KOLKATA, WEDNESDAY, MAY 13, 2020

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MODI'S VISION 2020

A ₹20-lakh-cr package, sweeping reforms

PM says 'we will wear masks but our lives can't just be about corona'

SUNIL JAIN
New Delhi, May 12

EVEN BY THE standards of the stimulus package in developed nations like the US, Prime Minister Narendra Modi's ₹20-lakh-crore package — this includes the ₹4-4.5 lakh crore of liquidity boost by RBI — is not just massive, it signals a sea-change in the way the country is to be governed. There are, as yet, no details of the package, but Modi promised sweeping reforms to ensure, as he said, the 21st century belongs to India. "We will be careful about corona," he said, "we will wear masks, we will observe '*do gaz ki doori*', but our lives can't just be about corona".

The half-hour speech was, in characteristic Modi style, peppered with examples that fired the imagination. The 20th century, he said, began with the Y2K problem that had the world in panic, and it was India that solved the problem. Though India has not found a corona solution, he said, the world is looking at India for medicines — witness President Trump trying to arm-twist Modi to get HCQ supplies — and from a country that never produced a single N-95 mask or PPE, he said, "we are producing 2 lakh of each every day". His recalling the devastation of the Kutch earthquake — 'it looked as if the entire earth had worn a grey blanket' — would have reassured citizens since it was Modi that oversaw that reconstruction.

The final package, when it is announced by finance minister Nirmala Sitharaman later today will likely be much smaller than what the PM announced — apart from the RBI's stimulus, some part will probably be guaranteeing bank loans to producers — but a good way to judge its size is to juxtapose this with the expected collapse in the economy. The most pessimistic estimate is a 5% real contraction in growth; Modi's package, then, seeks to overcome that and ensure there is a small positive growth in the year. As expert after expert has said, it is critical that the economy doesn't stall/contract as reviving businesses — and livelihoods — after they have shut is very difficult.

Continued on Page 2

BIG-BANG BOOSTER

The **₹20-lakh-crore package** amounts to
10% of GDP

- It includes the amount announced by RBI
- Focus to be on **land, labour, liquidity and laws**
- **Loan guarantee scheme for MSMEs** expected

Reforms soon in agri supply chain, rational tax system, simple and clear laws, HR and a strong financial system

- Objective to **promote business, attract investment, strengthen Make in India**
- **Additional fiscal package** to be **substantial**
- Time to be **vocal for local products** and make them global
- **Aim to push India towards self-reliance**
- From almost negligible before Covid, local **N-95 masks** production has touched **2 lakh per day now**

Biggies manage, smaller firms hit permit hurdles

SHUBHRA TANDON
Mumbai, May 12

ON TUESDAY, MARUTI SUZUKI India restarted production — on a low scale though — at its Manesar plant in Haryana. The company has also reopened around 600 of its dealerships. Other auto players like Hyundai, Hero MotoCorp, Bajaj Auto, and Mahindra and Mahindra, have also taken similar baby steps after the government allowed operations in non-containment areas with a set of SoPs and social distancing.

However, even as such rebooting is happening, the experience is not uniform and all that pleasant across the country. The bigger and well-networked companies have managed to move ahead in a slow but steady manner but for smaller players the pain is greater. Reason: Covid-19 has in a way brought back some form of licence-permit raj and the district magistrate has become the new all-powerful officer holding unlimited discretionary powers. The smaller players, who also happen to be vendors to bigger players in several cases, are finding the going tough in such an environment.

Companies need to seek permission from the local administration — the office of the district magistrate — by submitting a host of information. Apart from the process being tedious and time-consuming, the final decision rests at DM's discretion.

Manufacturing plants have to first fill online a detailed form informing how many people will come to the factories, how many cars will come, what kind of sanitisation has been done at the units, from which areas will the workers come, etc. Some get approval fast but many get stuck for several days.

And this cumbersome process is not only limited to manufacturing units. It even applies to corporate offices in places like Gurgaon.

Continued on Page 2

Passengers walk to board a train to Delhi at the Howrah station following resumption of passenger train services connecting the country's major cities, in Kolkata on Tuesday

COVID-19 UPDATE

74,219 TOTAL CASES
2,415 DEATHS SO FAR
3,468 NEW CASES

Centre plans to take states' views in categorising zones

ABANTIKA GHOSH
New Delhi, May 12

AFTER SEVERAL CHIEF ministers demanded more authority in classifying zones in their jurisdiction during the video conference with Prime Minister Narendra Modi on Monday, the Centre now plans to involve states and seek their views in drawing up the list of green, orange and red zones.

"We have asked states to share their inputs and views with us. These will be factored in the next list," a senior government functionary who was present in the Monday meeting told *The Indian Express*. Some states are still pushing for full freedom in zoning districts in their jurisdiction, with the Centre only deciding the broad principles.

Continued on Page 2

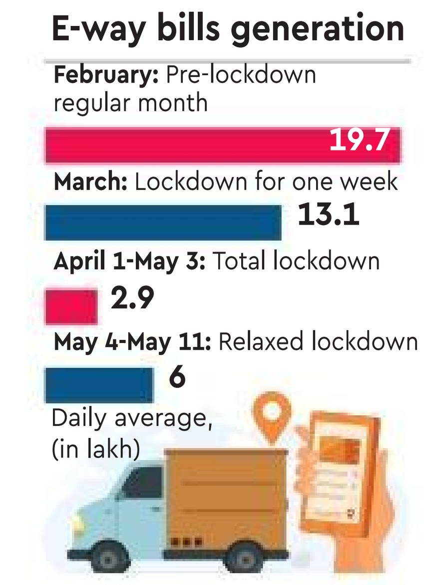
E-way bills on GST portal double from April level

SUMIT JHA
New Delhi, May 12

THE AVERAGE NUMBER of e-way bills generated by businesses on the GST Network portal was 6 lakh/day in the week to May 11, twice the level in April, in what indicated a pick-up in economic activities and demand after the lockdown restrictions were relaxed on May 4 (see chart). In February, an average of 19.7 lakh e-way bills were issued by the portal on a daily basis.

Continued on Page 2

E-way bills generation



Some states to quarantine Rajdhani travellers on arrival

SOME STATES, including Tamil Nadu, Kerala, West Bengal and Karnataka, have decided to insist on strict quarantine periods for those arriving by the special Rajdhani trains. During their video conference with PM Narendra Modi, several states had expressed concerns over the resumption of regular trains. ■ **P2**

Rebound fears: Wuhan to test entire 11 m of its population

WUHAN, THE Chinese city where the deadly novel coronavirus emerged in December last year, has decided to test the city's entire 11 million population after new cases were reported for the first time in weeks, sparking fears of the second wave of the virus attack.

● 10-YR EXEMPTION ON ANVIL

Trade min proposes tax holiday to woo investors

SHRUTI SRIVASTAVA
New Delhi, May 12

THE TRADE MINISTRY is proposing a tax holiday for companies bringing new investments as the government explores measures to support the economy amid the coronavirus pandemic, according to people familiar with the matter.

The proposal to give a 10-year full tax exemption to companies making new investment upwards of $500 million is being evaluated by the finance ministry, said the people, who asked not to be identified citing rules. The plan requires companies to start operations within three years from June 1, and will cover sectors including medical devices, electronics, telecom equipment and capital goods, they said.

Another variant of the programme will be to provide a four-year tax holiday to companies that invest $100 million or more in labour-intensive sectors such as textiles, food processing, leather, and footwear. A lower corporate tax rate of 10% is proposed for the next six years, the people said. The proposal has to be approved by the finance ministry and, so far, it hasn't taken a decision.

