KOLKATA, MONDAY, MAY 11, 2020

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FINANCIAL EXPRESS

VOL.29 NO. 162, 12 PAGES, ₹6.00 (NORTH EAST STATES & ANDAMAN ₹10.00) PUBLISHED FROM: AHMEDABAD, BENGALURU, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI, NEW DELHI, PUNE

READ TO LEAD

IN THE NEWS

Select passenger train services to resume on May 12

THE RAILWAYS will gradually restart passenger train operations from May 12, initially with 15 pairs of trains, the national transporter said on Sunday, reports **PTI**. These trains will be run as specials from New Delhi station connecting Dibrugarh, Agartala, Howrah, Patna, Bilaspur, Ranchi, Bhubaneswar, Secunderabad, Bengaluru, Chennai, Thiruvananthapuram, Madgaon, Mumbai Central, Ahmedabad & Jammu Tawi.

RIL fixes May 14 as record date for rights issue

RELIANCE INDUSTRIES (RIL) has fixed May 14 as the record date for determining shareholders eligible to apply for India's biggest rights issue of ₹53,125 crore, reports **PTI**. The firm had on April 30 announced fundraising of ₹53,125 crore via a 1:15 rights issue, a first by RIL in nearly 30 years.

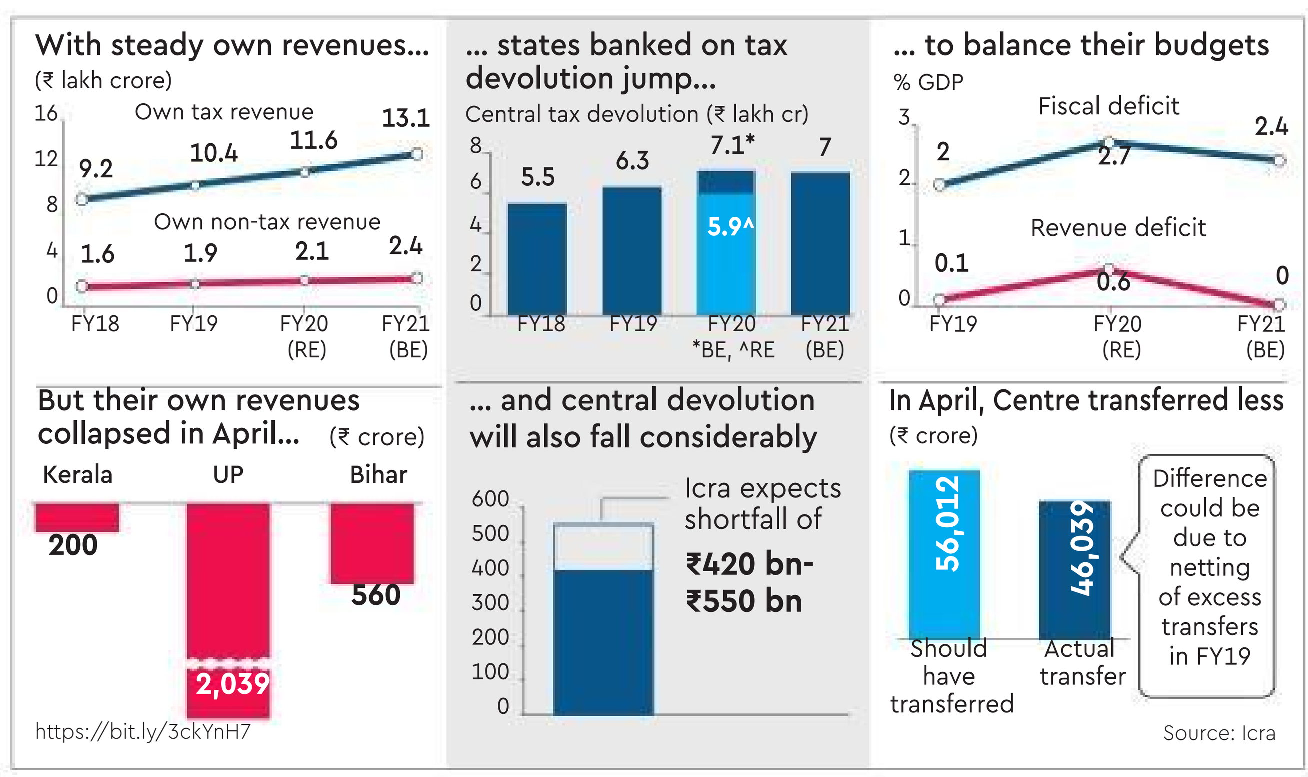
SBI: Not offering emergency loans through YONO

STATE BANK of India (SBI) on Sunday clarified it is not offering emergency loans to customers through its YONO platform, refuting reports it is offering loans of up to ₹5 lakh in '45 minutes', reports **PTI**.

IN DIRE STRAITS

States may need succour, revenues likely to plunge

Centre's sharp jump in net borrowings to pressure bond markets, makes it costlier for states to mop up funds



FE BUREAU
New Delhi, May 10

GIVEN THE UNION government's gross tax revenues are likely to fall way short of the budgeted ₹24.23 lakh crore, states will be badly hit as they receive far smaller devolutions.

Already, robbed of revenues from local levies from auto fuels, alcohol, real estate transactions and entertainment, during the lockdown, their finances are in a precarious position. States own tax revenues contribute roughly 40% to their revenue receipts.

The combined revenues — states and Centre — budgeted at just over ₹50 lakh crore for 2020-21, could fall short by about ₹7-8 lakh crore, economists say.

The big concern is that the Centre's sharp jump in net borrowings in 2020-21 will pressure the bond markets, making it even more costly for states to mop up funds; yields which slipped below 6% on Friday are expected to climb back to over 6% soon. States are estimated to borrow a net ₹4.3 lakh crore in the current year; a clutch of 19 states managed to pick up ₹32,560 crore from the bond market a little less than the ₹37,500 they were hoping to, at an auction in early April.

As many as nine states raised 10-year bonds at yields between 7.80% and 8% on April 7, a spread of 140-160 basis points over the benchmark yield. The spreads were wider than the 115-bps at the March 30 auctions. Kerala coughed up 8.96% for 15-year money.

Reserve Bank of India's indicative Q1FY21 quota for states of ₹1.27 lakh crore is about 56% more than last year's quota. However, they might need to raise a lot more with revenues in April at a fraction of the usual levels. Otherwise, expenditure, even on essentials will need to be slashed.

Kerala finance minister Thomas Isaac said on a television channel last week the state had mopped up April revenues of around ₹800 crore compared with the normal levels of ₹8,000 crore. Even before this, in November, last year, a clutch of state finance ministers had alleged the Centre was holding back ₹40,000-45000 crore of GST compensation. States own tax revenues, for 2020-21, are estimated at ₹15 lakh crore.

The revised central tax devolution to states in FY20 of ₹6.6 lakh crore was significantly lower by ₹1.5 lakh crore on account of the excess devolution of ₹58,800 crore that had been transferred in FY19 as well as a downward revision in the estimate of tax collections for FY20.

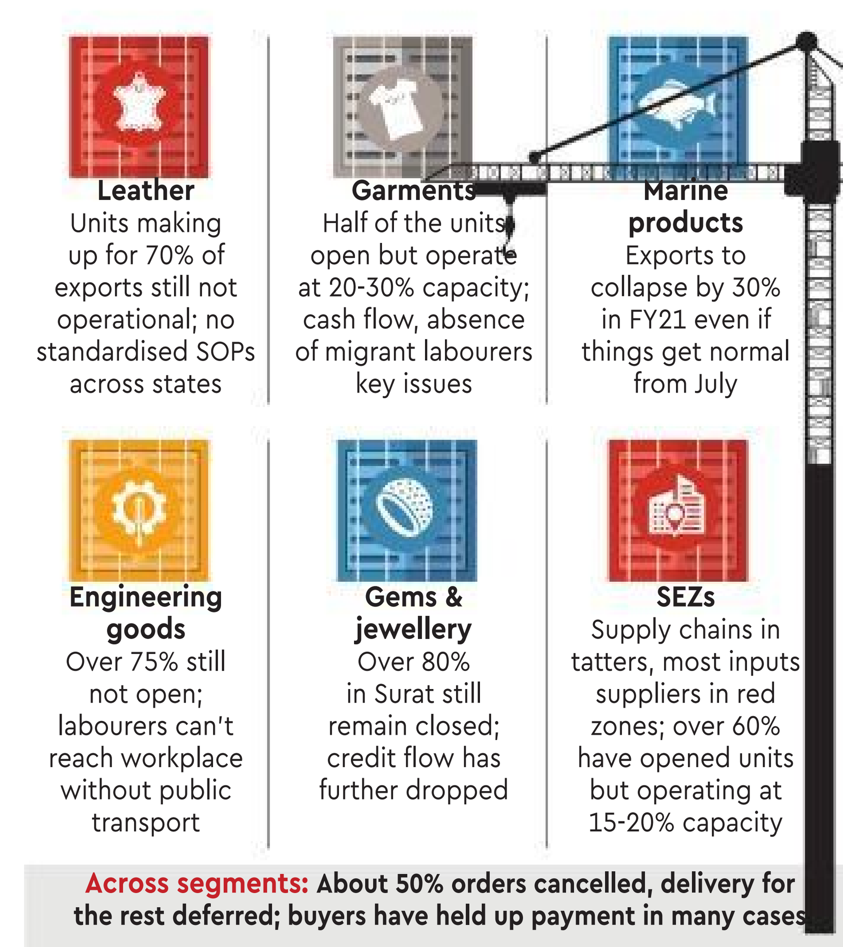
Continued on Page 2

EXPORT HUBS

Curbs stifle manufacturing; cash crunch, labour woes bite

Areas where 70% of exports production used to take place yet to come out of severe restrictions

BANIKINKAR PATTANAYAK
New Delhi, May 10



WITH OVER 60% of units still shut and most others operating at just 10-15% capacity, the "graded" easing of the lockdown curbs has barely revived manufacturing in export hubs.

Exporters tell *FE* that units that contributed about 70% to the country's exports of $314 billion in FY21 are located in the so-called red zones. While many states have now given them approval to start manufacturing even in such hot spots (barring the 'containment' areas within them), thus enabling more units to open, key cities — such as Mumbai and Ahmedabad — are still completely shut. Even manufacturing in some other industrial belts — such as Pune, Hyderabad, Bhopal, Indore, Kanpur and Agra — hasn't really started.

Sharad Kumar Saraf, president of the Federation of Indian Export Organisations (FIEO), said migrant workers were allowed to go back home just when the industry got permission to resume operations in some areas. "As such, local workers are struggling to reach factories due to curbs on the public transportation system," he said. Lack of uniform standard operating procedures (SOPs) in times of a lockdown across districts and states, despite the Union home ministry notification, has added to exporters' woes.

Bhuvnesh Seth, vice-chairman of the Export Promotion Council for EOUs and SEZs, said fresh orders in special economic zones since the lockdown had crashed to just about 5% of the usual flow. SEZs and other designated export-oriented units account for about 34% of the country's exports.

Facilities making up for roughly 75% of the country's engineering goods exports worth $79 billion (in FY20) are in the red zones. Ravi Sehgal, chairman of the engineering goods exporters' body EEPC India, said cash flow has been a huge issue.

Continued on Page 2

FE SPECIALS

BRANDWAGON, P10

Decoding the new normal

Could there be a decisive shift in consumer behaviour post lockdown? Experts share their views.

eFE, P8

Your doctor's just a call away

Telehealth services is a viable alternative to face-to-face medical consultations when social distancing is the new norm

PERSONAL FINANCE, P9

Take loan against investments

Go for non-refundable advance from EPF or take loan against PPF account or life insurance policy to tide over tough times

INFRASTRUCTURE, P11

Limited remit augurs well for Bill

While changes draft electricity Bill has proposed will boost sector's functioning, it leaves some key issues unaddressed

SCIENCE & TECH, P12

Tracing innovations

Like Smart Bluetooth , we need low energy GPS so that phones can survive longer

LOCKDOWN LOSSES

Farmers lose ₹20k cr as fruits & veggies perish

PRABHUDATTA MISHRA
New Delhi, May 10

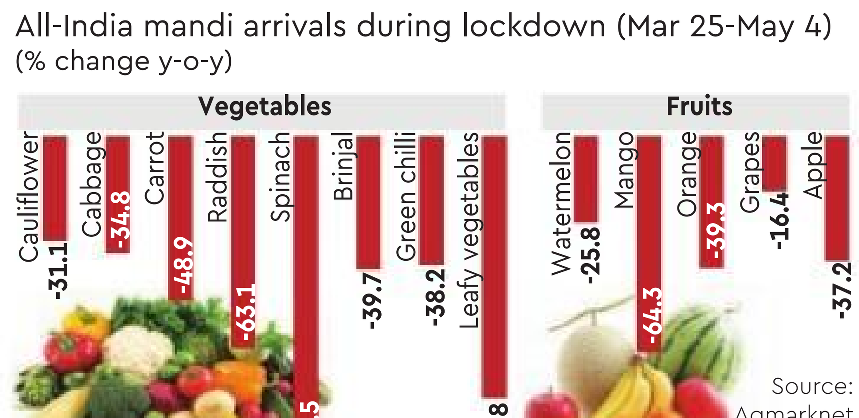
FARMERS MAY HAVE lost at least ₹20,000 crore during the lockdown period so far, as parts of fruits-and-vegetables produce perished due to transport gridlocks and labour paucity.

This assumes, on the basis of inputs from sources in the trade and farmer communities, that mandi arrivals of these crops during the lockdown days have been nearly a third lower than usual (see chart). If the lockdown proves to be a three-month affair, the farmers' losses could swell to ₹50,000 crore, if not more.

In fact, the extent of losses would have been higher unless the mandi arrivals improved in recent weeks. Arrivals of fruits and vegetables have picked up since April 15 after several mandis were opened and the government swung into action to ease movement of trucks, including inter-state ones. While the mandi arrivals were down by a half (year-on-year) until April 10, the average drop has now narrowed down to a third.

Continued on Page 2

All-India mandi arrivals during lockdown (Mar 25-May 4)
(% change y-o-y)

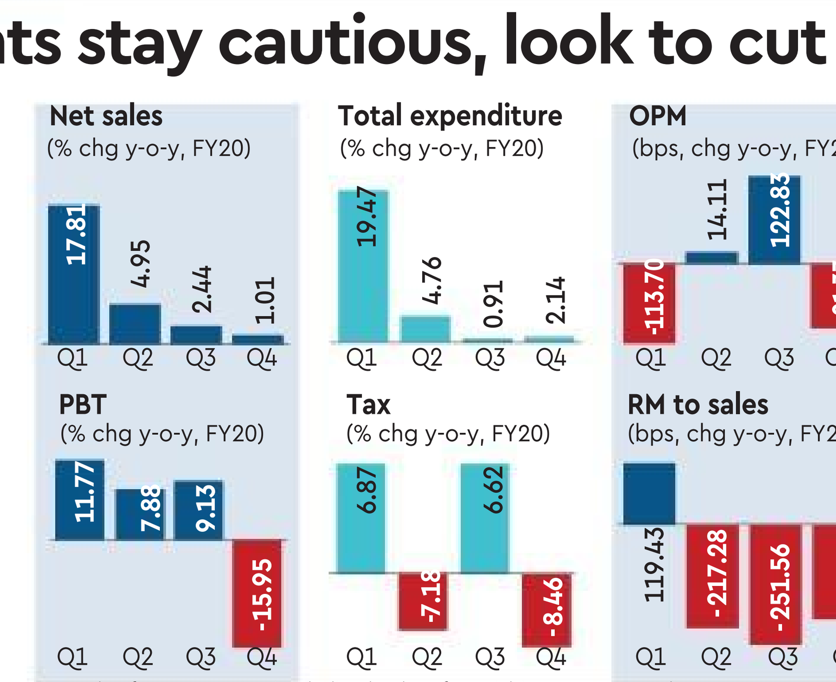


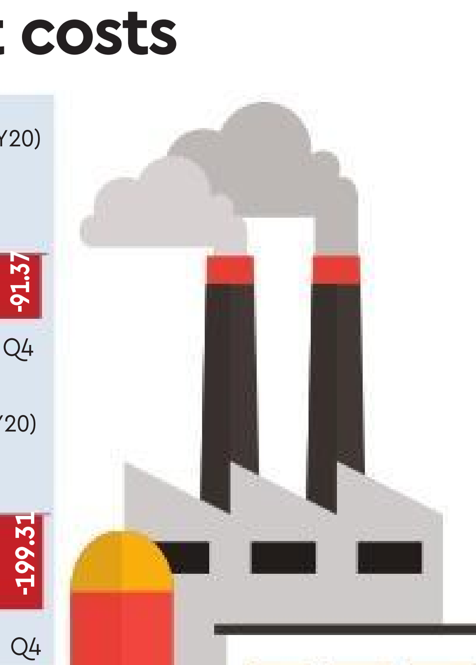
Earnings season

FE BUREAU

Managements stay cautious, look to cut costs

The commentary from companies this earnings season is cautious, even as India Inc reboots. Many CEOs echo the views of Hindustan Unilever CMD Sanjiv Mehta and TCS MD & CEO Rajesh Gopinathan, who believe there could be more disruption before a sustainable recovery sets in. Companies are short of manpower so the ramp-up in operations could be slower than expected.





PM-CMs MEET TODAY

Stepping up economic activities key agenda

ABANTIKA GHOSH & RAVISH TIWARI
New Delhi, May 10

PRIME MINISTER Narendra Modi is scheduled to meet chief ministers of all states on Monday via video conferencing to discuss the way forward in the battle against Covid-19.

In a meeting with the Cabinet secretary on Sunday, state chief secretaries called for a calibrated stepping up of economic activities as states continue fighting the disease.

"Our understanding is every chief minister favours graded relaxation. They want more liberalisation in the next version of guidelines... this will be a consultative process," a senior government functionary who is part of the Covid-19 response team told *The Indian Express*.

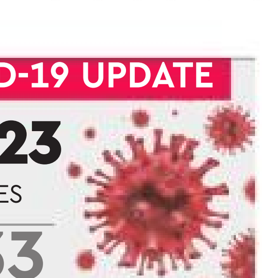
Continued on Page 2

COVID-19 UPDATE

67,123
TOTAL CASES

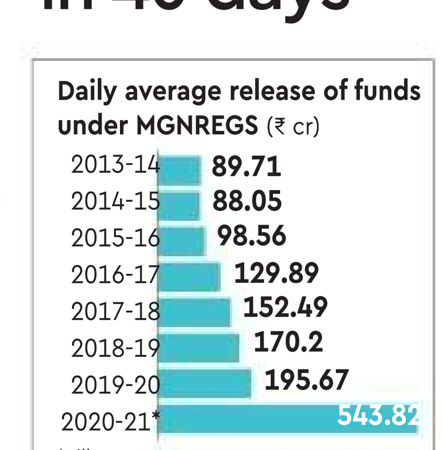
2,133
DEATHS SO FAR

3,277 NEW CASES



MGNREGS

Govt spends 35% of FY21 budget in 40 days



SURYA SARATHI RAY
New Delhi, May 10

THE CENTRE HAS released ₹21,753 crore or 35% of the annual budget outlay under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in the first 40 days of the current financial year, as it sought to use the popular scheme to alleviate the distress of migrant workers returning to their villages in large numbers.

The average daily release of funds under the scheme till May 10 in the current financial year was ₹544 crore, against ₹196 crore in 2019-20 and ₹170 crore in 2018-19.

Continued on Page 2

CONVENIENCE FACTOR

AePS surge shows cash is king again, for now

SHRITAMA BOSE
Mumbai, May 10

AVERAGE DAILY TRANSACTIONS via Aadhaar-enabled Payment System (AePS) surged to 11.3 million in April, making them an outlier. Unlike peers Unified Payments Interface (UPI) and Immediate Payment Service (IMPS), AePS emerged a winner amid the lockdown, piggybacking on government transfers to the disadvantaged. Cash is convenient and reduced mobility has done little to change that even if it is a temporary phenomenon.

As Yes Bank MD & CEO Prashant Kumar pointed out, much of the spending relates to basic everyday requirements at shops that deal in cash. "The spending is only for taking care of the kitchen and is taking place at neighbourhood shops which have always been accepting cash. So, basically cash becomes more convenient at this point of time," Kumar said. He believes that as e-retailers open up for more business, the purely digital modes of payments will catch up.

ILLUSTRATION: ROHNIT PHORE

Continued on Page 2

SUPPORTING FARMERS

Agri start-ups to buy, move farm produce, rope in e-retailers

ISHAAN GERA
New Delhi, May 10

ILLUSTRATION: SHYAM KUMAR PRASAD

WITH MOVEMENTS EVEN within districts restricted, agritechs like NinjaCart are procuring more from farmers and even moving produce to customers' homes. NinjaCart, for instance, has partnered with Amazon, Swiggy and Dunzo, and has assured farmers it will buy the produce.

NinjaCart co-founder Vasudevan Chinnathambi told *FE* many farmers were not sowing new crops after the lockdown because they were unsure of whether they would be able to sell the produce. "We have assured them we will buy from them and this will ensure continuous supply of vegetables and other crops," Chinnathambi said. He added that since January, the quantum of produce procured has risen 30% and more farmers are selling to his company.

It's not clear, however, how many farmers will benefit from such initiatives because as CropIn Technology sales head Amit Salunkhe points out, there is at times a shortage of labour and the logistics too is not easy to handle.

Continued on Page 2

QuickPicks

Nomura pegs GDP growth at -5.2%

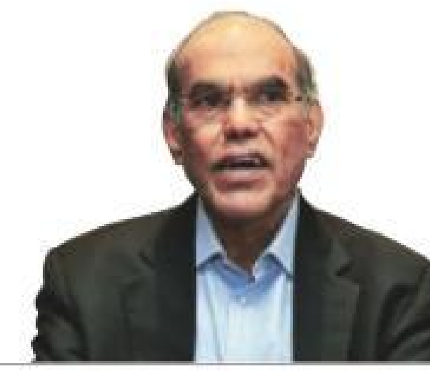
NOMURA HAS revised its projection for India's real GDP growth in FY21 to -5.2% from -0.4%, reports **fe Bureau**. Economists at the firm now expect year-on-year growth to remain negative for three consecutive quarters — with growth faltering to 1.5% y-o-y in Q1 2020 (January-March) before plunging to -14.5% in Q2 (April-June), and then weakly recovering to -6.0% in Q3 (July-September) and -1.5% in Q4 (October-December).

Govt to sweeten oil & gas PSCs

WITH DOMESTIC crude production becoming increasingly unviable in the low global oil price regime, the government has decided to revise the production sharing contracts (PSCs) of private oil producers to spur investments, reports **Anupam Chatterjee** in **New Delhi**. The petroleum ministry has also formed a panel to "suggest ways of attracting investment in exploration, enhance production and eliminating obstacles". **PAGE 2**

Economy

MONDAY, MAY 11, 2020



FISCAL DEFICIT

Duvvuri Subbarao, former RBI governor

Additional borrowings will now take the fiscal deficit to the range of 13-14% of the GDP. That is exceedingly high and will have all the negative consequences of high fiscal deficit.

Quick View

Life policy grace period extended again

IRDAI HAS FURTHER extended the grace period for renewal of life insurance policies whose premium was due in March till May 31 in wake of the extension of lockdown. On March 23 and April 4, Irdai had announced additional grace period of 30 days.

Coal output to hit record in FY21

INDIA WILL PRODUCE a record 700 million tonne of coal in the current fiscal ending March 2021, helping cut down on imports, coal secretary Anil Jain said.

