. This hike will be applicable only for new borrowers.

RBI had earlier mandated banks to link floating retail loans with external benchmark rates from October 1, 2019 to ensure better transmission of policy rates and greater transparency. Most banks had picked repo rate as their external benchmark.

## Indian exchanges aim to attract overseas rupee trading volumes



rupee NDF takes place in Singapore, Hong Kong, Dubai, London and New York markets. These contracts are settled in a convertible currency, usually US dollars.

London has emerged as the biggest hub of rupee trading in recent times with volumes exceeding significantly compared to that in India. The average daily turnover of rupee NDF in London increased from \$8 billion in October 2016 to \$23 billion in October 2018, according to the Bank of England's semi-annual forex turnover survey. Excessive rupee trading volumes in the overseas market that is outside the purview of the regulator has been a cause of concern during times like the 2013 taper tantrum when the currency had depreciated significantly.

A report by the task force on offshore rupee markets chaired by former RBI deputy governor Usha Thorat stated that

the sharp growth in the offshore trading volumes in the rupee NDF market in recent years even beyond the volumes in the onshore markets have raised concerns around the forces that are determining the value of the rupee and the ability of authorities to ensure currency stability. "It is true that if a good part of these trading volumes shift onshore, it could help mitigate unwanted movements in the currency. However, building volumes may itself take a reasonable amount of time," said a currency market expert.

V Balasubramaniam, MD and CEO at India INX, said he intends to see a significant rise in rupee derivatives trading volumes during this quarter itself. "I believe we can grow the rupee derivatives trading volumes to close to \$1-1.5 billion per day during this quarter itself," Balasubramaniam said.

Vikram Limaye, MD and CEO, NSE, said that introduction of rupee derivatives in IFSC is crucial for the development of Indian financial markets. "Rupee derivatives in IFSC would help in creating vibrant forex market in India. This will also play an important role to bring offshore rupee market back to India and strengthen price discovery in Indian markets," Limaye stated.

Meanwhile, the rupee on Friday closed 18 paise up at 75.54 against the dollar, hitting over one-week highs.