Continued on Page 2

QuickPicks

Lockdown blow: Industrial output shrinks 16.7% in March

IN WHAT showed the enormity of the blow the Covid-19 pandemic and the resultant lockdown has dealt to the economy, the country's industrial production contracted a steep 16.7% in March versus 2.7% growth in the year-ago month, and 4.5% in the previous month, reports **fe Bureau** in **New Delhi**. Though most analysts expected a significant contraction of industrial output in March, the extent of the fall was far more pronounced than the expectations. **PAGE 2**

No data collection: Govt doesn't release April inflation figures

THE GOVERNMENT did not release the April CPI inflation data on Tuesday as the nationwide lockdown prevented officials from collecting price data at various centres, reports **PTI**. However, the Consumer Price Index (CPI) data that could be collected telephonically has been released, the National Statistical Office (NSO) said in a release. Usually, price data is collected from selected 1,114 urban markets and 1,181 villages through personal visits by NSO field staff on a weekly roster. **PAGE 2**

FUNDING BOOST

Voda Idea to get ₹8,400 crore from Vodafone Group

FE BUREAU
Mumbai, May 12

VODAFONE PLC, WHICH owns a majority stake in Vodafone Idea, on Tuesday blamed its share of losses related to Vodafone Idea to the adverse legal judgments by the Supreme Court in the adjusted gross revenue (AGR) matter and said it has decided to value its Vodafone Idea shares to zero.

But what may come as some sort of a booster for the loss-making, cash-strapped Vodafone Idea is that the British firm said it has a maximum exposure of €1 billion (₹8,400 crore) to the firm. This means it has to contribute up to that much amount towards paying Vodafone Idea's liabilities based on the terms agreed during signing the Vodafone Idea merger deal.

"The group's potential exposure under this (contingent liability) mechanism is capped at €1.0 billion (₹8,400 crore) and any cash payments or cash receipts relating to these contingent liabilities and potential refunds must have been made or received by Vodafone Idea before any amount becomes due from or owed to the Group," it said.

Continued on Page 2

- Vodafone Idea AGR dues as per DoT **₹58,254 crore**
- Dues as per company's self-assessment **₹21,533 crore**
- Paid as on date to DoT **₹6,854 crore**

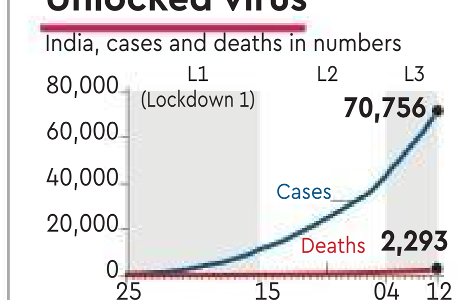
In April, Vodafone Group infused **₹1,500 crore** in Vodafone Idea as part of contingent liability mechanism

Corona case files

Ishaan Gera

Unlocked virus

India, cases and deaths in numbers



New hotspots

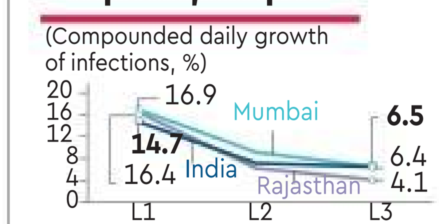
(Places with highest growth in Lockdown 3, L3)

	Chennai	Odisha	Punjab	WB	Maharashtra	Haryana
L1 (Apr 14)	205	55	176	190	2,337	199
L2 (May 3)	1,257	160	772	922	12,296	394
L3 (May 12)	4,371	414	1,877	2,063	23,401	730

Chennai cases grew at 14.9% every day in L3 vs 10% in L2, Odisha by 11.1% in L3 vs 5.8% in L2, and Punjab at 10.4% in L3 vs 8.1% in L2. West Bengal grew at 9.4% in L3 as compared to 8.7% in L2, but the data may not be accurate.

Surprise, surprise!

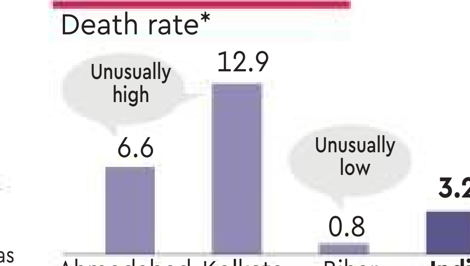
(Compounded daily growth of infections, %)



Delhi, which accounts for around a tenth of India's cases, grew at 6.4% every day in L3 as compared to 20.3% in L1, but the L3 growth was higher than the 5.4% in L2.

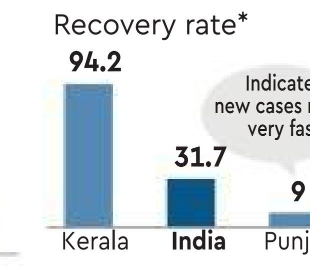
Believe it or not!

Death rate*



*Total deaths as a percentage of total infections

Recovery rate*



* Total recoveries as a percentage of total infections

MAY TRANSFERS

14 states get ₹6,915 cr central grants

FE BUREAU
New Delhi, May 12

THE CENTRE HAS released the Finance Commission-mandated revenue deficit grants of ₹6,915 crore to 14 eligible states for May, in keeping with the practice of not delaying mandatory transfers to the states, given their acute financial constraints. It had released the April instalment of equal size in the first week of that month. These grants are estimated at ₹74,340 crore for the entire 2020-21 fiscal and are being released as equated monthly instalments.

Continued on Page 2

● CLSA REPORT

Tata Motors business has no value without JLR

NUPUR ACHARYA
Mumbai, May 12

WITH THE CORONAVIRUS pandemic crippling demand for automobiles worldwide, Tata Motors is worth nothing without its luxury unit Jaguar Land Rover, according to CLSA.

The $3.7-billion auto company faces a significant increase in debt due to the crisis, and its plan to deleverage may be delayed by four to six quarters, CLSA said.

It has already received a lifeline from parent Tata Sons in the form of a preferential equity allotment, and the brokerage thinks further aid could be required.

"JLR is the only driver of its valuation," analyst Amyn Pirani wrote in a report, downgrading Tata Motors to underperform from buy. "We believe future equity infusions are also likely to be utilised for loss funding and hence we do not attribute any equity value to its India business."

Indian demand for passenger vehicles was slumping even before the virus outbreak. With the pandemic forcing a strict lockdown, the nation's top carmakers couldn't ship a single vehicle to dealers in April. Tata Motors has been the worst performer on the S&P BSE Auto Index this year with a decline of over 53%.

The virus has also been a setback for JLR, which was beginning to show signs of a turnaround late last year from the combined negative impact of China, Brexit and European emissions rules.

Continued on Page 2

FUNDING DEFICIT

Printing more money an option, but no IMF loan: CEA

BANIKINKAR PATTANAYAK
New Delhi, May 12

THE GOVERNMENT IS weighing several options to finance increasing fiscal deficit in the wake of the Covid-19 crisis and asking the central bank to print more money is one of them, chief economic advisor Krishnamurthy V Subramanian told *FE*.

Prime Minister Narendra Modi on Tuesday announced a massive economic stimulus package worth ₹20 lakh crore, or 10% of GDP.

However, there will be no need for the International Monetary Fund for loans (as it had during the balance of payment crisis in the 1990s), the CEA said in an interview. While the first package addressed the vulnerable sections (mainly a demand-side measure), the next round of relief, of the details of which are to be unveiled by the finance minister on Wednesday, could focus on the supply side of the economy, including the ways to boost credit flow or liquidity in the system.

Already, the central bank has initiated a raft of steps to improve liquidity in the system.

Continued on Page 2

CEAspeak

Deficit financing: Getting RBI to print more money one of the several options; no need for IMF loans

Borrowing: Extra borrowing to add 150 bps to Centre's FY21 deficit target (3.5%); states' deficit to go up too; G-sec yield still at reasonable level

Bonds: Most of the $60-bn dollar borrowing by listing govt bonds overseas will flow only in FY22

Easing FRBM: Talks on between centre and states on whether to relax fiscal deficit target for them

Bad bank: Several issues need to be discussed before considering a bad bank; we already have 28 ARCs

Economy

WEDNESDAY, MAY 13, 2020

CORONA IMPACT

Abhijit Banerjee, Nobel laureate

"China is being blamed now for the coronavirus outbreak. Even people are saying that India stands to benefit as businesses will shift from China and come to India. But that may not be true"

Quick View

AI to fly 149 repatriation flights

AIR INDIA IS planning to operate 149 repatriation flights to 31 countries between May 16 and May 22 during the second phase of the Vande Bharat mission to bring back home Indians stranded abroad amid the coronavirus-triggered lockdown, officials said. During the first phase of the Vande Bharat mission, Air India and its subsidiary Air India Express are scheduled to operate total 64 flights between May 7 and May 14 to bring approximately 15,000 Indians from 12 countries on a payment basis.