MSME credit guarantee scheme

THE GOVERNMENT IS working on a credit guarantee scheme to enable banks to provide additional 10-15% working capital to MSMEs for payment of wages, sources said.

PANEL FORMED

Govt to sweeten oil & gas PSCs

ANUPAM CHATTERJEE
New Delhi, May 10

WITH DOMESTIC CRUDE production becoming increasingly unviable in the low global oil price regime, the government has decided to revise production sharing contracts (PSC) of private oil producers to spur investments. In this regard, the Ministry of Petroleum and Natural Gas has formed a committee which will "suggest ways of attracting investment in exploration, enhancing production and eliminating obstacles".

As *FE* recently reported, the profit of private domestic crude oil producers from PSC fields has dwindled to as low as 20 cents per barrel. When crude ruled at $60 per barrel in January, these producers used to make a profit of around $6/barrel. "The scope of the committee would include to review existing PSCs, suggest methodology for increased exploration and production activities and changes required in existing policies/ guidelines on implementation of these contracts," the ministry's order, reviewed by *FE*, said.

According to sources, the industry has requested the government to defer and reduce the royalty, cess and profit it receives from domestic crude oil producers under the PSC regime. They also want PSCs, slated to be renewed in

September, to be extended till FY21-end.

Other demands include removal of the ceiling on gas price for deep water, ultra-deep water and high-pressure-high-temperature fields and zero GST on exploration and development activities. Apart from Cairn Oil and Gas, a key player, other private firms engaged in domestic crude production include Selan Oil, Hindustan Oil Exploration Company and Sun Petrochemicals.

Oil and gas minister Dharmendra Pradhan recently said after the coronavirus crisis, global energy companies are likely to shift their focus of supply chain to the areas of demand, wherein they will try to explore and tap locally available resources. "We have opened up to policy reform our domestic sector," Pradhan told IHS Markit vice-chairman Daniel Yergin, adding that "I am confident that when there is a resurgence in demand, domestic production will get priority and we are expecting a good amount of investment in that area due to our progressive policy."

India needs large fiscal stimulus: Kaushik Basu

BIJAY KUMAR SINGH
New Delhi, May 10

INDIA NEEDS A large fiscal stimulus as the country faces big risk of slowdown in the economic growth due to Covid-19, former chief economist of World Bank Kaushik Basu said on Sunday. He also suggested that the government may need monetisation by the Reserve Bank of India.

In an interview to PTI, Basu said inequality in India is already very high, and the coronavirus pandemic will make it rise further. "There are dark clouds over every economy in the world, and India is no exception. We do need a large fiscal stimulus. India has the FRBM Act, 2003, for fiscal management and to make sure that government does not overspend. But the FRBM is a sophisticated piece of legislation that recognises that during times of natural calamity, we should be allowed to run up larger deficit," he said.

The Centre must give states the freedom to spend more, respecting India's federal structure, Basu said, adding that if this continues for too long, it can unleash inflation, so this will have to be a short-period intervention.

"I am in favour of wealth being taxed and inheritance being taxed. No one should be born into extreme poverty and that cannot be corrected without a wealth tax and inheritance tax," he stressed. PTI

Rail to run select passenger trains from tomorrow

PRESS TRUST OF INDIA
New Delhi, May 10

THE INDIAN RAILWAYS will gradually restart passenger train operations from May 12, initially with 15 pairs of trains, the national transporter said on Sunday. These trains will be run as special trains from New Delhi station connecting Dibrugarh, Agartala, Howrah, Patna, Bilaspur, Ranchi, Bhubaneswar, Secunderabad, Bengaluru, Chennai, Thiruvananthapuram, Madgaon, Mumbai Central, Ahmedabad and Jammu Tawi.

All passenger train services were suspended due to a lockdown announced on March 25.

After resumption of these 15 services, railways will start more special services on new routes, based on the available coaches after reserving 20,000 coaches for Covid care centres and adequate number of coaches being reserved to enable operation of up to 300 trains everyday as "Shramik Special" for stranded migrants.

Booking for reservation in these trains will start at 4 pm on May 11 and will be available only on the IRCTC website (https://www.irctc.co.in/).

Ticket booking counters at railway stations will remain closed and no counter tickets (including platform tickets) will be issued, it said.

Delhi sees 5-fold rise in Covid patients needing ventilator support

MALLICA JOSHI
New Delhi, May 10

IN THE LAST 10 days, the number of Covid-19 patients in the Intensive Care Units (ICUs) of Delhi hospitals has almost doubled, while the number of people on ventilator support has risen over five times.

On Sunday, the Delhi government said in its health bulletin that 91 Covid-19 patients are admitted in ICUs and 27 are on ventilator support across the 10 hospitals where they are being treated (AIIMS Delhi and Jhajjar campuses are counted as one). On May 1, there were 49 in ICU and 5 on ventilator support.

With 4,781 "active" cases in the city till Sunday, this works out to 1.9 per cent in the ICU and 0.56 per cent on ventilator support. On May 1, 0.19% of active cases needed ventilator support, while 1.95% were in the ICU. The number of people requiring ventilator support saw a sharp spike in the last 24 hours, from 18 on Saturday to 27 on Sunday.

The number of people in the ICU touched 92 on May 5, then dipped to 84 (May 6) and 87 (May 7) before settling at 91 for three days.

While government hospitals in Delhi have 389 ICU beds and around 300 ventilators, private hospitals have a total of 3,000 ICU beds and around 250 ventilators

"The percentage of people requiring ICU facilities has remained more or less the same over the past few weeks. Those requiring ventilator support have gone up, though. In some cases, we have seen that people have been unwell for some time but because their test reports were delayed, they did not know they were suffering from Covid-19. Some reached the hospital late," said a Delhi government official.

According to Delhi government officials, as the number of positive cases rises, so does the proportion of those requiring specialised care.

While government hospitals in Delhi have 389 ICU beds and around 300 ventilators, private hospitals have a total of 3,000 ICU beds and around 250 ventilators.

The administration said it is ready to deal with an increased patient load.

From the Front Page

States may need succour, revenues likely to plunge

MOREOVER, CENTRAL tax devolution contracted by 11% in FY20 from ₹7.4 lakh crore in FY19.

On Friday, the government upped the gross borrowing target for 2020-21 by ₹4.2 lakh crore to ₹12 lakh crore; earlier it had planned to mop up ₹ 7.8 lakh crore.

Export hubs: Curbs stifle manufacturing; cash crunch, labour woes bite

BANKS ARE willing to enhance the working capital limit but only with additional conditions and documentations, which are difficult to manage in times of a lockdown.

As such, export credit as of March 27 grew just 3.5% year-on-year even on a hugely favourable base (it had contracted 45% y-o-y a year earlier), while overall priority-sector loans grew 5.8%.

Over a half of export orders have been cancelled, with key markets — the US and the EU — bearing the brunt of the pandemic, and many buyers have held up payment for supplies already made.

Some exporters warn of a 60% slide year-on-year in exports in the first half of FY21 (merchandise exports stood at almost $160 billion in the April-September period last fiscal), with a more precipitous fall in the June quarter. It's not until July that manufacturing will get back to some semblance of normalcy, that, too, if the migrant workers are back on time (which seems unlikely at the moment) and the government steps in quickly with substantial relief, exporters say.

According to Rafeeque Ahmed, chairman of major leather exporter Farida Group, units in Chennai have resumed operations in a limited manner from Friday. But stringent social distancing norms are hurting the viability of operations in labour-intensive sectors like leather, as several functions are typically performed by workers in close proximity. Several buyers have delayed payments, eroding his company's cash flows.

Merchandise exports, which had already contracted by 1.5% y-o-y up to February, ended the last fiscal with a 4.8% fall to $314.3 billion, thanks to an almost 35% crash in March.

Even in certain "green zones", manufacturing couldn't resume normally as firms supplying components to them are located in the restricted areas. In some cases, exporters want their inventory to be cleared before starting fresh production, anticipating a demand shock.

Raja M Shanmugham, president of the Tirupur Exporters' Association, said 1,000 of the 1500 export-oriented garment units in Tirupur, the country's largest apparel hub, have started operation but unless the government ensures a one-year loan repayment moratorium and adequate credit at subsidised rates, the industry will be crippled. Private sector workers' dues should also be partly borne by the government, he said.

Apparel Export Promotion Council chairman A Sakthivel said a beginning has been made and garment units are operating with a relatively thin workforce, primarily to carry out sampling. However, a more precise assessment of the situation can be made only in the coming weeks.

Ajay Sahai, director general of FIEO, said domestic supply chains are battered. Cash reserves, especially of MSMEs, are depleted after the payment of March wages and credit flow remains inadequate. Companies haven't got approval to open warehouses. Overseas demand for lifestyle products has taken a knock, as large department stores are facing the Covid heat.

Shaji Baby John, chairman and managing director at marine exporter Kings Infra Ventures, says such exports will likely drop by at least 30% year-on-year in FY21. "Many farmers had to go for panic harvesting during the initial phase of the lockdown. Although the central government stepped in immediately and declared the industry as essential services, the supply chain was disrupted by then."

However, the only silver-lining is that demand will likely bounce back in the second half of this fiscal on an impending supply shortage and Indian exporters may cash in on that if they are ready, John said.

Last month, FIEO had warned of 15 million job losses in the export sector if the government didn't come out with a relief package immediately.

(With inputs from Rajesh Ravi/Kochi)

Farmers lose ₹20k cr as fruits & veggies perish

"UNLESS THE situation is completely normalised, farmers will not be able to sell their produce in a seamless fashion. The demand has also slumped due to the closure of eateries," said VM Singh, convener of All India Kisan Sangharsh Samiti. He also asked the government to procure all crops including fruits, vegetables at minimum support prices, as an emergency measure.

There is technology available to keep the vegetables under cold stores, which is very capital intensive and only high value crops can be put there, said BB Patnaik, former chairman of Central Warehousing Corporation (CWC). Besides, vegetables like cauliflower, cabbage and brinjal used to be consumed within days after harvesting, so there was never any necessity felt to develop cold storage facilities earlier, he said.

Logistics is another factor that contributed to the overall drop in mandi arrivals. Amid reports that inter-state movement of trucks was not smooth due to local authorities insisting on separate passes other than national permit licences, the Centre had last week wrote to the state governments, asking them to ensure this practice is stopped forthwith and its April 15 guidelines in this regard are truly complied with.

As many as 3.6 lakh national-permit trucks plied on Indian roads on April 30, up from 1.5 lakh on April 20 and 1.2 lakh on April 12, in what indicates a gradual improvement in inter-state commerce. However, it would be a long road ahead before the plying rate returns to over 10 lakh vehicles or 70% of the NP-registered that prevailed before the outbreak of Covid-19 pandemic.

"Farm-gate prices of perishables have fallen as the supply chain has been disrupted with trucks not plying. Also, all shops are closed, so there is no demand for products like milk, poultry and egg. The major problem is while farmers are unable to get values for their crops, at consumers' end, prices have not declined," economist Ashok Gulati had said last month.

The value of fruit and vegetables produced in the country – at prices realised by farmers – was ₹5 lakh crore in 2019-20. Production of fruit in the last fiscal was estimated at 95.74 million tonne and that of vegetables at 188 million tonne.

PM-CMs meet today: Stepping up economic activities key agenda

AS FOR further relaxation for industries, official sources said the first week of the third phase of lockdown has revealed certain aspects upon which states need to step up their administration.

Unlike previous meetings where only select CMs were shortlisted to speak, the fifth meeting will give all CMs an opportunity to share their opinion during the interaction with the Prime Minister. Ministers of home and health, secretaries of these departments, chief secretaries and Director Generals of Police (DGPs) of all states will also be present along with the CMs in the meeting.

"Though industrial activities have been allowed in the Orange and Green zones (which together account for over 600 districts), there has not been much activity, probably due to non-availability of labour or disruption of supply chains. These need to be fixed. States need to discuss with the industry and other stakeholders to pursue industrial activity in a sustainable manner in these districts," said an official highlighting the teething troubles in leveraging the relaxations.

AePS surge shows cash is king again, for now

ALSO, AS Anand Kumar Bajaj, founder and CEO, PayNearby, explained, beneficiaries of schemes such as the JanDhan Yojana habitually use cash, "The segment of the population that the government is making transfers to anyway deals in cash. So right now, cash is in because there is no other option," Bajaj said.

As people turn wary of using ATMs in the middle of a pandemic outbreak, banks and non-bank players in the payments system have had to find ways to reach cash to their doorsteps. In some cases, they have had to remove charges on cash transactions in order to ease the flow of money.

Ashish Ahuja, chief business officer, Fino Payments Bank, explained that at a time when remittances by migrant workers have crashed by 70%, the flow of cash needs to be eased. "We have removed charges on cash deposit transactions and tied up with BPCL to ensure cash availability with minimal movement by people. They can locate the nearest cash point using an app," Ahuja said. He adding that transfers from government would continue over the next few months it was important the railroads to access these be in place.

Demand for cash is high not just in rural locations, but even in metros, with banks and fintechs getting calls from various resident welfare associations (RWAs) to offer doorstep cash withdrawal services. Suppliers of payment acceptance equipment said banks have been placing more orders for mobile and micro ATMs of late.

At the same time, the industry's drive to on-board more offline merchants for digital payments has taken a backseat as social-distancing norms apply, according to Mahesh Ramamoorthy, regional managing director, APMEA - banking solutions, FIS. "A lot of people applied to become a merchant right after the lockdown, but not all of them could be on-boarded," Ramamoorthy told FE.

Agri start-ups to buy, move farm produce, rope in e-retailers

"AN EVEN bigger concern is the weather because excessive rain could destroy crops like it did last year," Salunkhe said. Salunkhe's firm is also being asked to ensure last-mile connectivity to residential complexes. "The last-mile delivery is not something we were considering we are being asked to try and do it," he said.

Info-edge backed Gramophone has been facilitating home deliveries and has seen a big jump in volumes of close to five times over 2019. Gramophone had been toying with the idea of introducing services for fertiliser management and soil testing services later in 2020, but co-founder and CEO Tauseef Khan told FE the demand is high, so it may launch them sooner.

Meanwhile, a clutch of bankers wants to team up with agri start-ups to try and get farmers to go digital and use sensors and data for precision farming. "Everyone wants to digitise farmers," Salunkhe said. Digitisation is, of course, of very little use if there are not enough seeds and if transporation becomes a roadblock.

"Moreover, there are credit constraints with both formal and informal sources having dried up. But government support may ease the credit situation" Khan said.

Data from Nasscom highlight the agri-tech sector received $248 million in funding in the first six months of 2019, with nearly two-thirds going to start-ups working in the market linkage sector.

MGNREGS: Govt spends 35% of FY21 budget in 40 days

HOWEVER, IT is not immediately ascertainable if how much of the MGNREGS funds released by the Centre has actually been distributed to the workers by the state governments concerned.

However, an average of 11.72 days of employment has only be provided to rural household under the scheme so far in the current fiscal year, against the average of 48.39 days of work in the whole of 2019-20. This indicates that the even though the release of funds have been accelerated, the lockdown situation has prevented the local authorities from creating jobs on the ground. However, the average daily wage per person under the scheme in the current fiscal has been ₹204, compared with ₹182 in 2019-20, indicating that wages have indeed been increased.

After the nationwide lockdown imposed by the Centre to combat Covid-19 pandemic in the last week of March, thousands of migrant workers were seen walking to their homes hundreds of km away, as their wages dried up and public transport vanished. At one point, the government itself said around 23 lakh migrant workers were then stranded at different places in the country, many in various relief camps organised by state government authorities or by their employers or in localities where they are generally clustered. Since early this month, the Centre has been running 'Shramik special' trains to transport these workers back to their respective states and around 300 such trains have already reached their destinations, with over 3 lakh workers.

Of course, the MGNREGS funds released by the Centre so far in the current financial year includes dues to the tune of ₹8,362 crore of the last fiscal, including wage dues of ₹996 crore.

The Centre had released ₹71,420 crore under MGNREGS in 2019-20 and ₹62,125 crore in 2018-19. The revised estimate for the scheme invariably tends to be larger than the Budget Estimates made at the start of the year, in what shows the popularity of the Scheme, which is much in demand among the rural poor. Clearly, the Centre would have to allocate more funds than the budgeted ₹61,500 crore for MGNREGS in the current financial year, as the migrants who have returned home from metros and other cities would substantially increase the demand for jobs under the scheme in rural areas.

The National Rural Employment Guarantee Act was notified on September 7, 2005. It provides for a minimum of 100 days of wage employment in a financial year to every rural household whose adult member volunteers to do unskilled manual work. An additional 50 days of wage employment are provided over and above 100 days in the notified drought affected areas or natural calamity areas and to every scheduled tribe household in a forest area.

COVID IMPACT

UP sugar industry seeks relief package

DEEPA JAINANI
Lucknow, May 10

THE SUGAR INDUSTRY in Uttar Pradesh, which has been reeling under the impact of the Covid-19 pandemic and also has a burden of cane dues worth ₹14,300 crore, has sought a bailout package from the state government.

In a letter to chief minister Yogi Adityanath, the president of Uttar Pradesh Sugar Millers Association, CB Patodia, has asked the government to bailout the industry by way of a cash subsidy, which shall help augment the mills' cash flows and ensure continuation of cane crushing operations and cane price payments. Highlighting the stress areas, Patodia wrote that the lockdown has brought in considerable hardship for the sugar industry as institutional sale of sugar has dipped massively.

"Various related industries, like confectionery, sweets and chocolates and aerated soft drinks have come to a halt and the demand for sugar, therefore, has been at its lowest in decades," he states, adding that as a direct consequence most of the mills are unable to sell even their monthly quota and have been compelled to store sugar in the open as they have run out of storage space.

"The market sentiments are also low and hence sugar prices are witnessing a downward spiral. The mills are therefore, finding it hard to sell sugar even at the minimum sale price (MSP) fixed by the government of India," the letter says.

To add to the woes, the sale of ethanol has been poor due to non-lifting by the oil marketing companies and power dues of ₹1,500 crores have pending with Uttar Pradesh Power Corporation (UPPCL) for more than a year.

"The cash flows of the industry have been severely impacted, as a result of which the sugar mills' revenue has been tightly squeezed," he says.

To further complicate the problem, the current sugar season has also been prolonged this year as the diversion of cane that usually goes to kolhus and khandsari units has come to a grinding halt due to the lockdown and almost all the cane is now being diverted back to the sugar mills.

"With temperatures rising, the recovery of sugar from cane is also going down, which is further raising the cost of the production of sugar," the letter states.

Reiterating the fact that it has been the endeavour of the sugar factories to follow the cane payment cycle for as far as possible, the letter says that the mills are finding it extremely difficult to meet their cane price payment obligation further. It is in this 'hour of deep crisis' that the sugar industry is looking for a bailout to help the largest industry in the state with whom millions of people are directly connected," Patodia says

25% of start-ups in serious trouble if Covid-19 persists for long: Gopalakrishnan

PRESS TRUST OF INDIA
Bengaluru, May 10

A QUARTER OF India's start-ups would be in serious trouble if adverse consequences of the Covid-19 pandemic persist for long, according to information technology industry veteran Senapathy (Kris) Gopalakrishnan."About 25% of the startups have less than six months of runway," the co-founder of IT major Infosys, said.

"They will be in serious trouble if the recovery does not happen in six months, it does not look like (happening within that period).

"I would say 25% of the startups will face serious challenges. If they are able to get additional investment, they will survive otherwise they will fail. Not all of them, some of them will fail," said the former president of the Confederation of Indian Industry.

On the prospects of the remaining 75% of Indian startups, he said there would be more failures if the coronavirus-triggered crisis lasts longer.

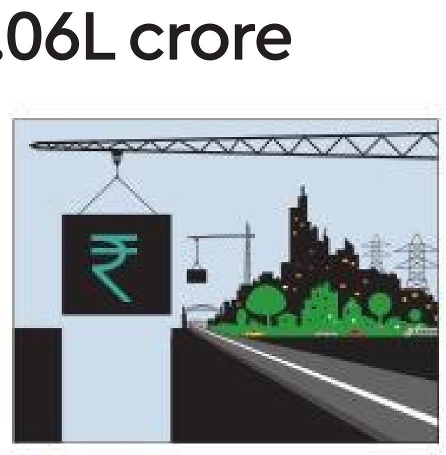
"There will be more failures, unless they get additional funding from existing investors or support from banks on working capital or support from government for some form of debt or grants. We will see more companies get hurt as this prolongs," said the chairman of early stage start-up accelerator and venture fund, Axilor Ventures.

The former CEO and MD of Infosys, however, noted that the outlook for start-ups depends on the business segment they cater to.

"For example, e-commerce is starting to operate, some of the food delivery starting to happen. In the area of travel, mobility, for example passengers are not taking shared ride or not using taxi. The same vehicle can be used to deliver packages, food and grocery. People will have to pivot," Gopalakrishnan said.

401 infra projects show cost overruns of ₹4.06L crore

PRESS TRUST OF INDIA
New Delhi, May 10



AS MANY AS 401 infrastructure projects, each worth ₹150 crore or more, have been hit by cost overruns of over ₹4.06 lakh crore owing to delays and other reasons, according to a report.

The ministry of statistics and programme implementation monitors infrastructure projects worth ₹150 crore and above. Of the 1,701 such projects, 401 projects reported cost overruns and 583 projects time escalation.

"Total original cost of implementation of the 1701 projects was ₹20,65,739.00 crore and their anticipated completion cost is likely to be ₹24,71,954.78 crore, which reflects overall cost overruns of ₹4,06,215.78 crore (19.66% of original cost)," the ministry's latest report for December 2019 said. The expenditure incurred on these projects till December 2019 was ₹10,89,178.11 crore, which is 44.06% of the anticipated cost of the projects.

However, it said the number of delayed projects decreases to 483 if delay is calculated on the basis of latest schedule of completion. Further, it said that for 748 projects neither the year of commissioning nor the tentative gestation period has been reported.

Out of 583 delayed projects, 183 have overall delay in the range of 1 to 12 months, 129 in the range of 13 to 24 months, 146 reflect delay in the range of 25 to 60 months and 125 projects show delay of 61 months and above.

HDFC ERGO Health Insurance Limited

Formerly Known as "Apollo Munich Health Insurance Company Limited"

HDFC ERGO HEALTH

Registration No.131 dated 3rd August, 2007
Audited Financial Results for the year ended 31st March, 2020

Health Insurance Revenue Account

For the Year ended 31st March 2020 (Rs. In Lakhs)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Premium Earned (Net)	190,833	167,290
Profit/ Loss on sale/redemption of Investments	2,452	665
Others	413	432
Interest, Dividend & Rent - Gross	10,119	7,847
Contribution from Shareholder Funds towards Excess EOM	11,639	8,893
Total (A)	**215,456**	**185,127**
Claims Incurred (Net)	140,623	104,709
Commission	13,053	13,698
Operating Expenses related to Insurance Business	61,907	55,463
Premium Deficiency	-	-
Total (B)	**215,583**	**173,870**
Operating Profit/(Loss) from Health Insurance Business C= (A - B)	**(127)**	**11,257**
Appropriations		
Transfer to Shareholders' Account	(127)	11,257
Transfer to Catastrophe Reserve	-	-
Transfer to Other Reserves	-	-
Total (C)	**(127)**	**11,257**

Profit and Loss Account

For the Year ended 31st March 2020 (Rs. In Lakhs)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Operating Profit/(Loss)		
(a) Health Insurance Business	(127)	11,257
Income from Investments		
(a) Interest, Dividend & Rent – Gross	2,654	1,805
(b) Amortisation of Discount/Premium	(35)	(1)
(c) Profit on sale of investments	134	99
Less: Loss on sale of investments	-	-
Other Income		
(a) Profit on Sale of Fixed Assets	9	16
(b) Others	121	37
Total (A)	**2,756**	**13,213**
Provisions (Other than Taxation)		
(a) For diminution in the value of investments	5,760	1,033
(b) For doubtful debts	-	-
Other Expenses		
(a) Expenses other than those related to Insurance Business	659	997
(b) Fund raising expenses and interest on NCD	1,440	1,116
(c) Corporate Social Responsibility (CSR) expenses	75	53
(d) Contribution to Policyholders Funds towards Excess EOM	11,639	8,893
Total (B)	**19,573**	**12,092**
Profit/(Loss) Before Tax	**(16,817)**	**1,121**
Less : Provision for Taxation		
Current Tax/Mat Payable	-	487
Less: Mat Credit Entitlement	-	(487)
Deferred Tax	-	-
Profit/(Loss) After Tax	**(16,817)**	**1,121**
Appropriations		
(a) Interim dividends paid during the year	-	-
(b) Proposed final dividend	-	-
(c) Dividend distribution tax	-	-
(d) Debenture Redemption Reserve	-	299
(e) Transfer to any Reserves or Other Accounts	-	-
Balance of Profit/ Loss brought forward from last year	(18,640)	(19,462)
Balance carried forward to Balance Sheet	**(35,457)**	**(18,640)**

Balance Sheet

as at 31st March 2020 (Rs. In Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
Sources of Funds		
Share Capital	40,567	35,841
Share Application Money Pending Allotment	-	25
Reserves and Surplus	55,584	26,385
Fair Value Change Account - Shareholders	-	-
Fair Value Change Account - PolicyHolders	9	16
Borrowings	15,400	15,400
Total	**111,560**	**77,667**
Application of Funds		
Investments - Shareholders	52,473	22,786
Investments - Policyholders	136,549	123,915
Deferred Tax Asset	1,498	1,498
Loans	-	-
Fixed Assets	4,014	4,276
Current Assets :		
Cash and Bank Balances	24,859	30,250
Advances and Other Assets	15,510	14,622
Sub-Total (A)	**40,369**	**44,872**
Current Liabilities	67,444	51,454
Provisions	91,356	86,866
Deferred Tax Liability	-	-
Sub-Total (B)	**158,800**	**138,320**
Net Current Assets (C) = (A - B)	**(118,431)**	**(93,448)**
Miscellaneous Expenditure (to the extent not written off or adjusted)	-	-
Debit Balance in Profit & Loss Account	35,457	18,640
Total	**111,560**	**77,667**

Analytical Ratios

S. No.	Particulars	As at 31.03.2020 (%/Times)	As at 31.03.2019 (%/Times)
1	Gross Premium Growth Rate	15%	28%
2	Gross Direct Premium to Net Worth Ratio	4.18	5.08
3	Growth Rate of Net Worth	40%	2%
4	Net Retention Ratio	77%	85%
5	Net Commission Ratio	7%	7%
6	Expenses of Management to Gross Direct Premium Ratio	37%	37%
7	Expenses of Management to Net Written Premium Ratio	48%	43%
8	Net Incurred Claims to Net Earned Premium	74%	63%
9	Combined Ratio	112%	100%
10	Technical Reserves to Net Premium Ratio	0.61	0.58
11	Underwriting Balance Ratio	(0.13)	(0.04)
12	Operating Profit Ratio	-0.07%	6.73%
13	Liquid Assets to Liabilities Ratio	0.43	0.48
14	Net Earnings Ratio	-8.61%	0.60%
15	Return on Net Worth	-27.89%	2.59%
16	Available Solvency Margin to Required Solvency Margin Ratio	1.74	1.64
	NPA Ratio		
	Gross NPA Ratio (Policyholders Funds)	5.98	4.80
	Net NPA Ratio (Policyholders Funds)	1.53	4.03
	Gross NPA Ratio (Shareholders Funds)	-	-
17	Net NPA Ratio (Shareholders Funds)	-	-

Place: Mumbai
Date : 9th May 2020

Sd/-
Anuj Tyagi
Managing Director & CEO

HDFC ERGO Health Insurance Limited
Registration No. 131 dated 3rd August, 2007
Regd Office: 101, First Floor, Inizio, Cardinal Gracious Road, Chakala, Opposite P&G Plaza, Andheri (East), Mumbai.
CPC Office: 2nd & 3rd Floor, iLabs Centre, Plot No 404-405, udyog Vihar Phase III, Gurugram -122016
Telephone No: +91-124-4584333 **Fax No.:** +91-124-4584111
Email: customerservice@hdfcergohealth.com
Website: www.apollomunichinsurance.com

Notes:

1. The above results for the year ended March 31, 2020 which have been audited by the Statutory Auditors, were reviewed by the Audit and Compliance Committee of Directors and subsequently approved by the Board of Directors at its meeting held on May 09, 2020, in terms of circular on Public Disclosure by Insurers dated January 28, 2010 issued by Insurance Regulatory and Development Authority of India.
2. Ratios are computed in accordance with and as per definition given in the Master Circular on Preparation of Financial Statements dated October 5, 2012 & subsequent corrigendum thereon dated July 3, 2013.
3. Borrowing as at March 31, 2020 includes Non-Convertible Debentures (NCDs) amounting Rs. 15,400 lakhs details as under :
(a) Credit Rating for Unsecured Non-Convertible Debentures (NCDs) is 'AA' by Acuite and AA by CARE. (b) The previous due date for payment of Interest on NCD was April 30, 2020 and the interest was paid on the said due date. (c) The next due date for payment of Interest on NCD is April 30, 2021 and total interest due and payable on NCD on April 30, 2021 is Rs. 1,430 lakhs. (d) Net worth as on March 31, 2020: Rs. 60,288 lakhs [Previous year: Rs. 43,180 lakhs] (Computed as per definition laid down by IRDAI). (e) During the year the Company, has not created Debenture redemption reserve on the NCDs since there are no profits in the year (Previous year ended March 31, 2019 Rs. 299 lakhs). Consequent to the issuance of the Companies (Share Capital and Debentures) Amendment Rules, 2019 ("Rules") on August 16, 2019 and in terms of Rule 18, sub-rule (7)(b)(iii)(B) of the said Rules, there is no requirement of creation of Debenture Redemption Reserve from the date of issuance of the said Rules.
4. During the year, the Company allotted 4,72,61,795 shares which includes Rights issue to existing shareholders and shares allotted under ESOP scheme.
5. In terms of SEBI circular on fund raising by issuance of Debt Securities by Large Entities, the Company has been identified as a Large Corporate. During the year, the Company did not borrow any money, either through issuance of Debt Securities or otherwise.
6. On 9th January 2020, HDFC Limited has purchased 50.80 per cent stake of Apollo Hospitals Group and 0.36 per cent stake from past and present employees after the receipt of requisite approvals from the Competition Commission of India (CCI), Reserve Bank of India (RBI) and Insurance Regulatory and Development Authority of India (IRDAI). Consequent to this, the company's name has been changed to HDFC ERGO Health Insurance Limited (HDFC ERGO Health) and has been operating as a subsidiary of HDFC Limited since then. Further, the Board of Directors of the Company at its meeting held on January 15, 2020, approved the Scheme of Amalgamation of the company with HDFC ERGO General Insurance Company Limited (HEGI) with the Appointed Date of March 1, 2020. Thereafter, the Company along with HEGI has filed, The Company Scheme Application with the Honourable National Company Law Tribunal, Mumbai Bench on February 17, 2020. The said merger is subject to regulatory approvals.
7. The Company has total exposure of Rs. 8,992 lakhs in IL&FS group, DHFL and Reliance Communication Limited against which company is carrying provision of Rs. 6,792 lakhs. "
8. The Company has reviewed the impact of COVID-19 for the year ended March 31, 2020. The assessment of the impact was performed on its operations and various aspects of financial statements. There is no material change in the controls or processes followed in the closing processes of the Company. However, the company is closely monitoring the COVID 19 scenario and geared up to make changes required, if any
9. Earnings per share for the year ended 31 Mar 20: Basic Rs. -4.37 (Previous year Rs. 0.31), Diluted Rs. -4.37 (previous year Rs. 0.31).
10. Previous Year Figures have been reclassified wherever necessary.

The public Disclosure is made in accordance with the IRDAI Circular no. IRDA/F&I/CIR/F&A/012/01/2010 dated January 28, 2010 on public disclosure by insurers" and regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 .

Johnson urges to 'Stay Alert' as lockdown easing starts

BRITISH PRIME MINISTER Boris Johnson urged people on Sunday to "stay alert" to coronavirus risks, as he prepared to outline plans for gradually easing lockdown measures that have shuttered much of the economy for nearly seven weeks.

The government's decision to replace its flagship "stay at home" slogan drew criticism from opposition parties who argued that "stay alert" is too ambiguous.

"We need to have a broader message because we want to slowly and cautiously restart the economy and the country," housing minister Robert Jenrick told *Sky News*, adding that Johnson would be setting out the roadmap for "the weeks and months ahead".

In a separate interview on *BBC* TV, Jenrick said staying at home would still be an important part of the government's message, and there would be "no grand reopening of the economy tonight". Johnson tweeted a picture of a new government poster giving instructions such as "stay at home as much as possible" and "limit contact with other people". "Everyone has a role to play in helping to control the virus by staying alert and following the rules," he said in a message alongside it.

Britain has reported 31,587 deaths from the coronavirus, the second highest death toll in the world after the US, and some 215,260 confirmed infections.

The Sunday Times reported that scientific advisers had told the government that deaths could exceed 100,000 by the end of the year if lockdown measures are relaxed too fast.

Opposition parties criticised the "stay alert" slogan as confusing. "There is no room for nuance," Labour health spokesman Jonathan Ashworth told BBC TV. —**REUTERS**

Musk threatens to move Tesla out of California amid lockdown dispute

DANA HULL & ED LUDLOW
San Francisco, May 10

ELON MUSK LASHED out at the California county blocking Tesla from reopening its only US car plant, threatening to immediately relocate operations to other states and cease manufacturing at the factory.

Hours after the CEO tweeted that Tesla would sue Alameda County, which didn't allow the facility to resume operations Friday, the electric-car maker filed a complaint with the US District Court in San Francisco. Tesla claims the county's health order violates due process and "puts businesses deemed critical to the nation's well-being by the federal and state governments between a rock and a hard place."

Musk, who has called coronavirus-related shutdown orders fascist, said Tesla will decide whether to keep producing cars in Fremont, California, based on how it's treated going forward. The Bay area was the first region in the country to implement stay-home orders to contain the spread of Covid-19 and has been cautious about lifting them.

Alex Spiro, the Manhattan attorney who helped Musk prevail in a defamation case last year, is the lead attorney in the suit, which along with Musk's tweets ratchet up the pressure on California Governor Gavin Newsom and local officials. Musk, 48, arguably has been the tech sector's loudest voice advocating for the reopening of the economy, drawing criticism from some peers in the business community and cheers from conservative political circles.

"Part of it is just frustration from the view of Musk and Tesla, given they are basically grounded around Fremont, which is the heart and lungs of their business," Dan Ives, a Wedbush Securities analyst, said by phone. Musk is playing "a game of poker to put more pressure on the county to open up."

Tesla has roughly 20,000 employees in the Bay area, including its headquarters in Palo Alto. The company announced internally in late March that two staffers tested positive for the virus but didn't specify which office they worked in. In a blog post Saturday, Tesla said it has started the process of resuming operations and described its restart plan as "the result of months of careful planning and preparation." "Tesla is not an outlier, nor are we going against the grain."

Musk at first defied Alameda's mid-March shutdown order and resisted pressure from the county and Fremont to idle the factory. While Tesla claimed it was an essential business, the county's health officer disagreed and said the plant posed a public-health risk. Much of the Bay area has since extended shelter-in-place orders through the end of May.

Tesla's factory employs roughly 10,000 people, including many who commute from outside of Alameda County.

Lily Mei, the mayor of Fremont, said she's increasingly concerned about the economic impact of Tesla and other manufacturers not being allowed to resume operations. She encouraged the county to engage with local firms to come up with guidelines to reopen. "The Alameda County Health Care Services Agency and the Public Health Department have been communicating directly and working closely with the Tesla team on the ground in Fremont," the county said in a statement Saturday. "The team at Tesla has been responsive to our guidance and recommendations, and we look forward to coming to an agreement on an appropriate safety plan very soon."

The mayor of Palo Alto, where Tesla has its global headquarters, also chimed in to voice his support for the company.

Following through on the threat to move Tesla's headquarters and future programs to Texas and Nevada, where the company has its massive battery plant, will be costly and challenging for Musk but relatively easier than ending production in Fremont.

Musk, who has called coronavirus-related shutdown orders fascist, said Tesla will decide whether to keep producing cars in Fremont, California, based on how it's treated going forward

The factory is the only place in the world where Tesla makes the Model S, X and Y. The company purchased it from Toyota Motor Corp. in the wake of the global financial crisis for just $42 million and has sunk billions of dollars into the facility since then.

"The factory in Fremont was an all-stars-aligned opportunity for Tesla," Ben Kallo, an analyst at Robert W. Baird & Co., said by phone. "I don't know if you can quickly say 'I'm leaving.'"

Musk has been scouting locations for a new U.S. factory to build the Cybertruck model that Tesla plans to start producing late next year. He's hinted it could be constructed in Texas, where part of Tesla's chip team is based. The Musk-led rocket company Space Exploration Technologies Corp. also has operations in the state.

Musk encouraged his almost 34 million Twitter followers to voice their displeasure with the county and endorsed the idea that shareholders could file a class-action lawsuit.

He said Tesla knows more than the county does about what needs to be done to safely operate its factory after having reopened its plant near Shanghai earlier this year. —**BLOOMBERG**

China signals more policy measures to support economy

REUTERS
Beijing, May 10

CHINA'S CENTRAL BANK said on Sunday it will step up counter-cyclical adjustments to support the economy and make monetary policy more flexible to fend off financial risks.

The first-quarter monetary policy implementation report from the People's Bank of China (PBOC) did not repeat the central bank's long-standing vow to refrain from "flood-like" stimulus to support growth, reinforcing signs of more policy measures. China's long-term stable economic trend remains unchanged, despite the coronavirus outbreak, the central bank said.

"But at present, challenges faced by China's economic development are unprecedented, we must fully consider difficulties, risks and uncertainties," it said.

The bank said it will keep liquidity ample, using both aggregate and structural policy measures, and contiue to deepen interest rate reforms to help lower borrowing costs and allocate financial resources more efficiently in the economy.

The central bank will also support the real economy, especially small and medium-sized enterprises, it said. "We should properly handle the relationship between stabilising growth, ensuring employment, adjusting structure, preventing risks and controlling inflation," it said.

China's economy contracted 6.8% in the first quarter from a year earlier, shrinking for the first time since at least 1992, as the outbreak paralysed production and spending, raising pressure on authorities to do more to stop mounting job losses.

The PBOC has already rolled out a raft of easing steps since early February, including cuts in reserve requirements and lending rates and targeted lending support for virus-hit firms.

The central bank will continue to deepen the reform of the loan prime rate regime and improve the monetary policy transmission mechanism to help lower borrowing costs, it said.

China reports first corona case in Wuhan since April 3 among 14 new infections

REUTERS
Beijing, May 10

CHINA'S NATIONAL HEALTH Commission reported 14 new confirmed coronavirus cases on May 9, the highest number since April 28, including the first for more than a month in the city of Wuhan where the outbreak was first detected late last year.

While China had officially designated all areas of the country as low-risk last Thursday, the new cases according to data published on Sunday represent a jump from the single case reported for the day before. This was lifted by a cluster of 11 in Shulan city in Jilin province.

Jilin officials on Sunday raised the Shulan city risk level to high from medium, having hoisted it to medium the day before after one woman tested positive on May 7.

The 11 new cases made public on Sunday are members of her family or people who came into contact with her or family members.

The new Wuhan case, the first reported in the epicentre of China's outbreak since April 3, was previously asymptomatic, according to the health commission.

Aside from the Shulan cluster and the Wuhan case, the remaining two new confirmed cases were imported infections. It also said newly discovered asymptomatic cases were at 20, the highest since May 1 and up from 15 a day earlier.

No new deaths were reported, it said.

The total number of confirmed coronavirus cases in mainland China reached 82,901 as of May 9, while the total death toll from the virus stood at 4,633, according to the commission.

Reliance General Insurance Company Limited. Corporate Office: Reliance Centre, South Wing, 4th Floor, off. Western Express Highway,Santacruz(east), Mumbai-400055. Registered Office: Reliance Centre, South Wing, 4th Floor, off. Western Express Highway,Santacruz(east), Mumbai-400055. IRDAI Registration No. and Date of Registration with IRDAI : Regn. No. 103 Dated 23.10.2000. Website: http://www.reliancegeneral.co.in. Corporate Identity Number (CIN): U66603MH2000PLC128300. Trade Logo displayed belongs to Anil Dhirubhai Ambani Ventures Private Limited and used by Reliance General Insurance Company Limited under License.

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2020

FORM NL-1A-B-RA — REVENUE ACCOUNT (₹ in Lakhs)

Sl. No.	Particulars	Unaudited: For the half year ended 01st Oct. 2019 to 31st Mar 2020			Unaudited: For the half year ended 01st Oct. 2018 to 31st Mar 2019			Audited: For the year ended 31st March 2020			Audited: For the year ended 31st March 2019		
		Fire	Marine	Misc.	Fire	Marine	Misc.	Fire	Marine	Misc.	Fire	Marine	Misc.
1	Premiums earned (Net)	9,688	319	206,065	5,914	301	187,970	16,756	640	390,465	10,384	579	342,262
2	Profit/ Loss on sale/redemption of Investments	243	18	7,138	73	7	1,968	468	40	13,039	114	11	3,072
3	Interest, Dividend & Rent – Gross	1,148	86	33,895	1,152	91	30,741	2,306	199	64,243	2,106	195	56,592
4	Others - Exchange Gain / (Loss)	-	-	20	-	-	(7)	-	-	27	-	-	6
	- Miscellaneous Income	-	-	32	-	-	273	-	-	51	-	-	291
	TOTAL (A)	**11,079**	**423**	**247,150**	**7,139**	**399**	**220,945**	**19,530**	**879**	**467,825**	**12,604**	**785**	**402,223**
1	Claims Incurred (Net)	1,918	400	178,962	2,521	256	164,758	6,258	700	334,234	5,642	1,302	296,186
2	Commission (Net)	(1,096)	(94)	(10,569)	263	(114)	109	(6,095)	(311)	(15,637)	(84)	(316)	(781)
3	Operating Expenses related to Insurance Business	4,156	(124)	52,842	2,698	80	49,869	6,497	340	119,142	4,852	212	92,406
4	Reserve For Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL (B)	**4,978**	**182**	**221,235**	**5,482**	**222**	**214,736**	**6,660**	**729**	**437,739**	**10,410**	**1,198**	**387,811**
	Operating Profit/(Loss) (C)= (A - B)	**6,101**	**241**	**25,915**	**1,657**	**177**	**6,209**	**12,870**	**150**	**30,086**	**2,194**	**(413)**	**14,412**
	APPROPRIATIONS												
	Transfer to Shareholders' Account	6,101	241	25,915	1,657	177	6,209	12,870	150	30,086	2,194	(413)	14,412
	Transfer to Catastrophe Reserve	-	-	-	-	-	-	-	-	-	-	-	-
	Transfer to Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL (C)	**6,101**	**241**	**25,915**	**1,657**	**177**	**6,209**	**12,870**	**150**	**30,086**	**2,194**	**(413)**	**14,412**

FORM NL-2A-B-PL — PROFIT AND LOSS ACCOUNT (₹ in Lakhs)

Sl.No.	Particulars	Unaudited: For the half year ended 01st Oct. 2019 to 31st Mar 2020	Unaudited: For the half year ended 01st Oct. 2018 to 31st Mar 2019	Audited: For the year ended 31st Mar 2020	Audited: For the year ended 31st Mar 2019
1	**OPERATING PROFIT/(LOSS)**				
	(a) Fire Insurance	6,101	1,657	12,870	2,194
	(b) Marine Insurance	241	177	150	(413)
	(c) Miscellaneous Insurance	25,915	6,209	30,086	14,412
2	**INCOME FROM INVESTMENTS**				
	(a) Interest, Dividend & Rent – Gross	5,062	5,117	10,394	10,197
	(b) Profit on sale/ redemption of investments	1,115	408	2,240	645
	Less : Loss on sale/ redemption of investments	(42)	(72)	(130)	(92)
3	**OTHER INCOME**				
	Profit/(Loss) on sale/discard of assets	8	2	10	3
	Miscellaneous Income	13	103	15	108
	Excess Provision Written Back	186	359	276	499
	TOTAL (A)	**38,599**	**13,960**	**55,911**	**27,553**
4	**PROVISIONS (Other than taxation)**				
	(a) For diminution in the value of investments	2,123	2,100	2,123	2,450
	(b) For doubtful debts	2,573	(220)	2,573	168
	(c) Bad Debts w/off	4,105	-	4,105	-
	Less:- Provision held	(3,981)	-	(3,981)	-
5	**OTHER EXPENSES**				
	(a) Expenses other than those related to Insurance Business	18,221	606	18,656	813
	(b) Finance Cost	-	297	139	558
	(c) Interest on Non Convertible Debentures	1,052	1,044	2,095	2,093
	(d) Corporate Social Responsibility Expense	256	262	256	263
	(e) Penalty	7	-	7	5
	TOTAL (B)	**24,356**	**4,089**	**25,973**	**6,350**
	Profit/(Loss) Before Tax (A) - (B)	**14,243**	**9,871**	**29,938**	**21,203**
	Provision for Taxation				
	(a) Current Tax	1,815	2,019	5,016	3,984
	(b) Short Provision for earlier year	-	1,458	523	1,458
	(c) Deferred Tax	-	-	-	-
	(d) MAT Credit	202	(3,477)	(1,537)	(5,442)
	Net Profit/(Loss) after tax	**12,226**	**9,871**	**25,936**	**21,203**
	APPROPRIATIONS				
	(a) Interim dividends paid during the year	-	-	-	-
	(b) Final dividend	-	-	1,258	1,258
	(c) Dividend distribution tax	-	-	259	259
	(d) Debenture Redemption Reserve	-	320	160	639
	Profit / (Loss) After appropriations	12,226	9,551	24,259	19,047
	Balance of profit/ loss brought forward from last year	68,489	46,904	56,456	37,408
	Balance carried forward to Balance Sheet	**80,715**	**56,455**	**80,715**	**56,455**
	Basic Earning Per share (Equity Share of Rs.10 each)	4.86*	3.92*	10.31	8.43
	Diluted Earning Per share (Equity Share of Rs.10 each)	4.84*	3.92*	10.27	8,41

* Not Annualized

FORM NL-30A — ANALYTICAL RATIOS

Sl. No.	Particulars	Unaudited: For the half year ended 01st Oct. 2019 to 31st Mar 2020	Unaudited: For the half year ended 01st Oct. 2018 to 31st Mar 2019	Audited: For the year ended 31st March 2020	Audited: For the year ended 31st March 2019
1	Gross Direct Premium Growth Rate (%)	15.2%	23.5%	20.6%	22.1%
2	Gross Direct Premium to Net Worth Ratio (times)	1.64	1.64	4.05	3.86
3	Growth Rate of Net worth (%)	15.2%	14.0%	15.2%	14.0%
4	Net Retention Ratio (%)	54.8%	60.1%	52.4%	59.0%
5	Net commission Ratio (%)	-7.1%	0.2%	-5.6%	-0.3%
6	Expense of Management to Gross Direct Premium Ratio (%)	24.2%	26.0%	22.0%	21.4%
7	Expense of Management to Net written Premium(%)	43.8%	42.7%	41.7%	35.9%
8	Net incurred Claims to Net Earned Premium (%)	83.9%	86.3%	83.7%	85.8%
9	Combined Ratio (%)	111.0%	119.4%	110.1%	111.9%
10	Technical Reserve to net premium ratio (times)	4.68	4.32	1.98	1.87
11	Underwriting Balance Ratio (times)	(0.05)	(0.13)	(0.09)	(0.13)
12	Operating profit ratio (%)	14.9%	4.1%	10.6%	4.6%
13	Liquid Assets to Liabilities Ratio (times)	0.30	0.23	0.30	0.23
14	Net Earnings Ratio (%)	7.3%	6.2%	6.6%	5.7%
15	Return on Net Worth Ratio (%)	6.6%	6.2%	14.0%	13.2%
16	Available Solvency Margin (ASM) to Required Solvency Margin(RSM) ratio (Times)	1.52	1.60	1.52	1.60
17	NPA Ratio (%)				
	- Gross NPA Ratio	2.1%	0.4%	2.1%	0.4%
	- Net NPA Ratio	1.7%	0.1%	1.7%	0.1%
18	Debt Equity Ratio	0.12	0.14	0.12	0.14
19	Debt Service Coverage Ratio (DSCR)	14.54	8.36	14.40	9.00
20	Interest Service Coverage Ratio (ISCR)	14.54	8.36	14.40	9.00
21	Asset Cover Availability	NA	NA	NA	NA

* "NA" denotes not applicable.