No pre-arrest bail for Wadhawans

THE BOMBAY HIGH court on Tuesday refused to grant pre-arrest bail to DHFL promoters Dheeraj Wadhawan and Kapil Wadhawan in a money laundering case of Yes Bank being probed by the Enforcement Directorate (ED), noting their custodial interrogation was required to unearth the conspiracy and modus operandi in the multi-crore scam. The Wadhawans are presently in jail after being earlier arrested by the CBI in a separate case related to the Yes Bank scam.

$3.6-m grant for India's Covid fight

THE US' CENTRES for Disease Control and Prevention (CDC) has committed $3.6 million to assist India's response to the Covid-19 pandemic and the aid will support prevention, preparedness and response activities. The funds will also be used to support the development of Infection Prevention and Control (IPC) centres of excellence that can improve the ability of hospital networks to detect Covid-19 and strengthen local health systems through enhanced surveillance and monitoring systems, a US Embassy statement said.

Delhi, Hyderabad airports' ratings

FITCH RATINGS HAS affirmed the Long-Term Issuer Default Rating (IDR) and bond issue ratings of GMR-led Delhi Airport and Hyderabad Airports at 'BB+' with a Negative Outlook. The Negative Outlook reflects the ongoing uncertainty relating to the timing and duration of the traffic shock and recovery caused by the coronavirus pandemic, the rating agency said on Tuesday.

Plaint against WB lottery body, stockist

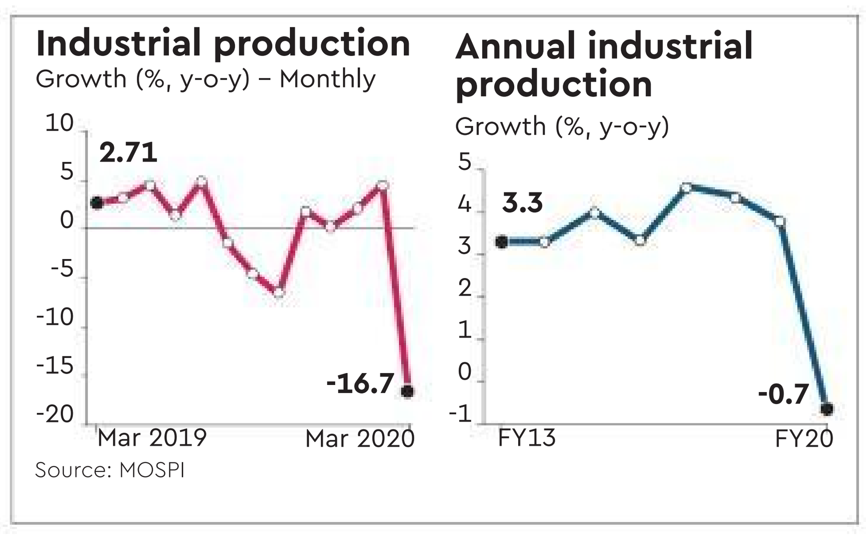
FAIR TRADE REGULATOR Competition Commission has closed a complaint alleging unfair business practices by the Directorate of State Lotteries, West Bengal, and West Bengal Lottery Stockists Syndicate. The complainant had alleged that an agreement between the Directorate of State Lotteries West Bengal Lottery Stockists Syndicate allowed the latter to purchase paper lotteries at credit and discount, to the exclusion of the general public and stockists, among others.

LOCKDOWN EFFECT

Industrial output shrinks 16.7% in Mar

This is the sharpest monthly contraction since the inception of the 2011-12 IIP base series

FE BUREAU
New Delhi, May 12



IN WHAT SHOWED the enormity of the blow the Covid-19 pandemic and resultant lockdown has dealt to the economy, the country's industrial production contracted a steep 16.7% in March, 2020 versus 2.7% growth in the year-ago month, and 4.5% expansion in the previous month. Though most analysts expected a significant contraction of industrial output in March, as the last week of the month saw imposition of lockdown, the extent of the fall was far more pronounced than the expectations.

This is the sharpest monthly contraction since the inception of the 2011-12 index of industrial production (IIP) base series. Obviously, the contraction would likely be far worse in April, the month that witnessed lockdown throughout; May is unlikely to be far better either, even though there are early signs of some 20% of the businesses being recovered.

"The contraction in the industrial output is in line with reduction in eight core sector growth (-6.5%) in March 2020. Decline in the industrial output has been broadbased across sectors as well as in the use-based categories," CARE Ratings wrote. Capital goods segment, that has proved to be very volatile but still seen as a proxy of investment momentum, registered a sharp and unprecedented contraction of 35.6% in March, while consumer goods output fell by 33.1%.

In terms of annual growth in the industrial output, IIP has contracted by -0.7% in FY20, again an annual fall for the first time since the introduction of current series in FY12.

According to National Statistical Office (NSO) data, manufacturing sector output plunged by 20.6% in March as compared to a growth of 3.1% in the year ago month. Electricity generation declined by 6.8% as against a growth of 2.2% in March 2019. Mining sector output remained flat compared to a growth of 0.8% earlier.

As *FE* reported, merchandise exports crashed by almost 35% year-on-year in March to $21.4 billion, the sharpest monthly decline in at least two decades, and imports plunged by 28.7%, as the Covid-19 outbreak and a consequent lockdown spelled havoc for external trade. Exporters warn of a much steeper decline in both outbound and inbound shipments in April.

"While the (FY20 industrial output) growth has been lower across sectors than a year ago, the manufacturing sector has registered contraction in the output during the year. Within the used based classification, compared with the previous year, all segments indicated lower growth with capital goods, infrastructure and consumer durables slipping into contraction with an exception being intermediate goods, whose growth rate has been highest in the last eight years," CARE Ratings observed.

The slump in economic activities has already reflected on government revenues. While the Centre is yet to release then GST receipts data, several state governments have said that their own tax revenue (which includes S-GST) for the month was only 10-20% of the normal.

Govt does not release April inflation figures as lockdown prevents data collection

PRESS TRUST OF INDIA
New Delhi, May 12

THE GOVERNMENT DID not release the April CPI inflation data on Tuesday as the nationwide lockdown prevented officials from collecting price data at various centres.

However, the Consumer Price Index (CPI) data that could be collected telephonically has been released, the National Statistical Office (NSO) said in a release. Usually, price data is collected from selected 1,114 urban markets and 1,181 villages through personal visits by field staff of Field Operations Division of NSO on a weekly roaster.

The data collected telephonically did show increase in prices of certain important commodities like milk products, fruits and vegetables in April over March.

However, the press release said, 'the General CPI and indices at State/UT level are not being released for the month of April, 2020'.

In view of the preventive measures and announcement of nationwide lockdown by the government to contain the spread of Covid-19, the collection of data on prices for CPI through personal visits of price collectors was suspended with effect from March 19, 2020.

In April 2020, price data was largely collected by telephonic enquiry from the designated outlets. This was supplemented by information collected during the personal purchase of field staff for the items being transacted from neighbourhood outlets keeping in view the travel advisories, the release said.

NSO said the price movements for the sub-groups 'meat and fish' and 'prepared meals, snacks, sweets etc' under 'food & beverages' group as well as the 'pan, tobacco and intoxicants' group, 'clothing and footwear' group were not compiled.

Meanwhile, the retail inflation for March has been revised marginally lower to 5.84% compared to 5.91% estimated earlier, it added

5G unlikely to be part of coming auction

KIRAN RATHEE
New Delhi, May 12

THE GOVERNMENT IS not likely to conduct 5G spectrum auction soon as the Digital Communications Commission (DCC) is believed to have delinked the 3300-3600 MHz band from the upcoming sale of airwaves. As per sources, while the auction of all other bands will take place as planned, spectrum in 3300-3600 MHz band, used for 5G services, won't be put up for sale. The decision to remove 5G spectrum from upcoming sale was taken after Defence demanded some quantum to be reserved for it.

As per sources, the Defence had sought allocation of around 100 MHz in 3300-3400 Mhz band, to be used by Indian Navy within 22 km from the shoreline towards sea. The total quantum available with DoT is 300 MHz.

Apart from the demand from Defence, the telecom operators have also expressed their unwillingness to buy 5G spectrum at such high reserve price. The telcos desired that 5G spectrum should be deferred as currently the ecosystem is not in place.