FORM NL-3A-B-BS — BALANCE SHEET (₹ in Lakhs)

Particulars	Audited: As at 31st March 2020	Audited: As at 31st March 2019
SOURCES OF FUNDS		
Share Capital	25,155	25,155
Reserves and Surplus	159,462	1,35,042
Fair Value Change Account- Shareholder	(1,327)	(527)
Fair Value Change Account- Policyholder	(8,524)	(3,045)
Borrowings	23,000	23,000
TOTAL	**197,766**	**1,79,625**
APPLICATION OF FUNDS		
Investments- Shareholder	145,813	1,38,803
Investments- Policyholder	936,347	8,01,370
Loans	-	-
Fixed Assets	4,119	3,349
Deferred Tax	3,727	3,727
CURRENT ASSETS		
Cash and Bank Balances	9,207	16,241
Advances and Other Assets	179,435	1,14,986
Sub-total (A)	**188,642**	**1,31,227**
Current Liabilities	940,611	7,43,623
Provisions	140,271	1,55,228
Sub-total (B)	**1,080,882**	**8,98,851**
Net Current Assets (C) = (A-B)	**(892,240)**	**(7,67,624)**
"Miscellaneous Expenditure (to the extent not written off or adjusted)"	-	-
Debit Balance in Profit and Loss Account	-	-
TOTAL	**197,766**	**1,79,625**

1 The above audited results have been reviewed by the Audit Committee and approved at the meeting of the Board of Directors held on 29th April,2020.

2 The financial results of the Company for the year ended March 31, 2020 and corresponding figures of the previous year are prepared in accordance with the requirements of the Insurance Act, as amended by Insurance Laws (Amendment) Act, 2015, read with the IRDA Act, the Regulations, order/ directions issued by the IRDAI in this regard and in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under section 133 of the Act to the extent applicable and in the manner so required. The figures for the half year ended March 31,2020 and corresponding half year ended in previous year as reported in these financial results are the balancing figures between audit figures in respect of full financial year and reviewed year-to-date figures upto the end of half year of the current & previous financial year respectively

3 The Board of Directors have not recommended any dividend considering the Authority's circular no. IRDA/F&A/CIR/MISC/099/04/2020 dated 24th April 2020 to refrain from dividend payouts due to COVID 19 pandemic to ensure adequate capital and resources available to protect interests of the policyholder

4 Networth as on 31st March,2020 is Rs.184,617 Lakh (Previous Year Rs.160,197 Lakh)

5 Ratios are computed in accordance with and as per definition given in master circular no. IRDA/F&I/CIR/F&A/231/10/2012 dated October 5th 2012 and Corrigendum on Master Circular IRDA/F&I/CIR/F&A/126/07/2013 dated July 3rd 2013. (except point No.18,19 and 20 of above)

6 Debenture redemption reserve as on 31st March , 2020 is Rs.2,076 Lakh (Previous Year Rs.1,917 Lakh)

7 Credit Rating 'A-' by CARE and 'A+' by Brickworks for Unsecured Non Convertible Debentures issued.

8 Previous due date for payment of interest on Non-Convertible Debentures was on August 16, 2019 and the same has been paid on August 16,2019.

9 Next due date for payment of interest on Non-Convertible Debentures will be on August 17,2020 amounting to Rs.2,099 Lakh.

10 The Company has investments of Rs 3,499 lakh in secured debentures of IL&FS. As on 31st March, 2020, the Company is carrying provision of 75% of total investments amounting to Rs 2,624 Lakh, which in the opinion of the management of the Company is considered appropriate and is higher than the provision required to be made as per Prudential Norms for Income Recognition, Asset Classification and Provisioning issued under Insurance Regulatory & Development Authority of India's (IRDAI's) master circular on Preparation of Financial Statements via circular no. IRDA/F&I/CIR/F&A/231/10/2012 dated 05th October, 2012.

11 The Company has investments of Rs 12,994 lakh in secured and unsecured debentures of Reliance Capital Limited. During the year, the Reliance Capital Limited has defaulted in principal repayment amounting to Rs 2,000 lakh and interest payment amounting to Rs 882 lakh thousand on their respective due dates. the Company is carrying provision of 10% of total investments amounting to Rs 1,299 lakh, which in the opinion of the management of the Company is considered appropriate as required to be made as per Prudential Norms for Income Recognition, Asset Classification and Provisioning issued under Insurance Regulatory & Development Authority of India's (IRDAI's) master circular on Preparation of Financial Statements via circular no. IRDA/F&I/CIR/F&A/231/10/2012 dated 05th October, 2012.

12 The Company has investments of Rs 6,493 lakh in secured debentures of Reliance Home Finance Limited. During the year, the Reliance Home Finance Limited has defaulted in interest payment amounting to Rs 362 lakh on due date. the Company is carrying provision of 10% of total investments amounting to Rs 649 lakh , which in the opinion of the management of the Company is considered appropriate as required to be made as per Prudential Norms for Income Recognition, Asset Classification and Provisioning issued under Insurance Regulatory & Development Authority of India's (IRDAI's) master circular on Preparation of Financial Statements via circular no. IRDA/F&I/CIR/F&A/231/10/2012 dated 05th October, 2012.

13 Reliance Health Insurance Limited (RHIL) had transferred all the Investments and balance lying in cash and bank account to the Company ("RGICL") on the appointed date, in compliance with the order issued by the Authority via Order no. IRDA/F&A/ORD/SOLP/200/11/2019 dated 06th November 2019.From the appointed date, the Company has complied with directions issued by the Authority and has administrated funds received from RHIL. The Board of directors of RGICL and RHIL have approved the amalgamation of RHIL with the Company. The application for approval for the said amalgamation is under process with IRDAI.

14 Shares of the Company were transferred (in Demat form) from Reliance Capital Limited (RCL) to IDBI Trusteeship Services Limited ("ITSL"), upon invocation of Pledge by ITSL. However, the Company has not registered the said transfer in the Register of Beneficial Owners of the Shares maintained under Section 6A of the Insurance Act, 1938. Securities Appellate Tribunal ("SAT") vide its order dated 27.01.2020 has inter-alia recorded that ITSL is holding the pledged shares as a Custodian and also directed that, so long as ITSL is holding RGICL shares in the capacity as a trustee/ custodian, it will not exercise any control over RGICL or make changes or have a say in the management or decision-making process of RGICL or exercise any voting rights in respect of the shares of RGICL.

15 The Coronavirus (COVID-19) outbreak is an unprecedented global situation that has severely impacted many local economies around the globe. Due to current lockdown, there has been significant disruptions to businesses, resulting in an economic slowdown, which will have impact on the business of the Company.The duration and impact of the COVID-19 pandemic remains unclear at this point of time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company. However, the Company will continue to closely monitor any material changes to future economic conditions.

16 Previous year's figures have been regrouped/re-classified/reworked where ever necessary

For and on behalf of the Board of Directors
Reliance General Insurance Company Limited

Sd/-
Rakesh Jain
Executive Director & CEO

Place : Mumbai
Date : 29th April,2020

Opinion

MONDAY, MAY 11, 2020

ARMY OF ONE?

Congress leader Rahul Gandhi

If we keep this fight only in PMO, we will lose; PM must devolve power… The government now has to give a little bit of transparency on its actions

SHOBHANA SUBRAMANIAN

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Help states beat budget constraints

States' revenues, including central devolution, will contract; Centre must help them out or let RBI come up with a solution

GIVEN HOW STATES are staring at a liquidity crisis due to a collapse in revenues, both at the Centre and locally, they need to be given more fiscal room. To begin with, the share of revenues they receive from the Centre—the bulk of which is the GST—is falling as GST collections themselves are down to an estimated third of the usual in March; states get roughly 55% of the total collections. With direct tax collections too expected to be quite short of target given the economy is expected to contract this year, the devolutions are also likely to shrink. In a typical April, Kerala's revenues are around ₹8,000 crore; this time, they have been about a tenth of that. While devolution is happening, it is coming in driblets, and many states could soon run out of money.

As per the revised estimates (RE) for FY20, the tax devolution to states was ₹6.5 lakh crore; this year, they might just about get ₹4 lakh crore. Perhaps, the Centre should guarantee a minimum amount of devolution because, going by the current revenue flows, states are entitled to about 40% of the divisible pool.

As economist Govinda Rao points out, the budget estimates for revenues in FY21 are 6.5% smaller than those of the Finance Commission—which translates into a loss of some ₹71,000 crore. There is a suggestion that the Centre should re-allocate the ₹2 lakh crore of grants-in-aid for capital assets, provided for in the central budget, for immediate needs.

Unfortunately, the lockdown prevented states from mopping up revenues from auto fuels and alcohol, but even with the hikes, the revenues are not going to be sufficient to pay the bills. So, it is expenditure that is going to be axed. Already, salaries are being cut or deferred; as Kerala's finance minister, Thomas Isaac, has said, there is simply no option. Punjab has managed May salaries, but is not so sure it can manage in June. Isaac has also pointed out that most development schemes would be deferred and, given that states account for 60% of total expenditure, this would hurt aggregate demand.

If the economy is not to be altogether derailed, there is a case for allowing states to borrow more by increasing the FRBM limit from 3% to 5%. To be sure, the higher borrowing limit must pencil in a flat or only slight growth in GSDP this year, but 2% additional room should be sufficient.

On a rough reckoning, for a reasonably good state—assuming revenues of 100 come down to 75, and the revenue expenditure stays the same at 110, with the capex down to zero—the fiscal deficit would go up to 3.5%. This number, of course, would be higher if the GSDP contracts.

Given the onus of spending on healthcare and other essentials is almost entirely on the states, GST compensation to them can't be delayed. Nor is this the time to quibble over deficits; states' FRBM limit should be increased by 2%

That is the easy part. The real problem is that even though they have enough surpluses, banks are not keen to buy SDLs for fear of value erosion; at a recent auction, some states were made to cough up as much as 9%. To eliminate the mark-to market risks, some have suggested that the Reserve Bank of India (RBI) allow states to issue short-term paper, and permit banks to hold this till maturity. If this doesn't comfort the banks, the Centre may need to borrow more and pass it on to the states.

As of now, states have baked in a 25%-30% increase in net SDLs in FY21, which would take total issuances to ₹6.2-6.4 lakh crore from ₹5 lakh crore in FY20. ICRA estimates gross issuances to rise by 19-23% to ₹7.6-7.8 lakh crore in FY21, from ₹6.3 lakh crore in FY20.

To help them tide over the immediate liquidity crisis, and to enable them to spend on health and emergency measures, states are hoping RBI will further raise the WMA—an overdraft facility. As of now, they are allowed 60% more than the March 31-level for H1FY21, or roughly ₹20,000 crore. Given that the onus of spending on healthcare and other essentials is almost entirely on the states, they are justifiably miffed that the Centre's WMA has been upped to ₹2 lakh crore from ₹75,000 crore.

So far, states have been pruning their expenditure, primarily capex, and in some instances, salaries. Some are toying with the idea of deferring the allowances for 12-24 months. While an analysis by ICRA of 21 states shows their combined deficit to have narrowed to ₹5.1 lakh crore in FY21 from ₹5.6 lakh crore in FY20 RE, this looks highly unlikely now. But, given the exigencies, this is no time to quibble over fiscal deficits. The Centre needs to unleash more stimulus packages, but it cannot delay the dues of states; according to some reports, GST compensation is late by a few months, which is unpardonable. It should either rush to support states or let RBI come up with a solution. A financial emergency, costing states their autonomy, is undesirable.

Bringing up Bois

Blame patriarchy for a BoisLockerRoom

IT SHOULD BE worrying that, rather than shock, the BoisLockerRoom scandal has elicited either moral outrage or the usual duplicitous assertions of 'boys will be boys', 'not all men', etc. In an ideal world, an Instagram chat group where teenage boys from elite Delhi-NCR schools posted pornographic content (often morphed pictures of underage girls without their knowledge or consent) and casually engaged in misogynistic conversations ranging from body-shaming to rape-talk should have been quite abnormal. Instead, the reaction that has come—including the 'girls locker room' posts—is a symptom of how patriarchy has normalised sexual violence and misogyny. There have been calls for strict punishment for the group, even stray talk of action against schools for failing to wake up to this in time, but all this misses the wood for the trees. In a way, all it really implies is that while the group members violated a law or two, the exigencies of sexual awareness and curiosity among teenagers, especially boys, makes the concept of a "locker room", and the gamut of activity it is synonymous with, inevitable. The fact, however, is that it is social systems that foster a BoisLocker-Room. The sense of entitlement embedded in the teenage boys' behaviour in the present case is a product of the culture that allows, even makes it "cool", to reduce human beings to sexualised objects. From "banter", where expressing discomfort with sexist humour is to risk social rejection, to a faulty approach to sex education at school and home, sensitisation to nebulous issues of desire, empathy, and consent is virtually non-existent in most societies, let alone among school students dealing with peer pressure.

These are systemic issues that can only be overcome with continuing educative efforts, often beginning at home. This becomes even more crucial given the amplifier effect of digital platforms in causing damage, and the anonymity they offer in doing so. Inevitably, the debate, at some level, becomes that of safety versus privacy. For instance, it is difficult to argue, as many are doing, that Instagram be held responsible for not flagging content that clearly violated its strict community guidelines as these were private conversations, not public posts. Even without end-to-end encryption on its messaging service, to expect Instagram to review every message is not only a licence to all communication platforms to invade users' privacy but also a slippery descent into censorship. Laws could perhaps be framed to ensure that cases of user-flagged content are taken up within stipulated periods—currently, there are internal policies to this effect, but these extend only to government requests for content review or take-down. Another failure to recognise deeply entrenched patriarchy and its offspring, toxic masculinity, as the root cause of sickening scandals like "Bois Locker Room", as happened in the aftermath of the 2012 Delhi gang-rape case, will only lead to making the country even more unsafe for half its population.

FROM PLATE TO PLOUGH

THE STATES HAVE DONE AN EXEMPLARY JOB OF ENSURING AVAILABILITY OF ESSENTIAL FOODS, AND PROCURING WHEAT FROM FARMERS. FOCUS MUST NOW BE ON RELIEF FOR MIGRANT WORKERS

A silver lining to the corona cloud

ASHOK GULATI

Infosys Chair Professor for Agriculture, ICRIER

Views are personal

IN THESE GLOOMY times, spotting any good news is difficult. Yet, we can have some satisfaction that, so far, India seems to have contained the mortality rate from Covid-19 infections at around 3.3%. This is much lower than the global average of about 7%, and that of countries like the US (5.8%), Spain (11.6%), Italy (13.7%), the UK (15.4%), France (14.7%), and even Germany's (4.1%). But, India is certainly not out of the woods yet. The real test will come when the lockdown is lifted.

Next to saving lives from the disease, comes the necessity of food to survive. On the food front, too, India has done reasonably well. Despite initial disruptions in supply lines of food, India has somehow managed to feed its large population of 1.37 billion. There have been no large-scale food riots, and no major flaring up of food prices for consumers. In fact, if there is any complaint, it is from the producer side, that prices of perishables collapsed in certain pockets. But, from the consumer point of view, even for perishables like milk and vegetables, supply lines were quickly restored, and food is easily available in the markets at reasonable prices. On keeping supply lines for essential food alive and running, those in the government managing food logistics surely deserve some compliments.

But, the biggest compliments must go to the states that have done a remarkable job of procuring the main rabi crop, wheat. A seamless procedure of issuing tokens to farmers, opening several thousand additional procurement centres for wheat, even in rice mill compounds, and logistics to procure and move it to deficit states is commendable. Within the first three weeks of the wheat procurement season (by May 7), 21.6 million metric tonnes (MMT) of wheat had already been procured. Punjab led the way with 10.4 MMT, while Haryana procured 5.1 MMT, and Madhya Pradesh 4.8 MMT. These three states have done a great job of ensuring farmers get the minimum support price (MSP) of ₹1,925/quintal. But, Uttar Pradesh, which is the largest producer of wheat, and Bihar have languished. Their wheat farmers, especially from eastern UP onwards to Bihar, are getting prices as low as ₹1,700/quintal to ₹1,850/quintal. Nevertheless, since farmers of the largest rabi crop have got reasonable money in their pockets, they are doing brisk buying of inputs for the kharif crop, from seeds to fertilisers. And, since the meteorological department has forecast a normal monsoon, we hope India's food situation will remain quite comfortable in FY21.

Interestingly, agriculture still engages the largest chunk of India's workforce, almost 44%. And, it may be the only sector registering a respectable positive growth this year, as almost all other major sectors are expected to plummet to negative growth territory. This would help absorb the shock of coronavirus on extreme poverty and malnutrition. I will take up more on this in my next piece. Suffice it to say here that we need to build on the success and resilience of agriculture. It cries out for reforms that can help farmers get a better price for their produce even as consumers pay a reasonable price for food. This calls for large scale reforms in agri-marketing as well as the Public Distribution System (PDS). While the APMC markets can keep doing their business as usual, it is time to open channels for buying directly from farmers and farmer producer organisations (FPOs). Any registered large buyers, be it processors, retail groups, exporters, etc, must be encouraged with a single, all-India licence, and exempted from any market fee or other cesses as they will not be using the services of APMC market yards. e-NAM can flourish if grading and dispute settlement mechanisms are put in place. Private *mandis* with modern infrastructure need to be promoted in competition with APMC. On the PDS front, we need to move towards cash transfers that can be withdrawn from anywhere in the country.

Within the first three weeks of the procurement season, 21.6 MMT of wheat had already been procured. In Punjab, Haryana, and MP this has been at the MSP

As they say, the wise and brave convert a crisis into an opportunity for reform, and here is an opportunity knocking at PM Narendra Modi's door. He can always get these reforms expedited, at least, in BJP-run states. Some initiative has already been taken by the Madhya Pradesh chief minister, and even Uttar Pradesh is now moving along those lines. But, much more can be done to put India's agri-marketing and PDS system on a more efficient path, with less leakages.

There is, however, one area in which India has failed miserably in handling the lockdown and its effects—the issue of migrant labourers. The first mistake was imposing lockdown 1.0 from midnight of March 24, without any advance warning. The next day, hundreds of thousands of migrant labourers thronged the railway stations and inter-state bus terminus, only to be disappointed that all means of transportation have come to a grinding halt. Thankfully, this did not result in large-scale riots, but the poor migrant workers started walking on foot for thousands of kilometres. They did not receive the attention and care they needed either from our political class or from the administration of state and central governments. This is a blot not only on the government's mishandling of the corona crisis but also on every citizen of India who cares for the well-being of its people.

It was painful and shameful to watch even pregnant women walking for days together to reach their homes in villages. They surely deserved much better treatment as human beings.

Finally, the time for immediate relief has almost run out. The recovery of the economy, whether it is V-shaped or J-shaped, depends on the package that the government announces, which must include built-in mega reforms. This is a test of the Modi government's wisdom and boldness. Timidity will not help.

What next after the pandemic?

When the corona crisis ends, a return to the old normal is likely. To aid economic recovery, economic policy gaps revealed during the crisis must be addressed

MEGHNAD DESAI

Prominent economist & Labour peer. *Views are personal*

ACROSS THE WORLD, the inexorable march of Covid-19, and its trail of death, has made any discussion of the present depressing. Different countries have made different mistakes and, since the crisis is not over yet and a second or third wave is predicted, this is no time to draw up a model response to pandemics for when the next one hits.

That, therefore, is why people are fashioning dreams about the future. There are dreams of a better world, more cooperative, less unequal, more humanitarian, cleaner, greener, etc. Yet, previous pandemics have not led to any big changes. The Spanish flu of 1918 did not change the world despite its mortality rate far exceeding that of the First World War. The Bolshevik Revolution had already happened and the fall of the Austrian, Russian, and Ottoman Empires were due to the war.

What is much more likely to happen, instead, is what happened post the 1918 flu. There was a deep desire to return to the Old Normal. Americans became frenzied in their desire to enjoy the Roaring Twenties. The British economy was so bent on getting back to the Gold Standard that it entered a long low recession in 1925, which did not end till 1932. The lesson is that there are things in the Old Normal to preserve and enjoy, and some to jettison.

The Indian economy had been in growth recession for more than a year before Covid-19 struck in the first quarter 2020. The reason was the dysfunctional credit market on both the banking, and non-banking sides. Despite the Insolvency and Bankruptcy Code, the cost of lending in India is very high given the ease with which debtors can drag out repayment, as experience has shown. The defect is in the judicial system, which is notoriously susceptible to delays and indecision. Attacking the problem through the angle of criminal investigation has not worked either. Whatever else the government does, it has to clean up the credit market if growth is to revive. Else, the high cost of lending, whatever the market rate of interest, will cripple the economy.

This is because the Indian economy has grown since 1991 and, now, private sector decisions on consumption and investment matter more than what the public sector does. This requires a change in thinking about economic policy. Fiscal policy is no longer the principal driver, only a device for speeding up or slowing down. A new way of thinking about the economy is required, one that sees the economy as private sector-driven, with budgetary policy being used strategically to speed up its pace, rather than change its direction. Statist thinking has to go.

There is also consistency required in government policy about foreign investment. India boasts about its Rule of Law in contrast to China, where the Communist Party acts like a bully. But, the government also behaves inconsistently, as we saw with UPA-2 on Vodafone. And, recently, arbitrary restrictions have been posed on FDI from neighbouring countries. Everyone concedes that the state has the sovereign power to misbehave, but there is no need to show it as it only amounts to shooting oneself in the foot. Consistency of policy within each party's tenure at the Centre, and, if possible, even when the party in power changes, would do immense good to India's reputation as a home for FDI, as well as reduce the cost of raising funds abroad.

The crisis has shown that the balance between the Centre and the states, in matters of resources, needs serious examination. The Centre must create a stabilisation fund for unexpected drops in revenue at the state level. A more drastic step would be to make the Finance Commission a standing body, to which states could take demands for emergency funding

At the same time, the crisis has shown that the balance between the Centre and the states, in matters of resources, needs serious examination. The hit suffered by state finances due to the lockdown, shutting down of alcohol shops, and the general drop in GST collections requires looking into. The Centre must create a stabilisation fund for unexpected drops in revenue at the state level, be it in one state or many. A more drastic step would be to make the Finance Commission a standing body, to which states could take demands for emergency funding. This is more necessary now because with different parties in power at the Centre and the state, there is inevitably some suspicion of partisan treatment.

The big gap exposed in the economic condition of urban workers, migrant or local, has to be dealt with. There is no unemployment benefit, of course. But, in many economies in similar situations, such as Mexico, governments have devised what should be called temporary unconditional transfers (TUT). The ₹500 provided to women was a brilliant idea. A full scale universal basic income (UBI) is difficult because the benefits people currently received will be difficult to remove, even if UBI were introduced. But, a TUT for urban workers who are unemployed, say, for 100 days, as in MGNREGA for rural households, will go a long way in taking care of the most vulnerable.

Bigger dreams can wait.

LETTERS TO THE EDITOR

Cause for concern

We would all agree that the situation would have been far worse had we not prolonged the lockdown. Still, the spike in new Covid-19 cases and deaths in India is serious cause for concern; the figures double every ten days. The explanation that relaxation of lockdown restrictions and expanded testing may be behind the spike does not fully quell our fears. Medical experts further caution that the virus might peak in June and July. It is quite clear that the virus can be brought under control and 'vanquished' only by ramping up testing and contact tracing. There is no shortcut to breaking the chain of transmission and managing the pandemic. The incremental relaxations of restrictions do not signal or mark the end of the pandemic. We must continue to take precautions like physical distancing, washing hands, and donning face masks. It is true that public health must override all other concerns; at the same time, it must be appreciated that people cannot survive without essentials. For many Indians who earn their daily bread by the sweat of their brow, a day without work is a day without food. It means they have to either work or get support from the government for survival. They must be extended financial support to survive the scourges of disease and hunger. A friend is need is a friend indeed; the government must be a friend to the needy in this time of great distress. The tragic incident of 15 migrant labourers run over by a goods train should be a wake-up call for the government. The suspension of air and rail travel, shutdown of educational institutions, cinema halls, gyms, shopping malls, parks, hotels and restaurants beaches, massage parlours and ban on social, political, cultural and religious gatherings should continue till such time the coronavirus is brought under control. Community transmission will be costly in terms of lives.

— G David Milton, Maruthancode

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

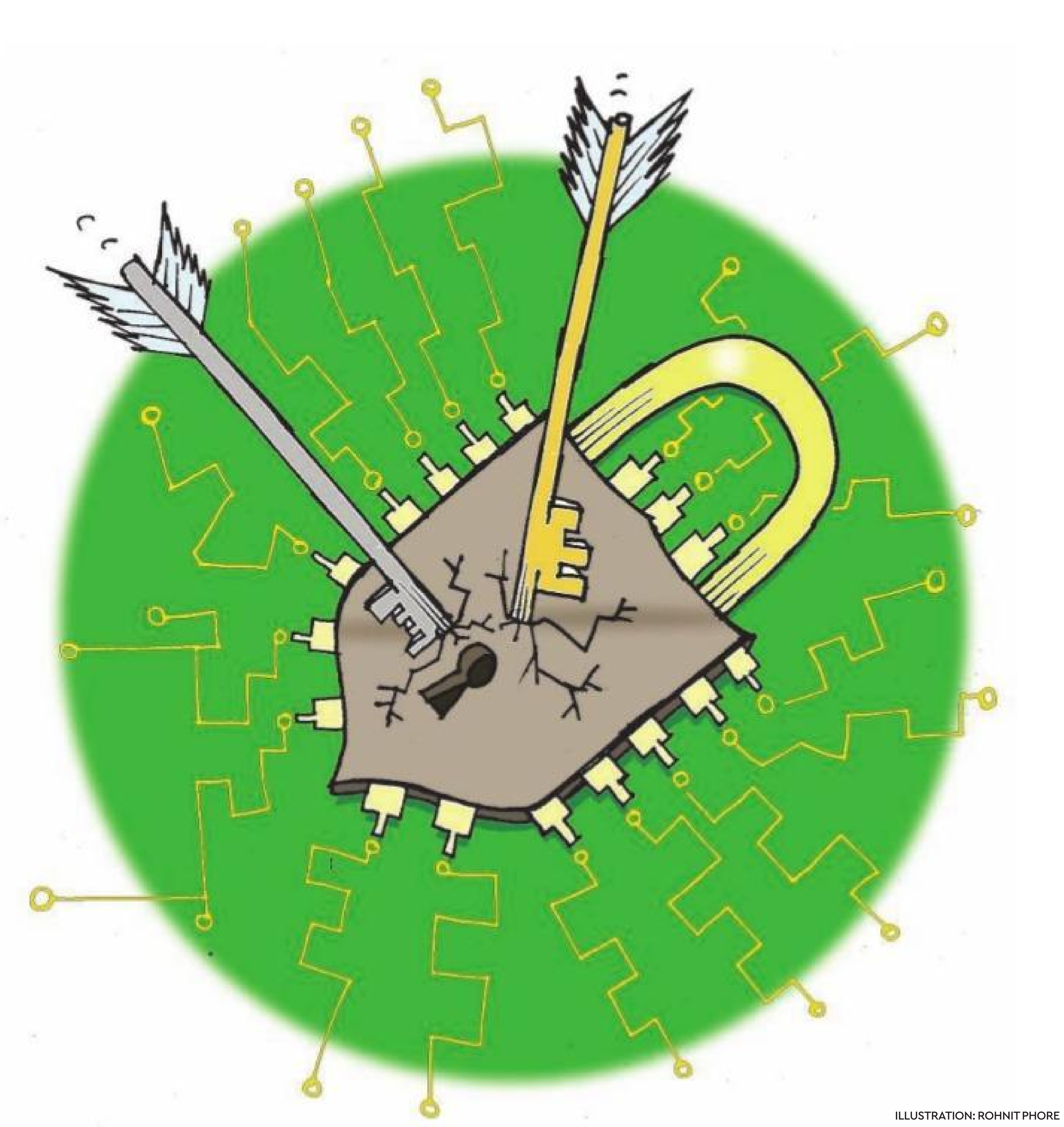

ILLUSTRATION: ROHNIT PHORE

DEEPAK MAHESHWARI

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COMING SOON?

Indian cyberspace: Secure *bhi*, private *bhi*

A comprehensive cybersecurity strategy is needed to foster and sustain trust in the digital ecosystem

WITH THE VISION of a trillion-dollar digital component, accounting for one-fifth of the $5-trillion national economy, the importance of cyberspace in India would only keep growing as Indians have taken to mobile broadband like fish to water, driven by affordable tariffs, low-cost smartphones and a spurt in availability of audio-visual content in Indian languages.

However, all is not well with the cyberspace. Cybersecurity incidents observed by the Indian Computer Emergency Response Team (CERT-In) went up almost four times from 2017 to 2018, while cybercrimes went up by 77% from 2016 to 2017. Unsurprisingly, India's global rank on the cybersecurity index slipped to 47 in 2018 from 23 in 2017, according to the UN agency ITU (International Telecommunication Union).

Cybersecurity threats may manifest within a technical context like an unpatched software vulnerability, a malicious software or link, but mostly emanate from fear, carelessness, greed or sheer carelessness—the basic human vulnerabilities. This would only get further amplified with the onset of 5G, artificial intelligence, augmented reality, robotics, quantum computing and the Internet of Things.

Criminals can defraud unsuspecting users in sharing their bank or credit card account details with the PIN and passwords, intimidate and bully others, indulge in cyberstalking or, for that matter, could be involved in cyberespionage, terror financing or child pornography. Operations of critical infrastructure such as power grid or ports can come to a halt with ransomware, and fake news can flare up social tensions.

Criminals are quick to latch on to the trends like Covid-19. More than 4,000 fraudulent portals emerged within two months, and on a typical day in April 2020, Google alone blocked 240 million spam messages and 18 million phishing scams. Similar sounding UPI (Unified Payments Interface) IDs had popped up soon after the Prime Minister had announced the PM CARES Fund.

There is a need to secure, strengthen and synergise the policy toolkit in this realm. Besides the Information Technology Act, 2000, and the upcoming data privacy law, the government has begun discussions on the National Cyber Security Strategy (NCSS) 2020. So, what should be the contours of the NCSS?

Tech is global, policy is local

It is a set of common and interoperable set of standards that make the 'packets' of data traverse the global cyberspace crisscrossing continents, oceans and even the space, but a government's writ runs basically on its jurisdiction. India is a member of the Group of Governmental Experts (GGE) and the Open-Ended Working Group (OEWG), both under the aegis of the UN. However, since a global consensus is unlikely any day soon, India should consider joining or leveraging existing frameworks like the Convention on Cybercrime and the Paris Call. After all, cybersecurity has become a geopolitical issue, as reiterated time and again by the Prime Minister.

Security by design, budgeting by default

It is high time that 10% of every IT budget in the government be earmarked for cybersecurity, as recommended by the NASSCOM Cyber Security Task Force, just like 1-3% of every ministry's budget was set aside for IT in 1998, as recommended by the Prime Minister's IT Task Force in 1998.

Security vs privacy: A false binary

Rather than being contrary to each other, security and privacy actually reinforce each other. After all, there cannot be any data privacy without data security.

Hence, the NCSS and the data protection framework must be consistent with each other. Exceptions and exemptions must be narrowly crafted, in compliance with the principles of lawfulness, fairness, transparency and proportionality laid down by the Supreme Court in its 2017 privacy judgment.

Prevention is better than cure

We all are practising thorough handwash, social distancing and masks to mitigate coronavirus infections. Likewise, nine out of 10 data breaches can be mitigated if we all take care of basic cybersecurity like using licensed and updated software, using different and difficult passwords for different services and devices, multi-factor authentication and strong encryption. We need innovative solutions to scale up awareness as our user base is expected to reach a billion over the next five years, compared to half a billion currently.

Bidirectional partnership

The government should share its own assessment back with the private sector to create incentive for the latter to proactively share their intelligence on threat vectors without jeopardising contractual obligations or intellectual property. After all, most of the design, development and deployment of technology is in the private sector.

> Every regulation must emerge through public consultation and be backed up with a regulatory impact assessment, whether it is about cross-border data flows or restricting encryption

Pragmatic, predictable, flexible

Underlying principles must go along with the strategic objectives and provide sufficient guidance and flexibility to sector regulators within their respective ecosystem. For example, the cybersecurity guidelines or frameworks issued by RBI, SEBI, IRDAI and PFRDAI can be greatly synergised under the aegis of the Financial Stability and Development Council (FSDC), thereby bringing greater sanity for the regulators as well as the regulated entities.

In addition, every regulation must emerge through public consultation and be backed up with a regulatory impact assessment, whether it is about cross-border data flows or restricting encryption.

Amongst top 10 by 2025?

Just like India has been significantly improving its rank on the World Bank's Ease of Doing Business Index year on year, isn't it high time that India ranked amongst the top 10 within the Global Cybersecurity Index?

COVID-19

Sinking trust in world trade

ANIL KUMAR KANUNGO

The author is professor, LBSIM, and former senior faculty, IIFT Delhi

GLOBAL CONFIDENCE IN trade and integration has dwindled with Covid-19, which is disrupting trade and economic potentiality of not only individual countries but also regional groupings and world economy. The most debilitating impact of this pandemic is the dislocation in the global supply chain. As China falters to provide smooth supply of intermediate products to feed the global supply chain, the future of global trade has come under threat.

China accounts for one-fifth of global manufacturing. Intermediary products produced in China are in categories of electronics, cars, machinery, textiles. Non-involvement of Chinese inputs from these supply chains, in some instances, will lead to production coming to a grinding halt, as was the case with Hyundai in South Korea. In other instances, alternatives will be found but they may be suboptimal and lead to lower volumes of production with higher cost—and will embed higher costs throughout the supply chain and could ultimately result in higher inflation. The picture is equally grim for countries that supply intermediary products to China's shut factories. The two economies that are most affected are Taiwan and South Korea; their top export to China is electronic integrated circuit, which accounts for 5% of Taiwan's GDP and 2% of South Korea's.

The virus has been disruptive to services areas such as tourism, temporary movement of skilled workers and movement of professionals delivering expertise and advisory services. Chinese tourists travelling to Southeast Asia have dropped; in countries such as Thailand, Chinese tourists account for 2.7% of GDP.

> Last year, global trade suffered its worst performance ever outside a recession, growing by only 1%

A long-term consequence of Covid-19 might be its impact on the already faltering confidence in trade. Prior to Covid-19, there was some semblance of trade conflict and trade skirmishes, but business and government had never lost hope in trade and integration. They had confidence in trade, in its ability to deliver mutual benefits, as trade grew roughly twice the rate of global GDP growth.

But now this confidence in the benefits of trade and integration has suffered several blows. The latest is the global crude oil prices (hitting below zero), followed by twin crises of demand and supply due to Covid-19. This combination threatens to destroy all possibilities of regaining the momentum of trade and integration.

But this perception didn't spring up overnight. Consider what immediately preceded Covid-19? Global steel and aluminium tariffs imposed by the US in 2018 were a shock to the global trade system and produced almost immediate in-kind retaliation. The escalating US-China trade war began to ramp up later that year, taking the average US tariff on Chinese imports from 3% at the onset to almost 20% now.

China's exports to the US dropped 12.5% last year, while China's imports from the US plunged 20.9% in 2019 from a year earlier, according to data from China's General Administration of Customs. The US continues to weigh other substantial trade actions that will beget commensurate retaliation. Given this, it is perhaps unsurprising that, last year, global trade suffered its worst performance ever outside a recession, growing by only 1%.

These bilateral trade tensions and disputes are unfolding as the multilateral trade system is, to a large extent, simply proving to be futile or breaking down. In the quarter century of its existence, the WTO has failed to conclude even a single round of multilateral trade negotiations, and its dispute settlement function has been derailed by an impasse over appellate judges.

If we wish to ensure sustainability of trade, the challenge will be to recognise and confront the new and uncomfortable realities of imbalanced trade outcomes, rather than rely on assumptions, structures and conventional wisdom that have defined our approach to trade in the post-war era.

Myths on corporate governance cleared

Corporate governance is a tricky topic that board members and senior management must constantly revisit, improvise

VIDYA HATTANGADI

The author is a management thinker and blogger

LARGELY, PEOPLE BELIEVE that only public limited companies or conglomerates and established companies need to be concerned about corporate governance. They feel these companies can benefit from implementing corporate governance practices; whereas the reality is that all companies—big and small, private and public, start-ups etc—compete in an environment where good governance is imperative. One size doesn't fit all, but right-sized governance practices will positively impact the performance and long-term viability of every company. Corporate governance is a tricky topic that board members and senior management must constantly revisit and improvise. The business environment sometimes experiences a recession and, at times, a boom.

The following are some common myths about corporate governance that need illumination:

Myth 1: Corporate governance is just a theoretical term.

Reality: The myth that corporate governance 'doesn't apply' comes from a view that it's only theoretical and doesn't impact the bottom line or performance. Some feel that it cannot be tailored to a company's size and stage of development. In reality, all companies (with or without corporate governance) compete in an environment where good governance is a business imperative in relation to things like raising capital, obtaining loans, attracting and maintaining talented and qualified people, meeting the demands and expectations of shareholders, and expansion of firms.

Myth 2: Corporate governance does not have a single accepted definition; therefore, it is a vague idea.

Reality: Broadly, the term describes the processes, practices and structures through which a company manages its business and affairs, and works to meet its financial, operational and strategic objectives and achieve long-term sustainability. It is generally a matter of law based on corporate legislation, securities laws and policies, and decisions of courts and securities regulators. Directors owe a duty of loyalty to the companies they serve, and have a fiduciary duty to act honestly, in good faith and in the company's best interests. Corporate governance is also shaped by other sources such as stock exchanges, the media, shareholders, NGOs and interest groups. Corporate governance practices help directors meet their duties and the expectations from them.

Myth 3: One cannot expect a return on investment in corporate governance.

Reality: Some companies view investment in corporate governance as a mandatory expenditure, whereas few realise that it gives significant returns—directly and indirectly. In Asia and Latin America, for example, institutional investors pay, on average, 22% premium for firms showing improvements in governance because they get better returns from improved stock performance. Companies with good governance also receive better credit ratings, which, in turn, help them get better interest rates, better supplier terms and improved working capital. Better-governed firms do better than peers. Companies must not view investment in governance as an opportunity to mitigate risk, improve the brand and generate returns.

Myth 4: Training staff in ethical conduct costs the business a big sum.

Reality: Most firms will prove ineffective in establishing a culture of ethics. The amount spent on training employees in ethical behaviour and their understanding differs. The percentage of employees completing training doesn't measure whether employees are behaving more ethically. Moreover, high-sounding principles in standardised governance training hold little meaning for employees and are rarely applied. Individuals have their core moral standards, which is difficult to be altered. Practically, the training modules must be tailored for each employee based on a standard operating procedure (SOP).

Myth 5: Legislation compliance ensures good governance.

Reality: Legislation can never account for a large proportion of corporate frauds; firms that want to get into frauds can find loopholes in the system. Firms cannot rely on compliance to create ethical behaviour. A lot of large-scale corporate frauds are committed by employees at firms that comply with all regulations. For example, Satyam Computer Services Ltd, which saw its employees commit India's largest corporate fraud, was compliant with Indian law and International Financial Reporting Standards (IFRS) financial disclosures.

Myth 6: Audit committees are powerful to reinforce corporate governance.

Reality: While audit committees take the blame for lapses in governance, the reality is boards often do not give the audit committee the right scope or support it with the right processes. Audit committees' ineptness has little to do with their powers or the quality of the directors. Their focus is often diluted as committee charters and responsibilities are rarely defined, and the group becomes an owner of risks which the board of the firm does not want. This impedes oversight on governance and increases risks of frauds. Firms that formalise the audit committee charter and conduct meetings and agendas at the beginning and make those reports available to public build market confidence.

Myth 7: A strong fraud management system is the most important way to record misconduct.

Reality: When a firm establishes fraud detection and controls systems, but doesn't take actions that are most important, it loses sense. Fraud management is not enough to reduce misconduct. To build an effective governance framework, progressive companies create a culture of 'speaking-up', under which employees report misconduct without the fear of retaliation. It has been observed that when employees speak up (called whistle-blowers) they are fired or harassed by top officials. According to a 2010 Association of Certified Fraud Examiners report, employee information was found crucial in clearing up 47% of fraud cases, which is more than all the other tools fraud management relies on. Organisations must reinforce the commitment to integrity with a strong 'tone from the top' and demonstration of organisational justice. A lot depends on conduct of top management people's behaviour.

eFE

MONDAY, MAY 11, 2020

A NEW WORLD

Sunil Jose, senior vice-president, Salesforce India

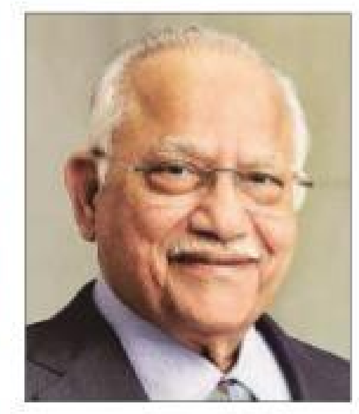
"Every company, organisation and community in the world today is focusing on how to safely reopen their physical locations for business and get to a new normal."

RIGHT PRESCRIPTION

Your doctor's just a call away

Telehealth services emerge as a viable alternative to face-to-face medical consultations when social distancing is the new norm

BV MAHALAKSHMI



Healthcare for all: Anyone with a mobile phone or laptop can access teleheath services. (Right) Apollo Hospitals Group chairman Prathap C Reddy (top) and Tattvan CEO & founder Ayush Mishra

IF YOU ARE a city dweller and have ever used any hospital or clinic's patient portal, then you may have some idea about telehealth. Used not only to book appointments or for any follow-up medications, it encompasses a broad range of electronic delivery systems: virtual check-ins, e-visits that is non-face-to-face communication through patient portals, mobile health apps, secure messaging through text or email or WhatsApp. Anyone with a mobile phone or laptop can access telehealth services.

During the current Covid-19 crisis, telemedicine has turned out to be a life saver literally. With regular healthcare services inaacessible, demand for telemedicine services has gone up. In response to this, the health ministry has notified an amendment to the Medical Council of India (MCI) Act by instituting the telemedicine practice guidelines. Telemedicine Society of India (TSI) has been requested to train 500,000 doctors within a month.

The Apollo Hospitals Group has announced its support to the MCI and TSI to sensitise and train doctors around the country in deploying telehealth services on a wide scale. Doctors are being asked to join this initiative by attending the training module. Over 2,500 doctors across the Apollo Hospitals Group will be participating in the online telehealth orientation programme, for empowering healthcare practitioners to effectively deliver remote healthcare.

"As early as 1998, we decided to introduce telemedicine and on March 24, 2000, the world's first V-SAT enabled village hospital at my birthplace Aragonda in Andhra Pradesh was commissioned by the then US President, Bill Clinton," says Prathap C Reddy, chairman, Apollo Hospitals Group. Over the last two decades, the Apollo Telehealth division has offered over 10,000 tele-consults per day and is running the world's largest tele-emergency services.

"Most of our doctors use telemedicine with excellent clinical outcomes. With the country in a lockdown to enforce social distancing, many patients are unable to visit doctors and hospitals for their consultations and follow-ups. Telemedicine permitting virtual consultations will be of immense benefit in these cases," says Sangita Reddy, joint MD, Apollo Hospitals Group.

Apollo TeleHealth provides healthcare services through PPPs with several state governments. It runs a strong and robust network of telehealth enabled primary health centres in Andhra Pradesh, Uttar Pradesh and Jharkhand and tele-emergency centres in Himachal Pradesh.

While telemedicine is an upcoming field in the healthcare sector, it is still at a nascent stage in India. Given that a significant portion of our population resides in rural areas and healthcare facilities are predominantly available in urban areas, telemedicine has immense potential to bridge this gap, says Kiran Kalakuntala, CEO and founder, ekincare. ekincare's AI-powered health assistant reads medical data from disparate data sets to create a health graph, predicts health risks, and provides timely personalised recommendations to beat employee health risks.

With a fragmented healthcare system in India, telemedicine needs to be user-centric and not a point solution. With a proper medical record database in place covering all security and privacy issues, the user should be able to access all services like online doctor consultations, pharmacies, health checks and keep continuous track of her health as well. "ekincare's AI-driven back-end and patent-pending technology that digitises health records help to achieve the same. We have also emulated an online family doctor model, wherein a family doctor is assigned to a user and their family members. This helps build trust and is seeing great success in terms of user accessibililiy," he adds.

> **We can envision a system similar to Aadhaar and credit score in the health space as well, where every service and benefit can be managed through a single platform.**
>
> KIRAN KALAKUNTALA, CEO & FOUNDER, EKINCARE

According to Kalakuntala, a regulatory framework covering health data, service providers and online tools is needed to streamline the entire ecosystem. Without a standardisation framework in place, it will always need human intervention to interpret reports and documents. "We can envision a system similar to Aadhaar and credit score in the health space as well, where every service and benefit can be managed through a single platform," he says.

Similarly, Tattvan, a telemedicine healthcare e-clinic, has introduced 'Swastha Samarth' initiative for empowering medical practitioners and professionals to continue with patientcare and consultation. Patients can connect with doctors via Tattvan's application available on Android and IoS or online through the company's portal. "Patients will be able to pay for their OPD fees online on our platform and we will pass that complete fees directly to the doctor," says Ayush Mishra, founder and CEO, Tattvan.