It must be mentioned that DCC, the apex policy-making, inter-ministerial body of the DoT, in December had cleared the auction for all the bands, including that of 5G. The plan was to put 8300 Mhz spectrum across several bands, worth ₹5.22 lakh crore, for sale. However, as no decision has been arrived at regarding the quantum of 5G spectrum that can be auctioned, the DCC in its meeting on May 11 decided to delink 5G from the upcoming auction.

Civil aviation ministry suggests no cabin baggage for passengers in initial phase

PRESS TRUST OF INDIA
Mumbai, May 12

FILLING UP OF a detailed questionnaire related to Covid-19, carrying no cabin baggage, using Aarogya Setu app and reaching airport at least two hours before a flight departure are among the suggested requirements for air passengers during the initial phase after resumption of commercial flights.

The civil aviation ministry has come out with a draft Standard Operating Procedure (SOP) for restarting commercial air passenger services in the country, which remain suspended since March 25 in the wake of the lockdown to curb spreading of coronavirus infections.

"It is clarified that suggestions were sought on a draft discussion paper from airlines and airports. The suggestions have now been received. The final SOP is yet to be issued," the ministry said in a statement.

Green status on Aarogya Setu app, web check-in, and temperature checks for all domestic departing and arriving passengers have also been proposed. The draft SOP, circulated among stakeholders, has also mooted rostering the same set of cabin and cockpit crew as long as possible in order to prevent possible cross contamination.

Not just for passengers, the draft SOP has suggested measures that could be followed by security agencies as well as airport operators, including doing away with identity card checks at airport entry gates and ensuring social distancing requirements.

Another suggestion is to keep three rows of an aircraft vacant for isolating any passenger who has a medical emergency onboard.

The draft SOP was prepared after discussions with stakeholders, including airlines and airport operators. Comments have been sought from the stakeholders on it, according to sources.

Notably, the draft document is silent on leaving the middle seat of the aircraft vacant for maintaining social distancing. Aviation regulator DGCA had made a suggestion about leaving middle seat vacant, prior to suspension of commercial flight services in March.

"A questionnaire to be circulated to the passenger and filled up by them in advance about their past history related to Covid-19 and quarantine, if any, in last one month.

"Any passenger who has undergone quarantine in the last one month to be sent for security at the isolated security check unit only," as per the document. According to the document, passengers should be advised to familiarise themselves about the new procedures at the airport, especially about social distancing norms and ensuring minimum touching of various surfaces.

They should also be familiar with baggage limitations, Covid-19 questionnaire, need to register on Aarogya Setu app, possibly slower processes at airports and use of authorised taxis to reach airport, it said.

The ministry has proposed that passengers should reach the airport at least two hours before a flight and do away with passenger identity checks at airport entry gates to minimise rush at the entry points.

Passengers can do web check–in and carrying cabin baggage should not be allowed in the initial phase of operations, as per the document.

Further, the ministry has suggested that passengers denied travel due to high temperature or age should be permitted to change their date of travel without penalty and airlines would have to maintain their records.

Airports should have an isolation zone in the terminal building as well as the airside for passengers showing symptoms and state governments should provide requisite help with medical infrastructure in case an airport does not have an APHO (Airport Health Organisation) set-up, it noted.

States gear up for quarantining Rajdhani travellers

NIVEDITA MUKHERJEE
New Delhi, May 12

AMID FEARS THAT the relaxations of lockdown guidelines may lead to a spurt in Covid-19 cases, some states, including Tamil Nadu, Kerala, West Bengal and Karnataka have decided to insist on strict quarantine periods for those arriving from other states by the special Rajdhani trains that began operations on Tuesday. During their video conference with prime minister Narendra Modi on Monday, several states had expressed concerns over the resumption of regular trains as many felt that their quarantine facilities might not be adequate to take care of such large influx of people.

According to guidelines issued by Tamil Nadu government, Covid-19 testing will be mandatory for persons travelling to the state from other parts of the country at entry points and if they are found Covid-19 positive, they will be taken to hospitals. However, in the case of persons coming in from hotspots – Delhi, Gujarat, Maharashtra – even if the test results are negative, they will be sent to institutional quarantine for seven days. After seven days, if a person displays no symptom, he or she will be sent home for another seven days of home quarantine or be kept in government quarantine if there are no quarantine facilities at home.

West Bengal has said that passengers arriving at Howrah railway station would have to carry a Covid pass from the state's Covid-19 portal. They will then be screened and if tested positive will be quarantined.

Similarly, according to the revised guidelines issued on Tuesday by the Kerala government, people seeking to travel to the states from other states need to register themselves with the official 'Covid-19 Jagrata' portal to obtain entry passes.

For those who have already registered for travel to the state by other means, including own transport, will have to re-register if they now seek to travel by the trains. The boarding and destination stations, train number and PNR number are required to be furnished. On arrival, those with viral infection symptoms like fever or flu will have to undergo tests and may be taken to the special Covid hospitals in the vicinity of the stations where they arrive while those without any symptoms will be sent to 14-days home/institutional quarantine, under the close supervision of the healthcare/local authorities. Vehicles will be made available for people arriving by these trains to go to their homes, maintaining social distancing norms, during the journey and the drivers of these vehicles will also be put under home quarantine.

Karnataka chief minister B S Yediyurappa has approved a list of protocols for people returning to states from other parts of the country and from abroad, as per which each applicant is required to register in designated portal giving details of his or her place of arrival in the state and date. The applications, including those who wish to board the special Rajdhani trains, will be cleared only on the basis of availability of quarantine facilities. The travellers will have to initially pay for the train tickets but the state government will later refund the fares.

As it restarted passenger train operations from Tuesday in a limited manner, the railways made it clear that only asymptomatic passengers holding confirmed e-tickets will be allowed to travel. To start with, 15 pairs of special air-conditioned Rajdhani trains (30 return journeys) will run from New Delhi station, connecting fifteen stations across the country.

The railways will keep ticket booking counters at the stations closed, prohibiting the issuing of counter tickets, including platform tickets as well as booking of tickets through agents. However, a railway official told *FE* that each coach will be filled to capacity and that seats will be fully booked, casting doubts about the standards of social distancing.

The special Rajdhani trains will run to Dibrugarh, Agartala, Howrah, Patna, Bilaspur, Ranchi, Bhubaneswar, Secunderabad, Bengaluru, Chennai, Thiruvananthapuram, Madgaon, Mumbai Central, Ahmedabad, and Jammu Tawi.

Rlys makes Aarogya Setu mobile app 'mandatory' to travel on special trains

PRESS TRUST OF INDIA
New Delhi, May 12

A DAY AFTER it 'advised' passengers travelling by the special trains that started operating on Tuesday to install the government's Aarogya Setu mobile application, the Indian Railways has now made it 'mandatory' to do so.

However, officials said any 'exception' will be decided on a 'case-to-case basis', but did not rule out disallowing passengers who do not have the app installed on their mobile phones from boarding the trains. While the guidelines issued by the railways for the 15 pairs of special trains running between Delhi and major cities of the country did not say that installing the mobile app was mandatory, a late night tweet posted at 12:24 am on Tuesday by the railway ministry made it compulsory.

"Indian Railways is going to start few passenger train services. It is mandatory for passengers to download Aarogya Setu app on their mobile phones, before commencing their journey," the tweet said.

Sources said while many among the nearly 8,000 passengers, who travelled on the eight special trains that operated on Tuesday, did not have the Aarogya Setu app no one was denied travel rights because they had not downloaded it.

"They were allowed to travel provided they were asymptomatic," an official said. Sources said many senior officials were not aware till Tuesday morning that the app had been made mandatory. Railways spokesperson R D Bajpai confirmed that the app was now mandatory for train travel. He said since a mobile phone number is also compulsory to book tickets online, all passengers will have to carry mobile phones with them.

"Passengers should come to the station after installing the Aarogya Setu app and it is mandatory for travel. The railways has made it compulsory and the passengers should install it for their own safety. Since all passengers carry mobile phones, this should not be an issue. Also, we will provide the passengers with all the help needed to use the app," he said.