"Due to lack of proper regulation, most of the work under telemedicine was happening under government affiliation. Private sector was wary to invest in it due to the lack of regulations in this field which eventually hindered growth and innovation. However, the regulations and government ruling has brought a significant change in the perspective of private companies, investors and users hesitating far less while opting for a tele-consultation," Mishra says.

Tech Bytes

Getting ready for action

NOW THAT BUSINESSES around the world are making efforts to commence operations, safety is on top of their minds. Technology can immensely benefit here and the US-based CRM major Salesforce has introduced new solutions and resources to help businesses and communities safely reopen. Its new initiative, Work.com, includes solutions to accelerate private and public sector response to the Covid-19 pandemic, including employee wellness assessment; shift management; contact tracing; emergency response management; and grants and volunteer management. The Work.com Command Center brings all data streams together so that businesses and communities can make more informed decisions. "With Work.com, we brought together new solutions and mobilised our partners and a network of experts to help our customers reopen and recover from the Covid-19 crisis while putting employee and visitor health and safety first," said Sunil Jose, SVP, Salesforce India. "Our Work.com solutions enable companies to reopen safely and manage the logistics of returning to work while putting employee and visitor health and safety first."

Businesses bet big on cloud tech

CLOUD TECHNOLOGIES CONTINUE to get significant amounts of investment from businesses in India and Europe, followed by spends on the Internet of Things (IoT). According to a multi-country and multi-industry EY report, 64% of companies in India and Europe invested in cloud technologies in the last two years, followed by 51% in IoT. Around 43% of companies in India and Europe stated that artificial intelligence will get almost as much investment as cloud over the next two years.

EY's study states that in two years' time, as many as 82% of companies in India and Europe will be making good progress in their digital transformations or will have fully embedded it across the business. Also, 21% of Indian and European firms will be at the most advanced stage of transformation.

The EY Tech Horizon report surveyed 500 large corporations and 70 startups in nine sectors during the year 2019: consumer products and retail; education; energy; financial services; health and life sciences; hospitality; industrial; technology, media and entertainment and telecoms; and transportation and logistics.

Gadgets

INFINIX S5 PRO

Design, display and camera are top-notch

Infinix S5 Pro is a good-looking phone that provides a good user experience at an attractive price

SUDHIR CHOWDHARY

SPECIFICATIONS

- Display: **6.53-inch** FHD+ Full View display
- Processor: Helio **P35 64** bit Octa-Core processor
- Operating system: **Android 10**
- Memory & storage: **4GB RAM**, **64 GB** storage
- Camera: **48MP** AI triple (rear), **16MP** AI Pop-up selfie camera (front)
- Battery: **4000mAh**
- Estimated street price: ₹**9,999**

THERE MIGHT BE remote working obligations for many among us to earn our daily bread, but the fact remains – people are simply bored in the confines of their homes. The agony has grown manifold for the unfortunate lot (myself included) who have electronic equipment—mobile phones, home appliances, television sets—that are in urgent need of service and repair. One thing's for sure, consumers are desperate to pick up new mobile phones and that's music to the ears of device makers.

Towards this, a not-so-old Infinix mobile phone can be a worthy option. We are talking about the Infinix S5 Pro that got neglected amidst the deluge of Covid-19 related developments. S5 Pro has a good design, sturdy build and pretty decent performance—all sold at a reasonable price point of ₹9,999. The device is basically designed keeping in mind the country's youth; it runs on Android 10 and offers a 16MP AI Pop-up selfie camera. Let us take a look at some of its key features and performance.

Infinix is a brand from Transsion Holdings. Its new offering comes across as a good-looking phone with a 3D Glass finish on back and 2.5D glass on front, giving its body a rich feel. The S5 Pro comes in two vibrant colours—Forest Green and Violet. The phone is surprisingly thin and comfortable to hold. There's a multifunctional fingerprint sensor and Face Unlock feature from the safety point of view. S5 Pro's Face Unlock recognises multiple facial point information and unlocks the phone in just 0.3 seconds.

The S5 Pro comes with an immersive 6.53-inch FHD+ Full View display that provides zero distraction in the viewing experience. Its 19.5:9 aspect ratio comes with narrow bezels, offering maximum on-screen view to users. The device comes with 91% of screen to body ratio that gives edge to edge access of the display. With 480 NITS brightness, 403 PPI density and 1500:1 contrast ratio, S5 Pro offers a very good video viewing experience. It also comes with DTS-HD Surround sound which gives a decent cinematic sound experience to its users.

Probing the innards, S5 Pro offers 4GB DDR4 RAM and a 64 GB storage capacity. It is backed by Helio P35 64 bit Octa-Core processor with 12nm FinFET, 2.3GHz CPU frequency. The phone runs on a massive 4000 mAh battery that provides enough juice to last two days of moderate use.

On the camera front, there's a 16MP AI Pop-up selfie camera, f/2.0 aperture and screen flash. Put simply, selfie lovers will love this device. Its AI Portrait and 3D Face Beauty mode enhances the quality of clicked selfies. There's a Drop Protection feature that makes the camera auto-retract in case it falls off from your hands. It also has downward pressure protection. Company officials inform that the S5 Pro offers a seamless 150,000 times Lift lifecycle for its Pop-up camera, which means that it will work for more than eight years if opened 50 times a day. It also comes equipped with dust and splash protection, giving it the durability that every selfie-lover seeks. Let me also mention that the Pop-up selfie camera of S5 Pro is equipped to make 15 second videos that you can share on social media.

At the rear, the S5 Pro offers a 48MP AI Triple camera with Dual LED Flash. Its Pro Photography modes can detect nine types of scenes—Portrait, Night, HDR, Portrait night, Portrait HDR, PetFood, Flowers and Street—making it the device that every photography enthusiast will love to have.

Trust me, the S5 Pro ticks all the boxes right. In terms of real-world performance, this phone is fairly good. It looks sharp, performs well, has a solid battery life and provides a great user experience at an attractive price.

UNTOUCH BAND

Stay safe, stay healthy with this band

A health band that will help you get rid of the habit of touching your face

SUDHIR CHOWDHARY

ACCORDING TO VARIOUS studies, we touch our face almost 600 times a day; this touch is known to be the primary cause for multiple infections and diseases including Covid-19. The World Health Organisation (WHO) stresses that in these times of social distancing, the most important distance you need to maintain is the one between your hands and your face. Public health officials have also been consistently promoting washing-of-hands as a way for people to protect themselves from the coronavirus. However, this virus can live on metal and plastic for upto 8 hours, so simply washing hands may not be enough.

Realising this need, a bunch of inventors, researchers and designers—Iftikar Khan, Ravi Kumar and Shrishail Pattar from New Delhi and Bengaluru—went on a mission to find a solution for people to not touch their face and contribute to the society. After a few days of brainstorming and research they found that a wearable band is the best option and that led to the innovation of 'Untouch Band'.

Untouch Band is a personal companion that helps you get rid of the unconscious habit of touching the face by training your mind with a mild vibration. It sounds an alert when you are about to touch your face. It is a complete healthcare band that also comes with a thermometer and takes note of your body temperature at all times. There's Bluetooth connectivity, multiple gesture support, an active motion tracker, plus all-day battery. The app supports iOS11+ and Android 5.0+.

Untouch Band is designed to help you become aware of the unwanted behaviours such as physical movements of the hands that are repetitive, and focused on the body. Some of these behaviours include hair pulling (trichotillomania), nail-biting (onychophagia), skin picking (excoriation disorder) and thumb sucking. This band generally works best with behaviours related to hand motions near the head, and face. Priced at a modest ₹2,000, this band can be pre-booked on the Untouch Band website.

ESTIMATED STREET PRICE: ₹2,000

COVID-19

A turning point for digital transformation

IBM debuts new solutions to help clients accelerate recovery & transformation

FE BUREAU

HISTORY WILL LOOK back on this as the moment when the digital transformation of business and society suddenly accelerated," said IBM CEO Arvind Krishna, in his keynote presentation at the company's Think Digital event. The annual event, held online last week, connected clients, partners and thought leaders around the world. He urged companies to build resiliency into their businesses and their networks in response to the unprecedented challenges presented by Covid-19. "This is an opportunity to develop new solutions, new ways of working and new partnerships that will benefit your company and your customers, not just today, but for years to come," he said.

Krishna called hybrid cloud and AI "the two dominant forces driving digital transformation." And he announced new offerings to help clients on that path. First, a broad range of AI-powered capabilities and services that help IT infrastructures to be more resilient to future disruptions and to help reduce costs. A new offering, Watson AIOps, uses AI to self-detect, diagnose and respond to IT anomalies in real time. Watson AIOps is built on Red Hat OpenShift to run across hybrid cloud environments and works with collaboration technologies at the centre of today's distributed work environment, such as Slack and Box.

IBM CEO Arvind Krishna

Krishna spoke about new solutions, services and partnerships that help businesses make the most of the opportunities presented by 5G and edge computing. With new offerings built on Red Hat OpenShift, enterprises can autonomously manage workloads across a massive volume of edge devices. Telecommunications providers can orchestrate virtual and container network functions to help them provide new services today and as 5G adoption expands.

Another offering was about the first independent software vendors (ISVs) and software-as-a-service (SaaS) providers who intend to onboard their offerings to IBM's financial services-ready public cloud. Assima, C3.ai, Finacle, Intellect Design and Thought Machine will deliver their offerings through that platform.

"Technology platforms are the basis for competitive advantage in the 21st century," Krishna added. "They will determine how quickly you can pivot to new market opportunities, how well you serve your clients, how much you can scale, and how fast you can respond to a crisis like the one we are facing today."

Investor

MONDAY, MAY 11, 2020

EXPERT VIEW

As APSEZ's management gradually delivers on generating free cash flow, on increasing the dividend payout and containing working capital rise, stock should see re-rating from current levels

—Jefferies

ADANI PORTS AND SEZ RATING: **BUY**

Quarter results were weak in operational terms

Margins impacted due to cargo mix; FY20 volume up 8% y-o-y; traffic likely to rise gradually; FY21-22 EPS down 5-7%; 'Buy' retained

ADANI PORTS REPORTED operationally weak results given cargo mix impacted margins in Q4. Cash flow has improved with working capital reducing and management continues to make the right noises on FCF. Apr'20 volumes are down 20-25% (vs. management expectation) in the lockdown period and volumes are expected to gradually improve as operations normalise. Between leadership competence & clearer commentary on cash flow utilisation, we remain positive. **Buy**

10% volume change is 17% PAT impact: FY20 cargo volume was up 8% y-o-y. Container and coal volumes rose 8% y-o-y and 4% y-o-y, respectively. Dhamra Port has been the biggest contributor on incremental cargo at 44% y-o-y growth and has offset flattish volumes at Mundra port. Ports are considered essential services and remained active in the lockdown period. Management mentioned that they foresee volumes improving with potential of a V-shaped recovery in 2HFY20. Interesting trend they have seen is volumes shifting to rail from road constraints on vehicular movement and cited Reliance Jamnagar as an example where rail accounted for 80% volume shift in the lockdown vs 20% earlier. Core port Ebitda is up 8% y-o-y in Q4 and 13% y-o-y in FY20.

Realisations rise by 4% y-o-y in FY20: We exclude the SEZ income of Adani Ports while analysing the blended realisation on a per tonne basis. However, cargo mix did have some impact on margins in the quarter (60% vs expected 62%). We believe some impact on higher margin container cargo deliveries from China and also lower crude volumes might have played a role. We have lowered our FY21E-22E EPS by 5-7% accounting for some margin impact and also factoring in 30% y-o-y (v/s 15%) volume decline in Q1FY21E and 8% y-o-y (v/s 3%) decline in FY21E.

Management delivering on B/S the key for upside: Operationally, Adani group's execution ability in the ports business can hardly be questioned. It's the perfect blend of cargo and geographical diversification with consistent market share growth seen over the years. Management delivered on its promise of reducing group inter-corporate deposits between Oct 2015 and May 2017. As they gradually deliver on generating free cash flow on increasing the dividend payout and containing working capital rise, stock should see re-rating from current levels.

Valuations/Risk: Our PT of ₹315 (₹290 for Ports and ₹25 for SEZ) is DCF based (COE of 15%). Downside risk: 1) Sustainable sharp slowdown in port volumes.

JEFFERIES

(₹ mn)	2019A	Estimates 2020A	2021E	2022E
Rev. (MM)	109,254	114,388	107,178	117,544
Previous		117,515	114,526	123,239
Ebitda (MM)	70,675	72,561	64,200	73,603
Previous		75,163	71,014	79,502
Net Profit	42,641	48,599	36,133	41,952
Previous		44,945	39,811	44,975
Divi. (₹)	0.20	3.20	4.50	4.50
Previous		3.50		
BV/Sh (₹)	118.50	126.10	138.50	153.70
Previous		136.00	149.80	166.10
EPS	20.60	23.90	17.80	20.60
Previous		21.70	19.20	21.70

Source: Jefferies estimates, company data

REFINING & MARKETING

Duty hike to hit FY21 outlook for OMCs

FY21E EPS cut by 10-27% and target price by 16-34%; companies downgraded to 'Hold' rating from Buy

EXCISE DUTY ON petrol and diesel has been hiked by ₹10-13/l with OMCs required to absorb the hike. This would mean plunge in gross auto fuel marketing margin by 64% (₹12.1/l) from ₹19/l on 5-May'20 to ₹6.9/l on 6-May'20. Assuming volume fall of 32-62% y-o-y, we estimate 1) net margin to decline to ₹2.3-4.4/l on 6-May'20 from ₹14.5-16.5/l on 5-May'20 and 2) Q1FY21E net marketing margin at ₹5.4-7.4/l. We are no longer confident of net marketing margin being ₹2.5-3.0/l in FY21E. Decline in crude throughput and sales volume appears imminent in FY21. Recent plunge in diesel cracks is also a matter of concern. We therefore have cut OMCs' volume and GRM estimates, which has meant a cut in their FY21E EPS by 10-27% and target price by 16-34%. We also downgrade OMCs to HOLD from BUY.

Steep hike in excise duty to bring marketing margins down sharply

The decline in refinery transfer price (RTP) of petrol and diesel since 16-Mar'20 not being passed on to consumers had boosted gross auto fuel marketing margin. However, GoI has now hiked excise duty on petrol and diesel by ₹10-13/l, which OMCs would have to absorb. It means that 1) gross auto fuel marketing margin would plunge by 64% to ₹6.9/l on 6-May'20 and 2) net marketing margin would decline to ₹2.3-4.4/l on 6-May'20. We estimate Q1FY21E gross auto fuel marketing margin at ₹9.9/l and net margin at ₹5.4-7.4/l at volume fall of 62-32% y-o-y. Rise in OMCs' Q1FY21E auto fuel marketing Ebitda would be 1) just 6-10% y-o-y if net margin is ₹5.4/l and 2) 160-171% y-o-y if net margin is ₹7.4/l.

We were expecting auto fuel net marketing margin to be at record level in FY21E. The hike has not only dented FY21E outlook but may also lead to OMCs' de-rating

Move to hurt FY21E earnings outlook and investor sentiment

Our positive view on OMCs was driven mainly by the expectation that OMCs' auto fuel net marketing margin would be at record level of ₹2.5-3.0/l or higher in FY21E. It would have helped OMCs to make up for the likely decline in sales volumes and crude throughput due to the lockdown and still report very strong earnings. However, the excise duty hike has not only dented OMCs' FY21E earnings outlook but may also lead to their de-rating.

Cut OMCs' FY21E EPS estimates by 10-27%

₹/share	BPCL	HPCL	IOC
FY21E EPS			
Revised	30.8	34.0	11.6
Earlier	42.3	37.7	15.8
Change	-27%	-10%	-26%

Cut OMCs' target price by 16-34%

₹/share	BPCL	HPCL	IOC
Target price			
New	361	213	78.0
Old	465	253	119.0
Change	-22%	-16%	-34%

Source: I-Sec research

Steep decline in sales volume & throughput likely due to the lockdown

The lockdown has meant plunge in petrol and diesel consumption by 64-61% y-o-y on 1-15 Apr'20 and OMCs' refinery utilisation to 50-70%. The lockdown being extended twice suggests a decline in OMCs' crude throughput and sales volume in FY21E. OMCs GRM is healthy at $5.5-6.5/bbl in Q1FY21-TD but the plunge in diesel cracks to $6/bbl last week and to just $1/bbl on 5-May is a matter of concern.

Cut OMCs' FY21E EPS, target price

We are now assuming decline in OMCs' FY21E sales volume by 15% y-o-y, crude throughput by 10-15% and have cut their GRM estimate to $4.0-4.5/bbl from $4.5-5.5/bbl. This has meant cut in their FY21E EPS by 10-27% (still up 190-468% y-o-y on a low base). Upside to FY21E EPS due to inventory gain (Brent at $35-45/bbl in end-FY21E) would be 55-105% for IOC, 30-58% for HPCL and 40-75% for BPCL.

ICICI SECURITIES

RALLIS INDIA

RATING: **HOLD**

Covid-19 crisis impacted Q4 performance

Labour issues could affect output; exports to be under pressure; 'Hold' maintained

RALLIS INDIA'S (RALLIS') Q4FY20 performance was impacted by COVID-19 related disruptions. While top line grew mere 2% y-o-y (excluding COVID-19, 22% y-o-y growth; ₹790 mn lost sales), Corona's impact was more pronounced on exports. Also, operating deleverage and certain one-offs (~₹150 mn) dented margin. Though kharif season's prospects remain bright, meeting demand could be a challenge given labour issues across key facilities. Moreover, demand and price overhang on key international products are likely to keep the export business under pressure. Hence, we continue to maintain **Hold** with TP of ₹219, valuing the business at 17x FY22E EPS.

Logistic challenges hit growth across business verticals: Disruption caused by COVID-19 impacted manufacturing of products, resulting in ~₹160-mn sales loss in the domestic market. Further, international shipments were disrupted due to absence of transportation facilities in the last week of March, leading to lower shipments of products worth ₹532 mn. Q4FY20 margin was impacted by: a) bad debt provisioning (₹40 mn); b) sharp INR depreciation leading to MTM loss of ₹99 m; and c) ₹12 mn increase in employee cost on higher actuarial assumptions.

Pricing pressure remains; capacity expansion at Dahej delayed: Rallis's key products-Pendimethalin and Metribuzin-continue to remain under pressure due to the inventory overhang in US markets. Also, one of the company's contract manufacturing products is facing issues due to its application in the aerospace business. Rallis has delayed the capacity expansion at Dahej facility by six months amidst the lockdown. Phase II expansion of Metribuzin is likely to be commissioned in June.

Outlook: Exports a concern--Overhang of Metribuzin inventory across US markets along with demand issues for CRAMS products is likely to keep Rallis' export business under pressure. Moreover, labour concerns across facilities could hit production levels.

EDELWEISS

Financials (Consolidated)

Year to March	FY19	FY20	FY21E
Net rev. (₹ mn)	19,840	22,518	24,811
Ebitda (₹ mn)	2,409	2,593	3,119
Adj. Profit (₹ mn)	1,542	1,722	2,068
Adj. Dil. EPS (₹)	8.0	8.9	10.6
Diluted P/E (x)	27.4	24.6	20.5
EV/Ebitda (x)	17.3	15.3	12.8
ROAE (%)	12.5	12.8	14.0

Source: Company data, Edelweiss research

Personal Finance

COVID-19: SURVIVAL PACKAGE

Cash crunch? Take loan against investments

As a salaried employee, go for non-refundable advance from EPF or take loan against your PPF account. You can also take a loan against your life insurance policy to tide over these difficult times

SAIKAT NEOGI

ILLUSTRATION: SHYAM KUMAR PRASAD

AS THE CORONAVIRUS pandemic has stalled economic activities leading to loss of income for many individuals, various measures are being taken by the government, Reserve Bank of India and banks to provide support to those facing a cash crunch.

While the Centre has allowed employees to avail a non-refundable advance from their Employees' Provident Fund (EPF), RBI has announced a three-month moratorium on term loans and credit card dues and banks are offering Covid-19 personal loans of up to ₹5 lakh to existing borrowers or those holding salary or pension accounts with the bank. The interest rate on these loans is 7.2-10.5% per annum as compared to 9-24% for a regular personal loan.

You can also liquidate certain investments or take loans against life insurance plans, mutual funds, stocks or Public Provident Fund (PPF) account to tide over the cash crunch. The interest rate on such loans will be much lower than personal loans and disbursment will be quick.

Withdrawal from EPFO

A salaried employee can withdraw up to 75% of the outstanding balance in his EPF account or three months basic plus dearness allowance, whichever is lower. The outstanding amount includes employee's share, employer's share and interest. An employee can apply online for the advance through the EPFO portal and fill up claim form-31, 19, 10C & 10D. One has to upload a cheque leaf containing the printed name, or the first page of the bank passbook or bank statement containing the name, account number and IFSC. EPFO is settling claims for Covid-19 pandemic advance within three working days.

Loan from PPF account

An individual with a PPF account in a bank or a post office can avail loan against his investments. The loan can be taken after the expiry of one year from the end of the year in which the initial subscription was made but before expiry of five years from the end of the year in which the initial subscription was made. The loan amount will not be more than 25% of the outstanding amount at the end of the second year immediately preceding the year in which the loan is applied for. An account holder shall not be entitled to get a fresh loan so long as earlier loan has not been repaid in full together with the interest. The principal amount will have to be repaid by the account holder before 36 months. The repayment may be made either in one lump sum or in instalments.

After the principal amount of the loan is fully repaid, the account holder will then pay the interest in not more than two monthly instalments at the rate of 1% per annum of the principal for the period commencing from the first day of the month following the month in which the loan is drawn up to the last day of the month in which the last instalment of the loan is repaid. If the loan is not repaid, or is repaid only in part, within a period of 36 months, interest on the amount of loan outstanding shall be charged at 6% per annum instead of at 1% per annum with effect from the first day of the month following the month in which the loan was obtained, to the last day of the month in which the loan is finally repaid.

Loan against life insurance policies

Banks give loan to a policyholder against traditional life insurance policies, including endowment and money back plans and unit-linked insurance policies. However, banks do not give loan against term plans. The loan will be against the surrender value of a whole life insurance policy if he has paid premiums for at least three years. The loan amount will be decided on the surrender value, which can be up to 80% against traditional plans with guaranteed returns. For linked plans it will be on the fund value. The loan has to be repaid during the term of the policy.

Tips for wealth creation in turbulent times

Common sense, logical thinking, patience, mental balance and emotional intelligence are of essence

YOUR MONEY

JIMMY PATEL

INVESTORS NOW ARE VIRTUALLY ON a rollercoaster ride. The wealth creation journey does not look easy in 2020. Having said that, there appears a silver lining to the dark depressive clouds, and wealth creation opportunity does exist. Here are five things investors must do now.

Switch off the noise and panic

When the market is euphoric or gloomy, investors tend to give in to their emotions because the psyche overpowers rationality. And this is when most often things start going wrong for their investment portfolio. Stay away from the noise and panic. Investing is not about beating the market or anybody else, it is about building wealth with common sense, logical thinking, patience, perseverance, mental balance, emotional intelligence, and performing under stress.

Focus on your financial goals

Remain focused on the end goal of wealth accumulation and accomplishing financial goals using a financial plan. In this entire exercise of capital preservation, there is no one-size-fits-all approach. Your financial plan is unique and customised to suit your needs and wants.