Officials, however, said if a passenger does not have a mobile phone, a decision will be taken on a 'case-to-case basis', adding that it is unlikely that someone travelling on a Rajdhani train will not have a phone.

"We did not make this app compulsory on the special trains for migrants," Bajpai said. Sources said installing the app was made mandatory after a Union ministry of home affairs (MHA) missive, following Prime Minister Narendra Modi's meeting with chief ministers on Monday.

Passengers who do not have the app installed on their mobile phones might be asked to do so after their arrival at the station, they added.

The government last month launched its own contact-tracing app, Aarogya Setu, developed by the ministry of electronics and information technology. The aim of the app is to prevent the spread of the novel coronavirus.

Until recently, only smartphone users were able to use the app to get updates on whether they had unknowingly come in contact with a Covid-19 positive person and could contract the virus. Subsequently, to cover feature phones and landline connections, the government launched the Aarogya Setu Interactive Voice Response System (IVRS).

The IVRS is available across the country as a toll-free service, where a feature phone and landline user will need to give a missed call to the number 1921 and will get a return call, requesting for inputs regarding their health.

The questions asked are aligned with the Aarogya Setu app and based on the responses given by the caller. The caller will get a text message indicating her/his health status and alerts for her/his health moving forward.

The government has said the inputs provided by the citizens will be made part of the Aarogya Setu app database. The information provided will be processed to send alerts on the actions needed to be taken to ensure user safety.

Crude oil prices to stabilise over next 4-6 quarters: Icra

PRESS TRUST OF INDIA
Mumbai, May 12

CRUDE OIL CRASH is creating several headwinds for both up-stream and downstream companies, a report said expecting prices to stabilise over the next four-six quarters given the shape of the global economy.

While the global economy is projected to contract 3% this year, the domestic economy is forecast to stall completely, though may stave off contraction, according to many analysts.

India, the third largest fuel consumer and importer, is under a seven-week Covid-19 lockdown ending on May 17, has seen demand almost halving during the national shuttering, while the global demand crimped by 30% in April, when almost the whole world was under lockdowns.

> India, the third largest fuel consumer and importer, has seen demand almost halving during the national shuttering, while the global demand crimped by 30% in April

The prices fell also because crude has been in substantial oversupply since February.

According to an analysis by domestic rating agency Icra, Brent crude is likely to trade in the range of $20 to $40 a barrel in the medium term or till the Covid-19 infections abate, as the world is fearing a second wave of the pandemic from next winter.

"Brent may trade in a band of $20 to $40 a barrel until the Covid-19 fears abate, with intermittent volatility depending on news flow," Icra told a webinar on Tuesday.

The plunge in global crude prices — down from $77 a barrel early January to mid-$20s now — is highly credit negative for domestic upstream players, while refining and marketing companies and gas utilities also face several headwinds.

Profitability of the downstream sector will also be impacted by lower gross refining margins (GRMs).

This summer is unusual, say meteorologists

PRESS TRUST OF INDIA
New Delhi, May 12

WITH NO MAJOR heat waves recorded in the core zones so far and "excess rainfall" across the country, this summer is turning out to be unusual, say meteorologists.

Summer sets in March in the core heat wave zones of the north, central and east India, and intensifies in April and May until the first week of June, when the monsoon winds arrive. Apart from the northern and eastern plains, central India's Vidarbha-Marathwada region, Gujarat, and parts of southern India in Andhra Pradesh and Telangana are known as core heat wave zones, where temperatures rise above 45 degrees Celsius.

In western Rajasthan, the maximum temperature even crosses the half-century mark.

The IMD predicted above normal temperatures in core heat wave zones this summer. However, the temperature has not peaked to that level yet.

Instead, India received 25% excess rainfall between March 1 and May 11, according to the India Meteorological Department.

O P Sreejith, a senior scientist with the Long Range Forecast unit of IMD in Pune, said March recorded 47% more rainfall than normal and April saw 8 per cent more.

"This is not a usual phenomenon," said IMD director-general Mrutunjay Mohapatra.

India's carbon emissions fall for first time in four decades

RAJESH KUMAR SINGH
New Delhi, May 12

INDIA'S CARBON DIOXIDE emissions fell for the first time in four decades with a combination of economic weakness and competition from renewable power limited consumption of fossil fuels.

Emissions likely dropped by 1.4% in the year ended March, thanks to slowing demand for coal and oil over the previous 12 months, Centre for Research on Energy and Clean Air analysts Lauri Myllyvirta and Sunil Dahiya said in a report on Tuesday. Carbon dioxide releases plunged 15% in March and 30% in April from a year earlier, as a countrywide lockdown to halt the spread of the coronavirus further eroded fuel demand, the report said.

The pandemic could influence long-term energy planning in a country that's the world's third-largest emitter of carbon dioxide and heavily reliant on coal to drive its economic growth. Weeks of lockdown have eased India's chronic air pollution, raising hopes of a more sustainable solution.

With declining prices of clean energy, a shift in the country's energy mix is already emerging. India's coal-fired generation fleet had an average utilisation of 56% in the 12 months through March, the lowest in at least 15 years, power ministry data show.

"Any return of India's poor air quality and smog can be expected to trigger a stronger response," Myllyvirta and Dahiya wrote in the report.

—BLOOMBERG

Indian LPG reversal shows peril of buying fuel in pandemic

SAKET SUNDRIA & DEBJIT CHAKRABORTY
Singapore/N Delhi, May 12

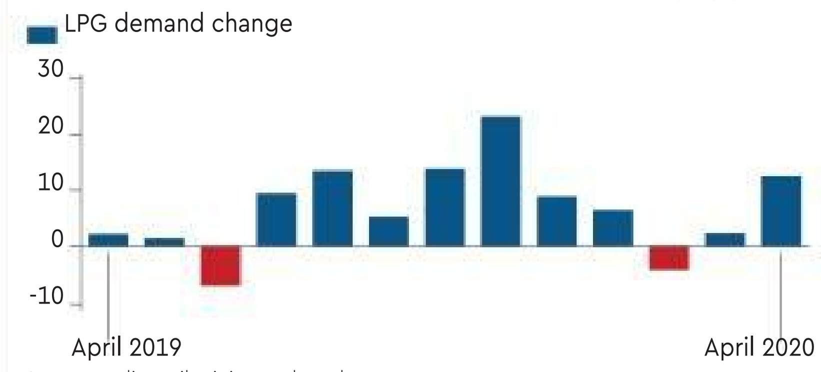
INDIA HAS CANCELED orders for multiple cargoes of liquefied petroleum gas just weeks after going on a buying spree as the nation went into lockdown, highlighting the difficulty of assessing fuel demand in a pandemic.

The nation's three biggest state-owned refiners have negotiated the cancellation of at least five cargoes of the fuel due to arrive in May and June with their suppliers in the Middle East, according to traders and company officials. The processors were left with too much LPG after over-estimating demand and ramping up purchases in late March and early April.

Consumption of transport and industrial fuels plunged after India imposed the world's biggest national lockdown on March 25, but LPG was resilient as it's mainly used for cooking at home. Demand for the gas, the only processed fuel that India imports large quantities of, was estimated to have jumped 40% in the first week of April as people rushed to stock up. The buying tempo wasn't sustained, however, with consumption increasing only 12% over the full month.

Mixed signal

LPG demand in April fell below expectations despite trend-defying growth



Source: India's oil ministry, Bloomberg

The Indian refiners' predicament shows how difficult it is to assess demand in the midst of a fast-evolving pandemic. The country's initial three-week stay-home order has already been extended twice but has also been relaxed with factories, offices and transportation restarting gradually. The government's announcement in late March that it would supply LPG free to 83 million poor households may also have skewed the refiners' buying decisions.

"Panic buying in India last month somewhat boosted demand and thus imports of LPG," said Jeslyn Chua, an analyst at industry consultant FGE. "Despite India extending the lockdown until May 17, it's not going to boost LPG demand as Indians have already covered their needs for May and June."

The five LPG shipments of around 45,000 tonne each bought by Indian Oil, Bharat Petroleum and Hindustan Petroleum have been cancelled through mutual agreements with the suppliers, according to the traders and officials who didn't want to be named due to internal company policy. The Indian companies typically import 25-30 cargoes a month through long-term contracts with producers including Saudi Arabia, Qatar, Oman and Kuwait.

Spokespeople at the three refiners didn't respond to emails seeking comment.

The processors went on a buying spree just after the lockdown was announced, with oil minister Dharmendra Pradhan even asking the Saudis to ensure there was enough supply for India as local processors implemented production cuts. They issued tenders to buy at least 7,37,000 tonne of LPG for delivery in April, May and June, normally the leanest months for consumption of the gas, but ended up purchasing just over half that amount as prices skyrocketed.

India is likely to refrain from LPG buying on the spot market for the next few months, FGE's Chua said. The refiners will probably only return in September after they draw down stockpiles to prepare for an increase in demand ahead of the Deepavali festival, she said.

—BLOOMBERG

3-month plan needed to deal with Covid-19 crisis, steps to be taken to revive economy: Mamata

PRESS TRUST OF INDIA
Kolkata, May 12

AN EARLY RELIEF from the Covid-19 crisis is unlikely, West Bengal chief minister Mamata Banerjee said on Tuesday, and underscored the need for a three-month plan to deal with the situation.

Targeting the BJP-led Centre, Banerjee said people were facing problems since the imposition of the lockdown on March 25 as the move was "poorly planned".

She also lashed out at the saffron party for allegedly instigating communal clashes in the state, amid the shutdown.

Stressing the need to revitalise economy, she said more relaxations were in the offing for red and green zones in the state.

"Don't think we will get relief from the Covid-19 crisis anytime soon. We should have a three-month short-term plan in place to tackle the situation. I have told district magistrates and police superintendents that this situation will continue but we need to focus on relaxations and revival of the economy," Banerjee said after a review meeting with state officials.

"Our rural economy has been hit. There must be a balance between tackling the pandemic and saving livelihoods," she said.

Banerjee, who is also the Trinamool Congress chief, said areas in red zones will be divided into three categories.

"Red zones in the state will be further divided into categories A, B and C. Zone A will have no relaxations, zone B will have some relaxations with adherence to social distancing and zone C will comprise areas outside containment zones. Essential goods and services will be available in zone C," she said.

District magistrates, along with senior police personnel, will decide on reopening of shops and availability of services in red zones, the chief minister said, adding that buses and taxis will be allowed to ply only in green zones.

"Editing and dubbing activities for film and television may resume, provided those involved strictly follow safety guidelines. Shooting, however, will not be allowed for now," she said.

Talking about her interaction with Prime Minister Narendra Modi during his video conference with chief ministers on Monday, Banerjee said Bengal gained nothing out of the meeting and was left "empty-handed".

The Centre is yet to clear the "legitimate financial dues" of the state, she claimed. "I have raised several issues during the meeting with the prime minister. But I must say we always return empty-handed after meeting with the prime minister. We are yet to get our dues," the chief minister said.

Rebuffing claims that the state government was trying to fudge Covid-19 figures, Banerjee said the allegations were levelled to malign West Bengal.

"When Bengal took a decision on reporting co-morbidity, we were criticised. Now other states are following suit. We never hid anything," she said.

Slamming a section of BJP leaders for allegedly instigating communal clashes, Banerjee said those found guilty will not be spared. "Stern action will be taken against those involved in communal clashes amid the lockdown. No one will be spared if found guilty of fomenting trouble," she said, referring to the violence that erupted last week in Hooghly district.

"People are already under so much stress due to this Covid-19 crisis. Add to that, some leaders are writing provocative posts to create problems. Yesterday, I told the prime minister how some central ministers were trying to invite trouble. A year to go before the assembly elections but one political party is getting impatient," Banerjee said.

Delay in auction hits tobacco farmers in Andhra Pradesh

FE BUREAU
Hyderabad, May 12

MOUNTING LABOUR COSTS and infrastructure expenses have put tobacco farmers in severe stress as they are unable to sell their harvest due to disrupted auctions amid lockdown.

Nearly 130 million kg of flue-cured virginia (FCV) in AndhraPradesh worth over ₹1,700 crore is waiting to be sold as the auctions are moving at a slow pace causing quality loss.

The demand for the crop has weakened due to declining volumes of cigarettes and other tobacco products due to prolonged lockdown, according to the Federation of All India Farmer Associations (FAIFA).

"FCV is mainly used by cigarette manufacturers and exported as well. More than 330 million kg of tobacco worth ₹2,700 crore is lying in the open fields as the traders are not ready to pick-up the produce because government has banned the sale of tobacco products. The rains are expected in coming days and if the government does not start the sale of tobacco products, both traders and farmers will go bankrupt," Javare Gowda, president, FAIFA, said.

> According to FAIFA, more than 95% crop is waiting in barns to be sold and FCV tobacco farming community is estimating a loss in excess of ₹200 crore because of quality deterioration and weight loss

"The tobacco auction, which started during second week of March, was stopped due to lockdown. Usually in AP, the auction happens across 18 platforms, out of which only seven platforms started. With traders not actively participating, the quality is affected," he said.

The tobacco auctions for the winter FCV cultivation usually starts in March. Farmers got an average price of ₹121.53 per kg for the crop in 2019. However, this year, the demand has been very weak from the traders due to rising inventory of cigarettes in the market during the lockdown and delay in export shipments.

According to FAIFA, more than 95% crop is waiting in barns to be sold and FCV tobacco farming community of Andhra Pradesh is estimating a loss in excess of ₹200 crore because of quality deterioration and weight loss.

"We request the government to start the auctions in all the tobacco auction platforms. The government should also direct the Tobacco Board and other concerned officials to coordinate with FCV tobacco manufacturers, exporters and traders to facilitate reasonable prices (pre-covid market prices) for FCV tobacco produce at the auctions in Andhra Pradesh and Karnataka," Gowda said, adding that though auctions have resumed in green zones, the pace of auction is very slow. As against sale of 1,000 bales a day, 80-150 bales are being sold.

"We request the government of India to sanction a compensation amount of ₹25,000 each to all registered FCV tobacco growers, about 50,000 farmers, for their very survival. Failure to bail out the current duress for tobacco farmers will force many of them into debt trap," he added.

NMDC cuts iron ore prices by ₹400/tonne

PRESS TRUST OF INDIA
New Delhi, May 12

NMDC, THE COUNTRY'S largest iron ore miner, on Tuesday said it has reduced the prices of lumps and fines by ₹400 per tonne.

The company has reduced the price of lumps or high-grade iron ore by ₹400 to ₹2,250 per tonne, the company said in a BSE filing.

The price of iron ore fines, which are inferior grade ore, has also been reduced by ₹400 to ₹1,960 per tonne.

The revised prices exclude royalty, District Mineral Fund (DMF), National Mineral Exploration Trust (DMET), cess, forest permit fee, and other taxes, NMDC said.

It added that the new rates are effective from May 9.

This is the fifth price revision by NMDC in 2020.

The last revision was made on April 4, when NMDC had reduced the price of lumps by ₹500 to ₹2,650 per tonne, down ₹500 from ₹3,150 per tonne fixed on March 14. The price of fines was also down by ₹500 to ₹2,360 per tonne from ₹2,860 per tonne fixed by NMDC on March 14.

NMDC produces about 35 million tonnes of iron ore from three fully-mechanised mines.

Companies

WEDNESDAY, MAY 13, 2020

STEEL SECTOR

Seshagiri Rao, joint MD & group CFO, JSW Steel

Government handholding is required either by monetary measures or fiscal measures to support it (steel sector)... as the recovery will take take a much longer time in India

Quick View

Covid: Glenmark starts Phase 3 clinical trials on Favipiravir

GLENMARK PHARMACEUTICALS on Tuesday said it has initiated Phase 3 clinical trials on antiviral drug Favipiravir to check its efficacy on Covid-19 patients in India. The Mumbai-based company had received approval from Drug Controller General of India last month to conduct clinical trials of Favipiravir antiviral tablets for the treatment of Covid-19 patients.

Renault India opens office, dealerships

RENAULT INDIA announced that it has opened more than 194 showrooms and workshops in line with the new safety protocols and the remaining touchpoints will be opened in a phase-wise manner, based on permissions from the local authorities. Renault dealerships have taken care to sanitise their facilities and test-drive cars.