Review asset allocation

Asset allocation is the cornerstone of investing. Different assets have different moods based on market fluctuations, but a proper allocation across asset class and investment style may protect you from significant ups and downs of any single asset class and scheme in your portfolio.

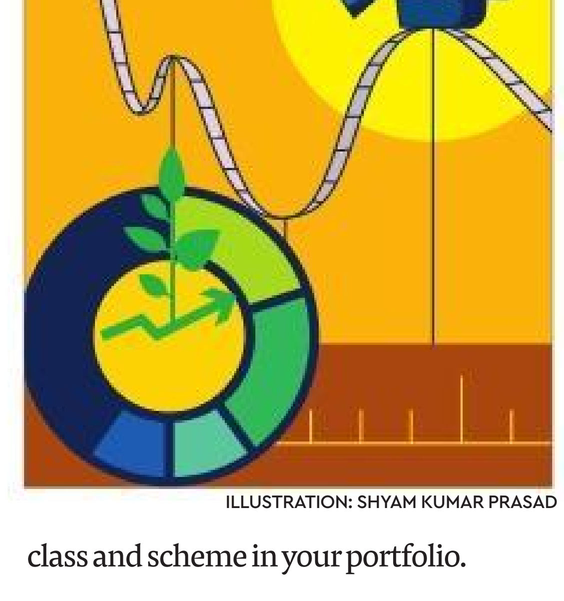


ILLUSTRATION: SHYAM KUMAR PRASAD

Ensure optimal diversification

Once the asset allocation is set right, care should be taken to ensure that within every asset class as well, the portfolio is optimally diversified. Diversifying the portfolio across geographical regions and countries may reduce the risk and improve the potential to clock optimal returns.

Portfolio review and rebalancing

The performance of your overall investment portfolio weighs on the investment avenues held. In times when the returns are inconsistent over a long period of time for equity and debt investments, carry out a comprehensive portfolio review and rebalance the portfolio. In the current scenario, diversify across market capitalisation while investing in equity-oriented mutual funds via a multi-cap fund, holding some proportion of your equity allocation in a large-cap fund, mid-cap fund, as well as a value style fund. Ensure you have a high-risk appetite, investment time of at least 7-8 years, and select the best schemes.

Likewise with credit risk getting amplified while approaching debt and money market mutual funds, it would make sense to have exposure to a pure liquid fund (that does not take exposure to commercial paper issued by private entities) and be exposed to the short-end of the maturity curve. And do not forget to allocate 10-15% of the entire investment portfolio to gold through a Gold ETF and hold it with a long-term investment horizon. The precious yellow metal would display its lustre during uncertain times.

The writer is MD & CEO, Quantum Mutual Fund

BrandWagon

MONDAY, MAY 11, 2020

NUMEROLOGY

13% rise in viewership on YouTube in Q1 '20 from Q4 '19
830 mn new subscribers on YouTube in Q1 '20
70% viewership contributed by millennials

— Mindshare-Vidooly report

DEBATE

Decoding the new normal

The ongoing lockdown to combat Covid-19 has altered consumers' purchase decisions. Venkata Susmita Biswas asks three experts if there could be a decisive shift in consumer behaviour post lockdown

'Out-of-home consumption will be slow'

Rajat Wahi
Partner, Deloitte India

As restrictions are eased on both offline and online retail, we are likely to follow what's happening in markets like China and Germany, where life is slowly coming back to normal: focus on health and hygiene products is likely to sustain for the short to medium term; retaliatory or 'revenge' shopping across non-essential and premium categories that consumers have been starved of; focus on contactless deliveries and in-store pick-up; and social distancing in stores with fewer customers and footfall per store in the short term. This will likely put more pressure on retailers' productivity and margins.

The role of offline stores may change to focus on experience and collection, as people choose to 'buy online, pick up in store'. There could be an increase of online purchases across categories, including essentials and food products. The return to out-of-home consumption and restaurant dining is expected to be slow, with take-away and home delivery becoming a larger part of the restaurant business. As consumers look to stock up and reduce visits to outlets in the short term, we will see larger pack size consumption in urban areas. In rural areas, consumption will veer towards sachets and smaller sizes to conserve cash.

'Rise in products that make us independent'

Dheeraj Sinha
MD & CSO, Leo Burnett South Asia

While this event will have an indelible impact on consumer behaviour, the new world will not be an equal opposite of the current one. It is not that we would suddenly put a stop to leisure or indulgences and become a frugal society. However, there are a few clear indicators of what will influence our behaviour in the time to come. There will be heightened awareness on hygiene, and we would expect and be willing to pay for sanitation efforts in malls, cinema halls, airlines, shared transport, and so on. This will be akin to how metal detectors popped up everywhere post terrorist attacks.

A lot of us are realising the advantages of being independent — being able to stir up a meal, ride our own vehicle, and do our own laundry. As the shared economy services innovate to be compliant with the new world, there will be a rise in products and services that make us more independent. Personal transport, whether new or second hand, washing machines and dishwashers, and even cooking tutorials should be in demand. There is a rise in everything that gives us comfort — nostalgic content (*Ramayan* and *Friends*), comfort food recipes and games such as Ludo (albeit, online). Chances are that the souls frayed by the events of 2020 will continue to seek comfort.

'New consumer will be frugal, more conscious'

Saurabh Uboweja
Founder, BOD Consulting

Consumers have shifted from splurging on non-essential goods and services to preserving essentials and making them last longer. They are also reflecting on their consumption a lot more than earlier. The survivalist mentality will give way to the growth mindset in a few months. However, it is likely that even post the rebound, the per capita consumption will show muted growth in the next three to five years as people learn to live within their means and start valuing a less wasteful lifestyle.

Travel, commercial real estate and hospitality sectors, which have been set back by five-10 years in terms of industry size, will restart from a new base. The need for business travel and use of office spaces will see a dramatic decline as companies become comfortable and more productive operating from home at a much lower cost.

Personal and home care products focussed on hygiene and safety will create a larger market for themselves. Digital solutions that limit people movement, reduce cost and yet increase productivity, such as video conferencing, telemedicine and edtech, will become the norm. Post Covid-19, we are looking at the new consumer who is healthier, caring, frugal, more conscious, less mobile, and yet more productive.

FMCG

Fitting in with demand

More brands foray into the wellness and hygiene segment

DEVIKA SINGH

ACCORDING TO A recent report by Nielsen, the demand for hand sanitisers in the country went up by 340% in March, as compared to 24% in the months of December, January and February. The demand for handwash increased by 60% and floor cleaners by 24% in March, in comparison to the pre-pandemic period, the report says.

This surge in demand has attracted companies from across sectors. ITC has, for instance, has expanded its presence in the category, while others like Marico, Emami and CavinKare have recently forayed into the hygiene segment. Fashion retailer Raymond has launched hand cleansers and hand wash colognes under its new Complete Care range. Wipro, under its consumer care brand Yardley, has introduced a pocket sanitiser perfume.

The extent of activity in this segment can be gauged from Nielsen's findings that show that the share of the top three hand sanitiser brands dropped from 85% in January and February to 39% in March, after 152 new players entered the segment.

Serious business

Is it just a short-term strategy for these companies that have recently forayed in the segment or are they in it for the long haul?

Priti A Sureka, director, Emami, says the company has big plans. "We believe that increased hygiene consciousness is here to stay with significant consumer behavioural shifts. The launch of the hand sanitiser is a natural extension of the BoroPlus brand, and we have plans to offer more hygiene options solving different consumer problems in the coming days," she says.

Marico and CavinKare have already started diversifying their hygiene and wellness portfolios. Marico, besides sanitisers, has also introduced a vegetable cleaner brand, Veggie Clean, in the market. "While hand, body, home and kitchen hygiene are in practice, the sanitation of fresh produce is still limited to only rinsing them with water. To bridge this gap, we launched a fruit and vegetable cleaner," says Koshy George, chief marketing officer, Marico.

The demand for handwash increased by 60% and floor cleaners by 24% in March, in comparison to the pre-pandemic period, according to a report by Nielsen

CavinKare, meanwhile, has launched gadget and surface disinfectants under the Bacto-V brand. Positioning its hand sanitisers for the masses, the company has also launched sanitiser sachets for as low as ₹1.

"There is a need for this category to move away from premium users to masses, and hence we introduced sanitisers in sachets. This is our attempt to democratise the category," says Venkatesh Vijayaraghavan, director and chief executive officer – personal care and alliances, CavinKare.

The companies are retailing these products across channels — general trade, modern trade and e-commerce, and are relying on digital media for marketing.

Long term effect

The demand for hygiene products, although at its peak currently, will not fade away soon, experts believe. However, Ankur Bisen, senior vice president, retail and consumer, Technopak Advisors, says companies must exercise restraint. "These brands must take one step at a time, and evaluate what the new normal is and how much they should bet on this category."

Companies with a strong presence in the non-food FMCG category stand to gain far more than the rest. "Companies that have high brand value, good distribution and reach, are on retailers' minds and have accessible shelf space are likely to make more out of this emerging segment," says Devangshu Dutta, CEO, Third Eyesight.

However, he adds, this necessitates that companies have enough capital to support the segment for the next six months. "Some of these products are a result of the gold rush mentality; some companies are trying to gain out of this opportunity and will disappear in some time, because the business needs investment," Dutta adds.

In The News

Mobile Premier League gets Performics on board

PERFORMICS INDIA HAS won the digital media and analytics mandate for Mobile Premier League (MPL), a mobile e-sports platform. The agency's Bengaluru office will handle the account. Apart from running digital media campaigns, Performics will be involved in setting up the Google Marketing Platform stack for MPL.

Mindshare's Premjeet Sodhi joins Wavemaker

PREMJEET SODHI HAS joined Wavemaker India as chief growth officer. He moves from Mindshare Fulcrum where he served as senior vice president since February 2018. In his 25-year-long career, Sodhi has worked with agencies such as Initiative and Lintas Media Group.

LinkedIn's Virginia Sharma moves to JioSaavn

JIOSAAVN HAS BROUGHT Virginia Sharma on board as vice president – brand solutions. Sharma will lead global digital ad monetisation for the company across platforms. She moves from LinkedIn India, where she was director, marketing solutions.

Zee5's Taranjeet Singh joins Criteo

TARANJEET SINGH HAS joined Criteo, an internet advertising company based in Paris, as head, South East Asia & South Asia. He was most recently the chief revenue officer and business head at Zee5 India.

Anupam Bokey moves out of Too Yumm!

ANUPAM BOKEY, CHIEF marketing officer, Too Yumm!, the FMCG division of the RP-Sanjiv Goenka Group, has stepped down. He had joined the company in June 2017, after a 17-year-long stint at Unilever.

BharatPe strengthens core team

MERCHANT PAYMENT AND lending network company BharatPe has roped in Nishant Jain as chief business officer. Jain moves from Zomato, where he was chief sales officer.

Motobahn

INTERVIEW: **MARTIN SCHWENK,** MD & CEO, Mercedes-Benz India

'Online isn't a parallel sales channel'

On May 6, Mercedes-Benz India restarted production at its Chakan plant near Pune. The plant has been started in a graded manner—only with the essential staff—and the company will plan a gradual ramp-up over the weeks depending on the evolving situation. Its select dealerships have also started operations. Expecting consumer behaviour to change post-Covid-19, the company had recently started entirely online car sales channel. However, Martin Schwenk, MD & CEO, Mercedes-Benz India, says that online shouldn't be seen as a parallel sales channel to the existing dealer network. In an interview with FE's **Vikram Chaudhary**, *he adds that even though there could be supply challenges as far as car parts are concerned, the models planned for this year will be launched, with some delay, of course. Excerpts*:

PORTRAIT: SHYAM KUMAR PRASAD

How will Covid-19 impact car-buying behaviour of luxury car buyers?
At Mercedes-Benz, we have a very solid customer base; they like the brand and are dedicated to the specific models we offer. The traditional luxury car-buying behaviour is that the salesperson visits a customer's home, explains finance and related things, plans test drives, and then the customer goes to the dealership to take delivery of the car. But now we are seeing a trend towards online sales; customers are doing a lot more research online, and he or she may not need to go to a showroom at all.

We believe buying a Mercedes-Benz should be as easy as buying food online; we expect 25% of our global car sales will be made through online channels by 2025. Under our 'Merc from Home' campaign—which includes Live Mercedes-Benz Video Consultation Studio—customers can not only book and purchase a car online, but also get it home-delivered.

Has 'Merc from Home' been tested?
We started the journey a year ago, and the online platform went live in January 2020 with the sale of used cars. At the Auto Expo, we had a pre-owned car on display; in February-March, we sold 150-odd units of pre-owned cars (through the platform). Now, it has been expanded to facilitate purchase of new cars as well.

Does it mean there could be a lesser role of salespersons, and job losses at dealerships? Does it also mean dealerships will downsize?
Online sales will lead to better transparency for customers. It will also mean more action for the sales staff, so I do not necessarily see we will need fewer people in the network to support our customers. I, instead, expect that productivity (of salespersons) might increase.

Online is not a parallel sales channel to the existing dealer network; it is part of dealer network. The car a customer buys is owned by a dealer. With the trend towards online sales, I don't see a negative impact on footprint (at the dealer level). It is additional growth and has a broader audience reach potential.

In the post-Covid-19 India, could there be a trend towards customers increasingly buying pre-owned luxury cars rather than new cars?
Based on how the market has been developing, pre-owned is a good channel to enter into the brand. Customers opt for pre-owned cars, and maybe in a couple of years upgrade to new cars. We don't see a competition happening between new cars and pre-owned cars.

Some reports say there is a latent demand in the market and car sales could rise once the lockdown ends...
It is very difficult to say right now, but the important question is how soon the economy stabilises and recovers.

Have your postponed any car launches?
We have not changed our product launch plans for this year, but there will be delays, such as the EQC electric car (was planned in April). There could be supply issues with both CBU cars and locally manufactured ones, but the models planned for this year will be launched.

Europe might remain closed for a while; once it opens up, suppliers are likely to cater to the domestic (European) market. Will this impact production of Mercedes-Benz cars in India?
The automotive supply chain is very complex. For example, a big chunk of our Long-Wheelbase E-Class comes from China; many of our SUVs come from the US, and the parts in them may come from Mexico or Romania. Yet I must say our supply chain is secure.

TOUCHY DRIVERS

Voice recognition is safer

Motorists using touchscreens in cars are being distracted

STEP INSIDE MOST modern cars and instead of all the dials and switches that used to clutter the dashboard you are likely to find it dominated by a touchscreen. Though touchscreens are a convenient way to operate controls and settings, the latest research shows they can also be dangerous distractions.

To discover how badly touchscreens distract drivers, Neale Kinnear and his colleagues at the Transport Research Laboratory, a former British-government agency now run as an independent test facility, recruited two groups of 20 drivers. One was regular users of Google's Android Auto, an app that lets drivers interact with their phone through a car's touchscreen. Others were partisans of Android Auto's main rival, Apple CarPlay.

Each participant completed three 15-minute journeys along a set virtual route using the laboratory's sophisticated driving simulator. On one of these trips they had to carry out tasks using only the touchscreen. These included navigating to a restaurant, playing a particular song on Spotify (a music service), changing radio channels, getting the system to read out a text message, and making a hands-free telephone call. On the second trip they had to do the same, but using only the car's voice-activated controls instead. The third journey was a control, with no assigned tasks.

Whenever a red bar flashed on the windscreen the researchers measured how long it took a driver to react by pulling the indicator stalk to flash the car's lights. Drivers using touch controls on the screen took longer to respond to the flashing bar than did those using voice controls. Though the difference might be less than a second, at motorway speeds this would result in an increased stopping distance of up to 25 metres.

Dr Kinnear was, however, surprised by the amount of time drivers' attention was diverted by the glances needed to operate the screen. Among the worst outcomes were a mean of 20 seconds of cumulative glances using Android Auto to play a song on Spotify, and 16 seconds to set up the route to a restaurant with CarPlay. For voice commands those fell to four and three seconds, respectively.

The researchers calculated that reaction times to the red bar when the touchscreen was being employed were more than 50% longer than standard for some tasks. This was worse than the 46% impairment found in a previous simulator study looking at the effects of using a hand-held mobile phone while driving, which is banned in many countries.

The researchers believe voice-activation is a safer alternative that should be encouraged, though the software needs to be improved. Carmakers are developing screens that are easier to operate and positioning them more in line with a driver's view of the road. Haptic feedback, which adds tactile responses, is also coming. Old-school motorists may, however, still prefer their cars with real knobs on.

THE ECONOMIST

Infrastructure

MONDAY, MAY 11, 2020

EXPERT VIEW

Container flow through rail has jumped significantly during the lockdown with ports with a higher road coefficient being impacted more. Among key ports, JNPT and Chennai have higher road coefficients, while Mundra and Pipavav have lower road coefficients

—CRISIL

DRAFT ELECTRICITY (AMENDMENT) BILL

Limited remit makes proposals doable

While the changes it has proposed will boost the power sector's functioning, the Bill leaves some key issues unaddressed

Anish De

CHANGES TO THE Electricity Act, 2003 have been put out in the public domain for comments. The current version was in the making for at least two years now. Successive prior attempts did not see the light of day. The present changes are less ambitious on the remit and hence perhaps more implementable. Whether it is adequate to address the issues of the power sector is the moot question though, and answers on that are less than clear.

At the conceptual level, the proposed changes aim to bring in reforms by taking discretion out of the hands of the states and utilities in areas where such discretion has affected the commercial construct and governance. The biggest change is through the Electricity Contract Enforcement Authority (ECEA) which aims to take out payment delays and defaults, as a lever available to the utilities, to manage finances. This will have a huge impact because power purchase costs typically constitute about 80% of discoms' overall costs. Past defaults have caused a domino effect on the rest of the sector. If they can be contained then not only will the sanctity of commercial arrangements be restored, but there may also be significant improvement in commercial discipline.

A second key change proposed is to take away the discretion of individual states on selection of state regulators. Independent regulation was a fundamental premise of the Electricity Act, 2003 that never really worked at the state level. The proposed formulation of a common national selection committee for all regulatory functions is much more elegant and implementable.

There are a number of additional fixes proposed including on transparent administration of subsidies through Direct Benefit Transfer (DBT). There is also a huge thrust on promotion of clean power. An attempt has also been made to explicitly recognise distribution franchising as a means of better service delivery. A new concept of distribution sub-licensing has been introduced, but needs detailing.

The intent of the changes proposed is unexceptionable. The two questions that stick out though pertain to adequacy and implementability. On the question of adequacy, it is noteworthy that some of the issues discussed in the past relating to markets, competition, efficiency, financial viability, sector restructuring, etc. are largely unattended in this draft. There is also an effort to push through changes through rules formulated by the central government which may be contested.

The states are the major players in the electricity sector, especially in distribution. They would be the principal entities impacted by the changes. Even as they probably would appreciate the logic, given their condition resistance is only to be expected. They must be communicated to and consulted with and the resistance worn down.

Which brings us to the efficacy of the proposed changes. Given the deep-seated issues facing the distribution sector, these changes would probably be inadequate to turn the sector around. With the economic effects of COVID-19 likely to last for long, the capacity of the already bankrupt discoms to comply with the new requirements is very suspect. Hence, instead of trying to keep the sector structure and ownership intact, the need of the hour may be much more radical reforms that divest the state of ownership and bring in better governance and accountability. The ECEA, regulatory reforms and other measures proposed in the Bill would arguably have a much better chance of success without the state being so deeply enmeshed in the ownership and operations of the power sector.

The writer is partner and head, Energy and Natural Resources, KPMG in India

DATA MONITOR

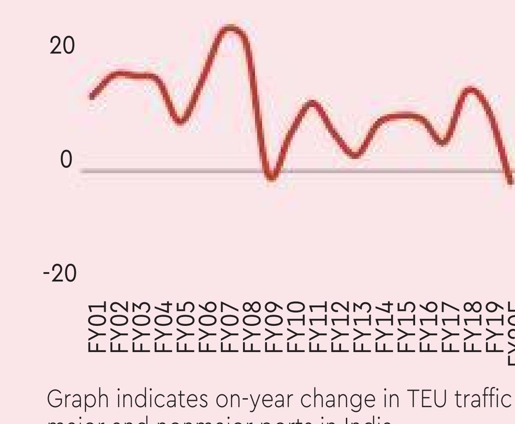
Container traffic may suffer double-digit fall

With container traffic at Major Ports declining by 12% y-o-y in March, India faces risk of a sharp fall in container trade in the ongoing fiscal. The lockdown-induced decline suggests a contraction of 13-16% in container traffic for Indian ports in fiscal 2021, CRISIL has said.

Protracted global slowdown puts traffic at risk

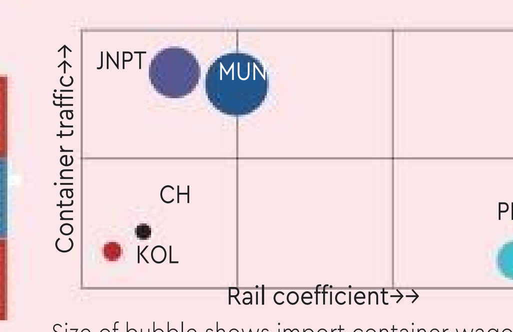
Size of bubble shows estimated share in India's container volumes ME: Middle East and Central Asia, EA: East Asia, CN: China, JP: Japan, US: United States, EU: Europe, UK: United Kingdom

India's container traffic on slippery slope, too (in %)



Graph indicates on-year change in TEU traffic for major and nonmajor ports in India

Higher rail share at ports will mean less disruption



Size of bubble shows import container wagons for March 11 – April 7 period
KOL: Kolkata, CH: Chennai, MUN: Mundra, and PPV: Pipavav

Source: IMF, UNCTAD, IPA, Shipping Ministry, Industry, CRISIL Research, Port websites, IPA, Rail Ministry

Quick View

NHAI defers plan to raise funds through asset monetisation

THE NATIONAL HIGHWAYS Authority of India (NHAI) has put on hold for two months its plan to monetise operational publicly-funded highway projects, as investors are unlikely to commit long-term investments due to uncertainty over toll collections during the ongoing crisis. This implies that the authority, which is facing funding constraints, might struggle to stick to the announced pace of highway awards and construction. "Hopefully, after two months, we should be able to do it. TOT-4 will also be deferred by another two months," NHAI Chairman SS Sandhu told *FE* last week. The NHAI has three instruments in its arsenal to raise funds through asset monetisation, of which two – Infrastructure Investment Trust (InvIT) and toll securitisation – are untested so far. The other one, the toll operate transfer (TOT) model, has been successfully exercised twice.

Vedanta's sale of $1-billion stake in Cairn biz stalls

VEDANTA LTD.'S PLANS to sell a minority stake in its Indian oil unit have stalled after a collapse in crude prices, according to people familiar with the matter. The Mumbai-listed company was seeking to raise more than $1 billion by selling at least 20% of its Cairn Oil & Gas business, the sources said. The crash in energy prices and the Covid-19 pandemic had made it difficult for potential investors to gauge Cairn's business outlook. While the stake sale talks could resume when oil prices stabilise, Vedanta might also explore other fund-raising options to reduce its debt, the sources said.

Aviation industry likely to take a huge hit in FY21

THE SUSPENSION OF aviation services during the lockdown to fight Covid-19 will hit the industry hard in the ongoing fiscal, a CRISIL report said on Thursday. According to the agency's estimates, the aviation industry is likely to suffer a revenue loss of ₹24,000-25,000 crore in the fiscal. Airlines would be the worst-affected, contributing more than 70% of the losses, or ₹17,000 crore, followed by airport operators with ₹5,000-5,500 crore, and airport retailers (including retail, food and beverages and duty-free) with ₹1,700-1,800 crore, it said.