Toyota Kirloskar resumes retail, after-sales ops

AFTER WEEKS of nationwide lockdown leading to complete shutdown of manufacturing and retail units, Toyota Kirloskar Motor on Tuesday announced partial resumption of dealer and after-sales operations. The company announced the partial reopening of 171 dealership outlets, which are now functional.

Honda Cars India reopens 155 dealerships

HONDA CARS India on Tuesday said 155 dealerships have reopened after getting necessary approvals from local authorities to restart operations. This includes 118 showrooms and 155 service outlets cumulatively.

JK Paper Q4 net profit decreases 17.9%

JK PAPER on Tuesday reported a 17.91% decline in consolidated net profit at ₹92.72 crore for the quarter ended March 2020 due to Covid-19 and subsequent disruptions. It had posted a net profit of ₹112.96 crore in January-March quarter a year ago, JK Paper said in a regulatory filing. Revenue from operations fell 6.54% to ₹806.66 crore during the period under review as against ₹863.18 crore a year ago, the company said.

T-Works, Micromax tie up for ventilators

T-WORKS, A Telangana government start-up incubator for hardware industry, has entered into an agreement with Bhagwati Products, part of the Micromax group, for manufacturing mechanical ventilator for Covid-19 patients. As part of the agreement, Micromax would be taking up production of the device at its manufacturing facility in E-City, Maheshwaram in Ranga Reddy district.

ICAI earmarks corpus fund of ₹100 crore for students

THE INSTITUTE of Chartered Accountants of India (ICAI) is taking various initiatives for the overall development of its students by helping them to strengthen their knowledge. In this context, ICAI has created and earmarked a corpus fund of ₹100 crore to provide scholarships for students who are pursuing a chartered accountancy course; beneficiaries will gradually be increased.

NFL's fertiliser sale increases 71% in April

NATIONAL FERTILIZERS (NFL) has recorded 71% growth in fertiliser sale in April compared to the year-ago period. It recorded fertiliser sale of 3.62 lakh mt in April 2020 compared to 2.12 Lakh mt in April 2019.

CWC organises webinar on Covid-19 challenges

CENTRAL WAREHOUSING Corp (CWC) held a live webinar on April 27. Its aim was to deliberate on the requirements for a comprehensive agri-logistics framework and highlight key trends, among others. A strategy to overcome the barriers posed to the supply chain ecosystem by Covid-19 was discussed.

RIL raises over ₹10,000 cr via short-term bonds in single day

FE BUREAU
Mumbai, May 12

RELIANCE INDUSTRIES (RIL) on Tuesday raised over ₹10,000 crore via short-term bonds that saw its yields drop by about 25 basis points compared to last month, according to information provided by dealers.

Dealers told *FE* that RIL raised ₹4,235 crore at 7.05% via 3-year and 4-month papers, while it raised ₹825 crore at 6.95% via 3-year paper. The firm also raised about ₹5,000 crore at 6.95% via papers having a tenor of about 2 years and 10 months.

In April, the firm had raised close to ₹8,510 crore via a two-part bond issue having a tenor of three years. Of the two-part issue, the one with a fixed rate had commanded a yield of 7.20% at the time. As a result, the firm has seen about 25 bps drop in the yield on its short-tenor papers.

Ajay Manglunia, MD and head of institutional fixed income at JM Financial, said that the market is slowly getting adjusted to the additional borrowing and although the impact of the announcement was seen on long-tenor bonds, short-term yields are more or less intact. "The RIL bond issue on Tuesday saw good demand. The firm has properly structured the tenors as per the investor appetite and that could be one of the contributing factors to such a strong response that allowed it to raise such a large quantum in a single day," Manglunia said.

Dealers said that RIL raised ₹4,235 crore at 7.05% via 3-year and 4-month papers, while it raised ₹825 crore at 6.95% via 3-year paper

Meanwhile, IREDA is believed to have withdrawn its bond issue that included 3-year and 5-year papers as bids were higher than the issuer's expectations, according to dealers. "There is always some difference between the yield on a PSU paper and a private sector paper. Although PSU papers usually get lower yields, I think the bid yields on IREDA were a bit higher on Tuesday than what they would have liked them to be," a dealer said.

Market participants say that although some firms can choose to hit the market at an appropriate time, there are entire sectors that are starved of cash and though some of these firms may be ready to raise funds at higher rates, they are facing continuous credit risk aversion by investors.

Mihir Vora, director and CIO, Max Life Insurance, said sectors like NBFCs, real estate, hotels, airlines, etc are facing credit risk aversion from investors as the Covid impact is elongated. "Unless the government comes out with some sort of credit underwriting and industry support to mitigate credit risks, I think the market will continue with risk aversion and we will see polarisation towards highly safe and liquid papers," Vora said.

ReNew in talks with GIC, CPPIB, others to sell 300 MW of solar assets

VIKAS SRIVASTAVA
Mumbai, May 12

RENEW POWER, INDIA'S largest renewable energy IPP, is in talks with more than half a dozen domestic and international investors to sell its 300-MW solar assets in Karnataka, as the company faces the heat of tariff renegotiation in Andhra Pradesh and issues of pending receivables from loss-making discoms.

According to people in the know, "ReNew is in talks with GIC and CPPIB among various other investors to sell their 300 MW solar assets in Karnataka, where 30% of their assets are located. The company is looking for cash to deploy in its under construction and upcoming projects of around 3,000 MW capacity."

The company is likely to raise ₹1,500 crore through the sale at a valuation of ₹5 crore per megawatt, the people said.

Emails sent to ReNew Power and GIC did not elicit any response till the time of going to press, while CPPIB spokesperson in a mailed response said, "We do not comment on market speculation or rumours."

ReNew's 717-MW wind and 70-MW solar projects were put on hold by the YS Jagan Mohan Reddy-led government in Andhra Pradesh, which refused to recognise all high-cost renewable PPAs signed under the previous regime at tariffs above ₹2.44/kWh. The majority of ReNew projects in Andhra Pradesh have tariffs above ₹5/kWh. The matter is before the Andhra Pradesh High Court pending final judgement. However, the company is getting paid now after the high court mandated discoms to pay at the suggested tariffs till the matter gets resolved.

Also, ReNew along with other developers has long pending receivables of over six months from Tamil Nadu, Andhra Pradesh and Telangana discoms, which is likely to further aggravate liquidity position if the lockdown continues further.

ReNew has a total of 4.9-GW operational wind and solar assets across eight states. In Andhra Pradesh, the portfolio comprises of 717-MW wind project and around 70-MW solar projects.

In Karnataka, where the company is selling 300 MW of solar assets, 640 MW is wind while 650-MW capacity is solar. Most of these solar projects have a tariff between ₹4.5/kWh and ₹5/kWh.

Around 3,200-MW projects are in the pipeline, according to their website.

Fitch Ratings has cut ReNew's plant load factor (PLF) expectations by 5% due to lower power demand during the lockdown, and has also forecast an increase in pending receivable days by 90 days to 201 days for FY21, to factor in payment delays from off-takers, including discoms and direct-sales customers.

The rating agency believes that ReNew has readily available cash and cash equivalent of ₹4,100 crore as of March 31, 2020 against the current debt maturities of ₹2,700 crore, but "the significantly higher PLF reduction or increase in receivables could lower the liquidity buffer, as we expect the company to generate negative free cash flow in the near-to medium-term due to ongoing capacity additions".

Nestle India Q1 net grows 13.5% to ₹525.43 cr

PRESS TRUST OF INDIA
New Delhi, May 12

FMCG MAJOR NESTLE India on Tuesday reported a 13.54% rise in its net profit at ₹525.43 crore for the first quarter ended March 2020.

The company, which follows January-December as its financial year, had posted a net profit of ₹462.74 crore in the same period a year ago.

Its net sales went up 10.84% to ₹3,305.78 crore during the quarter under review, from ₹2,982.39 crore in the corresponding three months of the last fiscal.

"Our company remained resilient in the first quarter, as the numbers indicate, and delivered volume and mix led growth. MAGGI, KITKAT and Nestlé MUNCH delivered strong performances," said Nestlé India chairman and managing director Suresh Narayanan.

Contribution from e-commerce went up significantly and commodity prices for milk and its derivates continued to be on the rise during the quarter, he added.

Nestle India's domestic sales were up 10.72% at ₹3,124.23 crore as against ₹2,821.55 crore in January-March 2019.