Startups

BARTON BREEZE

Cutting the food miles

Barton Breeze operates fully-automated hydroponics farms to grow pesticide-free vegetables

DEEPSEKHAR CHOUDHURY

Shivendra Singh, founder, Barton Breeze

INDIA'S AGRICULTURE SECTOR faces multiple problems: groundwater levels are depleting rapidly, the net sown area remains stagnant, pesticide use is booming and the farm-to-food time lag is increasing. A solution to any one of those problems could be a great entrepreneurial venture. But IIM Ahmedabad alumnus Shivendra Singh is out to convince the world that hydroponics—an agri-system that does not need soil, recycles water and can be installed even on rooftops—could be a panacea for all the pain points.

Founded in 2015, Barton Breeze operates fully-automated hydroponic farms to grow clean and pesticide-free vegetables. The startup also sets up such farms for other investors and handholds them initially with know-how and training. It helps its partners take their hydroponics produce to the marketplace via its tie-ups with companies such as BigBasket and Radisson. The startup has onboarded a stellar team that includes a former Flipkart executive and an agro-technologist with 25 years of experience in hydroponics.

Before scaling up, Barton Breeze ran a pilot in Rajasthan with strawberries in the summer months. "The idea is to reduce the duration it takes for produce to reach the plate after harvest,"" says Singh. "We did temperature control, did away with soil, brought in multi-layer vertical farming. That way we could grow 10 times more in space with respect to traditional farming."

Barton's price point is usually half of what's charged for imported produce. For example, it sells lettuce at ₹80 per kg in the months of June, July, and August when the imported kind costs ₹200. Delhi-NCR has to get coriander from Bengaluru during the rainy season and the price hovers above ₹200 per kg at Azadpur mandi – almost double the ₹110 per kg price point of the company. At present, it grows 1,600 tonnes of produce yearly which includes 32 crop varieties.

The startup has built 17 farms across nine states in India and some locations in Dubai and Qatar. At present it has 11 acres of cultivable space and is targeting 50 acres for FY 2021. The size of a typical farm ranges from one eighth of an acre to two acres. Singh says that even though it's an EPC contractor, the startup's DNA is that of a tech firm and not a construction company. Barton Breeze has developed tech which makes it possible to control all the conditions in a farm through an application from a remote site.

However, capex is a challenge. It takes around ₹2,500 per square metre to set up a one-acre or half-acre farm. The government has been looking at a policy to subsidise farmers in the hydrophonics space. The Maharashtra government started a scheme to subsidise 50% capital costs for hydroponics farming of animal fodder.

Barton Breeze's current farm-to-fork time is 2 hours and it's developing a plan to reduce it to 30 minutes. It involves promoting hydroponics in a kitchen garden where glow lights could be used as a substitute of sunlight. The startup is bootstrapped as of now but is looking to close its Series A round of funding soon for the 30-minute project.

PARIBANDH SOLUTIONS

Tackling pandemic with homegrown tech

This Gurgaon-based startup has introduced a proximity sensing device to enable social distancing

SUDHIR CHOWDHARY

IN RESPONSE TO the Covid-19 pandemic, Gurgaon-based startup Paribandh Solutions has launched a proximity sensing device to enable social distancing. The device, named Raksh, is a standalone pager-sized unit that can be worn on a wrist as a pendant or clipped to the belt. The device has 360-degree proximity sensor which enables detection of similar devices in its proximity and as soon as two or more devices come within proximity, it warns users to maintain distance. The warning is delivered through a combination of sound alarm, vibration and an LED.

The device is a plug-and-play solution and targeted at workers, professionals and students. It can be deployed in multiple environments including manufacturing units, shopping malls, schools, educational institutions, cinema halls, airports, construction sites, financial institutions, corporates, government offices and public transport.

"As per WHO, social distancing is the only solution to reduce the spread of the virus till a vaccine is developed. While organisations have issued guidelines to enable social distancing at workplaces, our technology is built to enable implementation of these guidelines," said Harmeet Gulati, founder and managing director of Paribandh Solutions.

Raksh will be available in different versions to suit the needs of end-users. The base version is built for masses in a rugged and durable form with loud alert mechanism for noisy workplaces. Raksh Junior is targeted at children and students with soothing warning tones, attractive colour options and data log for screening by parents.

The premium version (iRaksh) of the device will come with an LCD screen and a body temperature sensor. It will alert user in case of elevated temperature levels and can help in early detection of COVID-19 cases. Every device will have a unique device ID and will maintain a record of interactions between devices to enable effective contact tracing. The enterprise solution will come with advanced features including cloud-based real-time notifications, data log for contact tracing, hands-free attendance solution and behaviour analysis to enable social distancing norms.

"We looked at existing solutions and realised that these solutions have limitations and not practical for our environment," said Gulati. "For example, infrared based solution is unidirectional and unable to differentiate between a human and an object. Other app-based solutions require a smartphone with Bluetooth and location settings which will drain the battery faster and won't work in manufacturing units, call centres or educational institutes where smartphones are restricted."

In contrast, Raksh is built to work in all environments and its proximity settings can be customised to local government regulations, he said. The startup has already tested the device and initiated production. It plans to ramp up the production as soon as the lockdown ends and has started inviting interest from organisations wanting to deploy the solution.

Quick View

Duty on fuels up by a record margin, retail prices stay unchanged

THE GOVERNMENT ON Tuesday hiked excise duty by a record ₹10 per litre on petrol and ₹13 per litre on diesel to garner ₹1.6 lakh crore of additional revenue as part of efforts to stem the fallout of the coronavirus epidemic on its finances. Retail prices of petrol and diesel will not be impacted by the tax changes with state-owned oil firms adjusting them against the recent fall in oil prices, industry officials said. This is the second time since March that the government has hiked excise duty to mop up gains arising from a fall in international oil prices. It had raised excise duty on petrol and diesel by ₹3 per litre each in March to garner about ₹39,000 crore. Petrol and diesel prices have not been revised since March 16 despite international oil prices falling to a two-decade low.

NTPC seeks to invoke 3-way pact to recover discom dues

PUSHED AGAINST THE wall by the obstinate refusal of several electricity distribution companies to make over-due payments, state-run power producer NTPC will soon ask the Centre for its concurrence to invoke seldom-used tripartite agreements (TPAs), *FE* reported last Friday. These agreements, first signed in FY02 and extended for a decade in 2016, make it incumbent on the Reserve Bank of India (RBI) to deduct the default amount from a state government's accounts with the central bank. Discoms' over-dues spiraled 242% on year to a level of ₹10,500 crore at the end of the last fiscal. Discoms of Uttar Pradesh, Karnataka, Telangana and Jammu & Kashmir/Ladakh are the largest defaulters.

Power consumption down 22.75% y-o-y in April

POWER CONSUMPTION DIPPED by 22.75% in April, mainly due to low demand amid the lockdown to combat COVID-19. According to power ministry data, total electricity consumption stood at 85.05 billion units (BU) in April, as against 110.11 BU in the same month a year ago. The peak power demand met in April stood at 132.77 GW, almost one-fourth less than 176.81 GW in the same month a year earlier. The peak power demand met is the highest energy supply during the day.

Education

MONDAY, MAY 11, 2020

LSAT-INDIA ONLINE

Prof C Raj Kumar, founding VC, OP Jindal Global University

At a time when the pandemic has created uncertainty for law entrance exams, LSAT-India has launched this exam in online format. It's our endeavour (Jindal Global Law School) to offer best educational opportunities to our students and that includes a transparent and fair online admission test.

INTERVIEW: ARJUN MOHAN, India CEO, upGrad

Reskilling is new normal

"In India, we have never had a crisis that redefines skilling; this is that period," says Arjun Mohan, India CEO, upGrad, the online higher education platform. In an interview with FE's **Vikram Chaudhary**, *he adds that, today, anybody who wants to seriously learn is learning. Excerpts:*

India never faced a crisis that redefines skilling. This is that time. This is the time when anyone who wants to seriously learn is learning

Where is higher education heading towards (in a Covid-19 world)?

I think it is going to be a net positive for entities like us that are so clearly focused online. Suddenly rules of the game as changed, and everyone is looking online—even universities that are decades old are now seeing online as a viable proposition. The market has become very open to us (online education providers). A lot of people who had aversion to learning online have been forced to try it out. Until you try something, you are a non-believer. Suddenly our target market as exploded.

How will Covid-19 change people's approach to reskilling?

During the Global Financial Crisis of the last decade, the western world shook up and there was a surge in online learning and reskilling; this was the time when MOOCs started to happen. But, in India, we have never had a crisis that redefines skilling. This is that period. This is the time when anybody who wants to seriously learn is learning.

Who all need to be reskilled?

Jobs in certain sectors have been hugely impacted (auto, travel, hospitality), but there are areas where new jobs are being created. Irrespective of the sector, people who know how to deal with online will find themselves more in demand. Reskilling and upskilling is the new normal.

What are upGrad's ₹10k courses?

Learners can start a Master's or MBA degree programmes, offered by top 1% universities globally, at a cost of ₹10,000 only. Learners who have enrolled for this 10k programme can experience the platform for two months, until June 15, and then make a choice to continue or quit. For those who wish to continue achieving the degree will pay the full programme fee, which can go up to ₹4.5 lakh. However, if one discontinues with the programme, on or before June 15, one will still receive a certificate for the modules completed.

Why has upGrad such high revenue per user (₹2.5 lakh)?

We don't do short-term, one-month-odd courses. We offer extensive courses; we offer solid knowledge that takes time and a lot of hours. We believe that the knowledge we offer, the user is able to use it to his/her advantage in real life. Long-term course mean more time, a lot of resources and, thus, higher cost.

Do you also offer free courses?

We recently launched the Free 101 Program initiative, where we are offering 10 programmes free of cost to college students and working professionals, in order to promote upskilling at such crucial times (of Covid-19 lockdown). Upon successful completion of these courses, the learner will get an upGrad certificate. These include: Introduction to Blockchain; Getting started with Java Programming; Getting Started with Frontend Development; Blockchain Development with Ethereum; Management Essentials; Getting Started with Digital Marketing; Business Analytics Starter Pack; Python for Data Science; Introduction to Machine Learning Concepts; and Introduction to Deep Learning and Natural Language Processing.

Surge in global online education

FE BUREAU

A NEW report says that online learning has surged as people look for ways to be productive while at home. "There is strong global growth in top-ranking professional skills such as neural networks (61% increase), communication skills (131%) and growth mindset (206%). Topics like pilates (402% increase), technical drawing (920%) and ukulele (292%) have surged as well," notes the report '*Online Education Steps Up: What the World is Learning (from Home)*' by Udemy, the largest global marketplace for learning & teaching online.

It adds that people in the US are gravitating towards Adobe Illustrator (326% increase), the Spanish are taking piano (466%) and focused on investing (262%), Indians are learning business fundamentals (281%) and communication skills (606%), and Italians are taking courses on guitar (431%), copywriting (418%).

Within companies, there is a rise in enrolments in courses related to telecommuting (21,598% rise) and virtual teams (1,523%), and decision making (277%), self-discipline (237%), stress management (235%).

On the state of online teaching, categories with the highest surge in new courses include office productivity (159% rise), health and fitness (84%), IT & software (77%) and personal development (61%).

Teach from home

Popular remote teaching apps for schools, colleges

VIKRAM CHAUDHARY

SINCE THE COVID-19 lockdown started, many schools, especially in urban India, have shifted to online delivery of education, using various web conferencing tools. Some are free, and for others one has to pay. We take a look at the major tech tools being used by educational institutes.

DIKSHA: The government's DIKSHA platform offers teachers, students and parents learning material relevant to the prescribed school syllabus. Teachers have access to aids like lesson plans, worksheets and activities, to create a classroom experience. Students, among other things, can access NCERT books for all classes.

Classroom.Live: It's a collaborative classroom with interactive whiteboard. Created by Unthinkable Solutions, a software company, Classroom.Live went live on April 10. "It is already being used by over 30,000 students, and is device-agnostic," said Vipul Sobti, business head, Unthinkable Solutions. He added that while web conferencing platforms are created keeping enterprises in mind, "Classroom.Live is designed around teachers and students, using which teachers can create interactive lessons, record lives sessions, and get attendance report." Classroom.Live is not free. One offer is monthly unlimited usage for X amount, more suited to schools and colleges. The other is usage based per hour per user, which suits coaching institutes. Sobti, however, didn't share the X amount.

Zoho Classes: Schools can run live sessions, host courses, send assignments, take attendance and collect fees using this platform by Zoho, the software MNC. Teachers can upload course videos and students can learn at their own pace. Students can also mirror class broadcasts to a big screen such as TV. Zoho is offering a 'free edition' for schools with up to 100 students, while bigger schools and colleges can start with this and register for trial licences. Zoho Classes is 100% free for all government schools.

Zoom for Education: Zoom, the communications major, temporarily removed the 40-minute limit on free basic accounts for schools during Covid-19. Its solution, Zoom for Education, enables virtual tutoring, career counselling and mentoring. But since last month's home ministry advisory that Zoom is not safe, most institutes are reportedly shifting to other platforms.

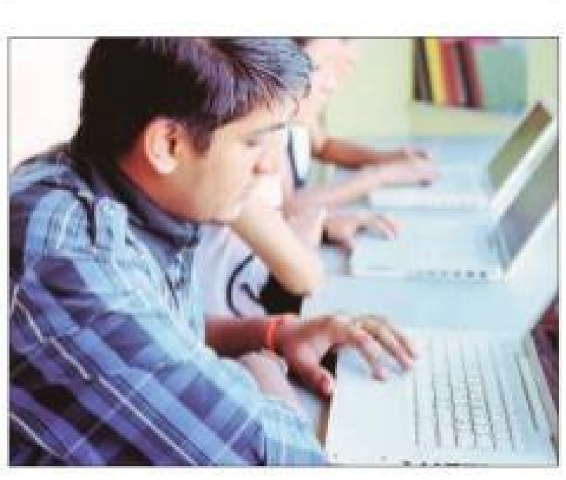
GoToMeeting: A web-hosted service by LogMeIn, it is an online meeting, sharing and videoconferencing software package. During Covid-19, it is being provided to schools for free for three months.

Other popular apps include Google Hangouts (can be used for video chats with up to 10 people; voice conversations can have 150 participants), Meet Now in Skype (allows users to set up collaboration space and invite both Skype contacts and users who are not on Skype), Google Classroom (it's a free web service that streamlines the process of sharing files between teachers and students, among other things), Microsoft Teams (the popular meeting platform is free for students and teachers with a valid school email address), etc.

COVID-19

What next for traditional coaching classes?

Many are collaborating with edtech firms; some creating their own online presence



ANIL NAGAR

DUE TO THE Covid-19 lockdown, all educational institutes have been shut, and education delivery has moved online. A majority of state governments and education boards, too, are shifting to online modes of knowledge transmission due to restriction on physical gatherings. The transition from offline to online can also be witnessed in the sphere of private coaching centres.

Online coaching classes for competitive exams, public sector jobs as well as regional language exams have found numerous takers due to the enormous amount of time that candidates save due to zero travelling and needless displacement. The online training regimens also offer a surfeit of brilliant guiding mentors and professional coaches of proven calibre through online networking. By terminating the constraints of time and space, online coaching facilities can now engage countless candidates at the same time, while providing them training and valuable lessons from a certified tutorage.

The hitherto offline coaching centres, too, are gearing up for the massive change in landscape as a majority of these are collaborating with edtech firms that enjoy a veritable online presence. Inculcating new teaching professionals who are well-versed in technological aspects and adept enough to teach through online channels is helping offline centres step up the game. Moreover, they are also providing swift and efficient technological training to existing teachers to turn them proficient in the online flow of knowledge. Through constant upgrading and upskilling, online centres of education are seemingly empowering their offline compatriots, and are helping them not only be better but also to survive this ordeal.

This pandemic may prove to be a game-changer—the transformation may prove to be an eye-opener that does away with the redundancies of the past. The new medium offers an extended scope by offering the same quality and approach of learning and mentoring, but at the comfort and safety of the candidate's home. This can become a chief catalyst in turning the tide towards the favour of online pedagogy extended by the edtech industry even in a post-corona landscape, due to the sheer amount of comfort and convenience it provides.

The author is founder & CEO, Adda247, the online entrance exam coaching centre. Views are personal

Science & tech

EAVESDROPPER

Tracing innovations

Like Smart Bluetooth, we need low energy GPS so that phones can survive longer. Cos also need to focus on battery innovations to support VR and gaming

ISHAAN GERA

LAST WEEK, AN ethical hacker on Twitter announced that the Indian government's newly launched contact tracing app, Aarogya Setu, was leaking data and had some security and privacy concerns. Although he did not reveal what these concerns were, the creators of the app on Thursday responded with a lengthy post addressing security and privacy concerns. The minister of information and technology had earlier assured citizens that the app was safe and that all data would be wiped after the corona pandemic is over. The app has now 9.25 crore users, and a loss of confidence in the system means failure.

While the corona pandemic has put tracing apps in focus, it has also brought to light issues such as security and privacy. Those discussions, however, have been in the public domain for long now. But another aspect of these apps is the increased focus on hardware.

Most of the limelight has indeed been stolen by "Hack the crisis" events and apps that can help address concerns. But as this trend passes and there are enough apps to populate the ecosystem, there is going to be a dire need for real hardware innovations.

Take Bluetooth technology, for instance. Apple and Google, last month, announced that they would be using Bluetooth to aid in contact tracing. Instead of relying on location data like most government systems-this is also the reason that they are the focus of heated discussions-the companies announced that they would be using existing Bluetooth technology in phones to trace contacts. Each Bluetooth, in this case, would bear an ID, which would be masked from all, until the user tests positive. But more interesting than how these companies would do this is the technology behind it. Almost a decade ago, right at the onset of IoT devices, new technology was created. Bluetooth Low Energy was to help make it easier to use Bluetooth as it worked in short bursts of energy transferring MBs in a few seconds and did not drain battery life. Over time, it has become more efficient. Had the technology not existed, it would have been virtually impossible for Apple or Google to enable Bluetooth tracing.

Imaginative painting showing Galileo displaying his telescope (1900)

Between the time you would have activated the app and used it, the phone would have run out of juice.

Similar innovation awaits GPS. GPS, no doubt, has become much more efficient and sophisticated. Instead of just relying on GPS signals, most chips use mobile phone data to triangulate position saving energy. These are still a drain on the battery.

With location becoming much more critical-even if the threat of coronavirus passes, people would still want to be mindful of surroundings-companies would work towards making phones or watches last for a longer duration. The two simple ways to do this is to work on improving battery life and make existing systems more energy efficient.

GPS, thus, needs improvement. If the technology can be made energy-efficient, it will mean that people can always leave their location on without worrying about battery drain. Not only will this help the government in tracing data more accurately, but it will also support a host of apps which require location intelligence. Besides, it will help improve smart city infrastructure; companies like Google can provide mobility trends in an anonymized form to better understand traffic conditions.

The other dimension is battery life. Although phones can now host 6000 mAh battery and handle processes much better than before, with bigger RAMs and higher usage, battery constraints still exist. More important, from what companies have realized thanks to this pandemic, these are only going to increase. Two things that this pandemic has established is that gaming is here to stay, and virtual reality needs to be ramped up. This is evident from the ecosystem that gaming has created.

As for virtual reality, until the hardware does not become cheap, the uptake will be less. But as people adjust to the idea of webinars and virtual conferences, VR will become an essential part of our lives, be it for experiential shopping or gaming.

Once the systems are in place, new apps and ecosystems will develop to support the existing infrastructure. Until then you will have portable chargers.

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Is Bluetooth enough for contact tracing?

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THE CONTROVERSY SURROUNDING most contact tracing apps is that they give unfettered access to the government, and governments can track users location using the app. The concerns are well-founded, and most governments have done well to ensure users that their data is safe. But when Apple and Google, last month, announced that they would be using only Bluetooth and not location data, it spurred a debate on how important location is to contact tracing.

How do most apps do contact tracing?

For most apps, contact tracing is done using two data sets. The Bluetooth chip has a receiver and a transmitter, it pings other phones when it comes in contact with another chip, and the phone registers this ping making a record of it. Once a person is detected to be Covid positive, the government can decode the pings to inform whosoever has come in contact with the infected person. Plus, it can track location data, which these days is collated using a technology called AGPS to trace the person's whereabouts over the last 14-days. It can then inform users to be cautious about these places. As Coronavirus is a fomite infection, this process also assumes importance.

What is AGPS?

AGPS or Assisted GPS is the technology that uses cellphone triangulation and GPS chip to determine the location of a person. The signal triangulation helps in real-time updates, whereas GPS, which is usually slower, lend accuracy to the system.

So, can contact tracing be done using Bluetooth and without GPS data?

Bluetooth tracing forms the basis of contact tracing, and that is the reason Google and Apple have decided to come together to develop this mechanism, but GPS is also essential. Mobile signal triangulation can help the government determine a person's location, but the mechanism is far from precise. It is instrumental in places where there are a lot many towers, but not so much in areas where there are less. The whole concept is based on your distance from the tower and the estimating where you may be. If governments do follow this approach, their target area will increase because of imprecise location.

Besides, another reason AGPS or GPS is important is because contact tracing is just one part of the function these apps fulfil. They also need to alert users whether they are in a high-risk zone. The only way they can do this is by obtaining a user's information. This way, a user can be informed whether she is in a high-risk zone and what precautions she needs to take. It also alerts her to new cases, so that she is mindful of her surroundings.

Techsplained @FE features weekly on Mondays. If you wish to send in queries that you want explained, mail us at ishaan.gera@expressindia.com

NEWS BRIEF

Rolls-Royce to give free digital training

Rolls-Royce is publishing, for free, its digital skills training to help people prepare for digital-centric recovery from Covid-19. Courses are introduction to data science, AI, machine learning, coding and digital culture. Rolls-Royce Digital Academy has trained 20,000 of its employees in the last two years.

Omidyar, IIC launch a new fellowship

Omidyar Network India and IIC (India International Innovation) of University of Chicago Trust in India have started a fellowship aimed at bringing talent to provide inputs to India's tech policy. Called YLT (Young Leaders in Tech-Policy), it will recruit 10 individuals with UG degree in engineering (with 2-5 years of work experience).

Half the students to defer study abroad

Among the students who want to study abroad this year, 11% are strongly considering cancelling their plans and 41% said they have not changed plans, Shiksha.com found in survey 'Impact of global Covid-19 lockdowns on study abroad plans of Indian students'. Also, 50% students may defer their plans and 76% are likely to see how the situation evolves.

Maneek Kumar new dean at BMU school

BML Munjal University appointed Maneek Kumar as dean of School of Engineering and Technology. Prior to this, he served as dean of Students Affairs at Thapar Institute of Engineering & Technology and was the youngest to hold the post of professor of Civil Engineering at the institute, at the age of 34.

HUMhain delivery app sees 500% rise

A little known delivery app saw a 500% rise in daily orders. Punjab-based HUMhain delivery app has seen growth in daily orders from 150 per day to 1,000 a day during the Covid-19 lockdown. The app has over 1 lakh customer base in Ludhiana, Amritsar and Jalandhar, and is now covering Chandigarh. It is available on Android and iOS.

MapmyIndia to help firms resume ops

MapmyIndia has started Covid-19 Tools and APIs. Organisations can integrate Covid-19 Tools and APIs into internal employee, external consumer-facing web and mobile apps. This will ensure employee and consumer base is aware of the relevant localised corona safety information and alerts.

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