Its exports rose 12.87% to ₹181.55 crore from ₹160.84 crore in the corresponding quarter a year earlier.

Total expenses during the quarter grew 12.15% to ₹2,664.27 crore as against ₹2,375.53 crore a year ago.

"As Nestle India, we have successfully overcome many challenges and are confident that, together with all those who are fighting against this pandemic and its consequences — we shall overcome this time again," said Narayanan.

Intensive healthcare: TVS group, IIT-M develop affordable respiratory device

FE BUREAU
Chennai, May 12

THE TVS GROUP and IIT Madras (IIT-M) have jointly developed a low-cost, automated respiratory assistance device, 'Sundaram Ventago', to provide breathing support to patients through controlled and automated squeezing of a self-inflating or Ambu bag. It includes functionalities to control respiratory rate (breaths per minute), tidal volume, pressure parameters and I:E ratios.

Sundaram Ventago provides physicians a simple and cost-effective option to treat patients with respiratory difficulty in case of shortage of ventilators, and is especially useful in remote areas where ventilator facilities are not available.

The device works with or without compressed/hospital air and oxygen and requires only a standard power connection to operate (easy to use in non-ICU wards, ambulances, remote/rural areas). It can also be used in conjunction with a standard UPS or can be mounted on a crash cart, wheelchair, bed, in an ambulance to support patient mobility. Developed in association with local hospitals, Sundaram Foundation, with guidance from global educational institutions like MIT-Boston, Sundaram Ventago is designed to internationally accepted medical standards with an objective to give every patient quality medical support at an affordable cost, stated the company press release on Tuesday.

Its design was evolved over multiple stages using a rapid product development model where a cross functional team worked with top anaesthesiologists, pulmonologists and intensivists from leading hospitals to integrate clinical inputs into the design.

Smartphone shipments: India only market among top 3 to post growth in January-March period

RISHI RANJAN KALA
New Delhi, May 12

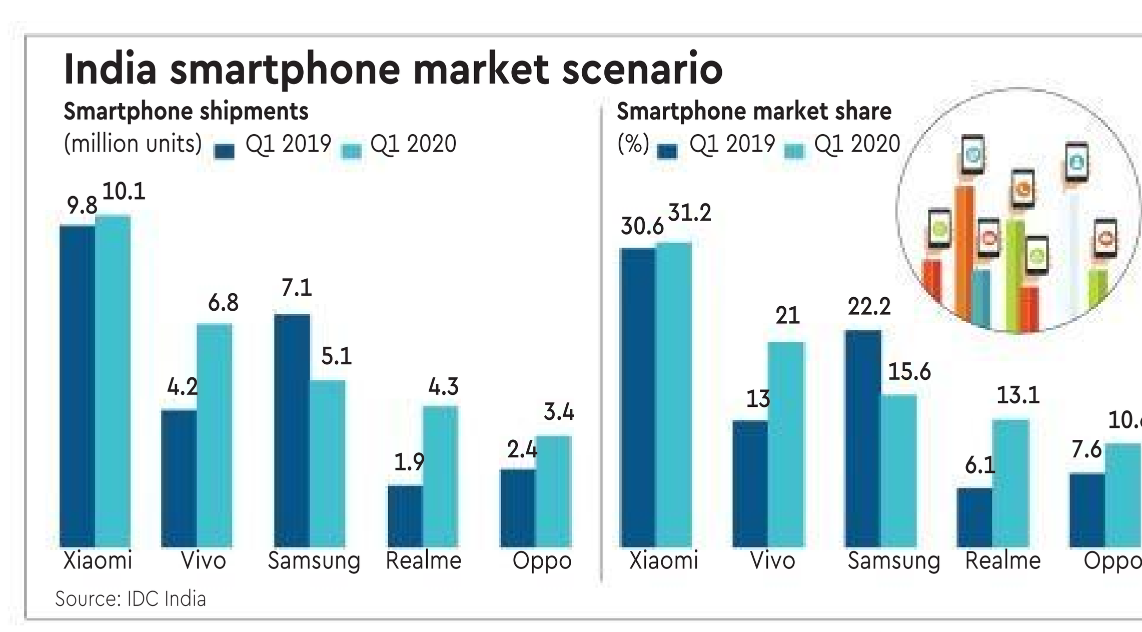
INDIA'S SMARTPHONE SHIPMENTS rose, albeit marginally, by 1.5% year-on-year (y-o-y) to 32.5 million units during January-March of calendar year (CY) 2020 even as the novel coronavirus (Covid-19) jolted markets globally. India is the only market among the top 3, which includes China and the US, to have posted a growth during the quarter.

However, the pandemic's impact on the domestic market has become more pronounced, with IDC forecasting that during 2020 (CY), India will experience a slower-then-expected consumer demand and supply chain disruptions.

According to IDC, India was the only country among the top 3 to see any growth, as both the China and US markets declined y-o-y by (-)20.3%) and (-)16%, respectively, in Q1 2020.

Inventories in the Indian market remained high through distribution channels due to seasonally low demand in the first quarter, clubbed with the Covid-19 impact from mid-March 2020 onwards, as the nationwide lockdown was announced, the market research agency added.

"Online channel grew by 9% y-o-y in Q1 2020 due to multiple new launches, attractive discounts, cashback offers and affordability schemes registering a share of 43.1%. While offline channel shipments declined 3.5% y-o-y, owing to fewer consumer offers, fewer retail walk-ins and a more aggressive portfolio available on e-tailer platforms across leading brands," IDC India associate research manager (client devices) Upasana Joshi said.



With a 5.5% y-o-y growth, the average selling price (ASP) for the smartphone market stood at $171 (around ₹12,500). The sub-$200 (₹15,000) segment continued to dominate, accounting for 76.2% of the total market.

The mid-range segment of $200-300 (₹15,000-22,000) grew 87.4% with its share doubling to 18.2% (of the total market) in Q1 2020, mainly due to Samsung the Galaxy A51, the Vivo S1 pro/S1, and the Redmi Note 8 Pro.

The mid-premium segment of $300-500 (₹22,000-35,000), with a share of 3.8%, declined on an annual basis by 33.8%.

In this space, Samsung shipments still witnessed multifold growth with the newly-launched Galaxy A71, Galaxy S10 Lite and Galaxy Note 10 Lite, followed by the Realme X2 Pro/X50 Pro and OnePlus 7T.

In the premium $500+ (above ₹35,000) segment, Apple continued to dominate with a market share of 62.7%, followed by Samsung and OnePlus.

The ultra premium $700-1,000 (₹50,000-70,000) segment registered a high growth as well, as shipments doubled y-o-y, with the iPhone 11 accounting for 68% of shipments in this segment.

Going ahead, IDC India's research director (client devices & IPDS) Navkendar Singh expects Covid-19 to have a substantial impact on the Indian mobile phone market in 2020, with potential supply chain disruptions and slower-than-expected consumer demand for the next few quarters.

"IDC expects the India mobile phone market to follow a U-shaped recovery from Q3 2020 onwards. The pent-up demand from first half of the year will gradually shift to second half, rolling over to 2021 as well. A revival in consumer demand is expected around the festive quarter of Q4; with amplified marketing and promotional activities," he added.

Mahindra Holidays seeks to make use of slowdown and buy resorts

GANESH NAGARAJAN
Chennai, May 12

MAHINDRA HOLIDAYS & Resorts India, a unit of the nation's biggest utility-vehicle maker, is looking to buy distressed assets as the worst economic slowdown in recent history presents opportunities.

"There are opportunities coming to us and we are going to prioritize drivable-distance resorts versus resorts which are further away from the city," said chief executive officer Kavinder Singh in an analyst call on Monday. Mahindra Holidays' shares surged 18% on Monday, paring this year's decline to 35%.

Besides acquisitions, the company is building one resort each in the states of Goa and Kerala.

It has restarted construction work in Goa, while it's waiting to restart work in Kerala, Singh said. The company had cash reserves of ₹7.81 billion at the end of March.

The company, whose operations were affected because of coronavirus, expects domestic travel to recover quickly once travel restrictions are eased, Singh said.

Once people learn to live with masks and maintain distance, they would still want to go to drivable destinations, he added.

BLOOMBERG

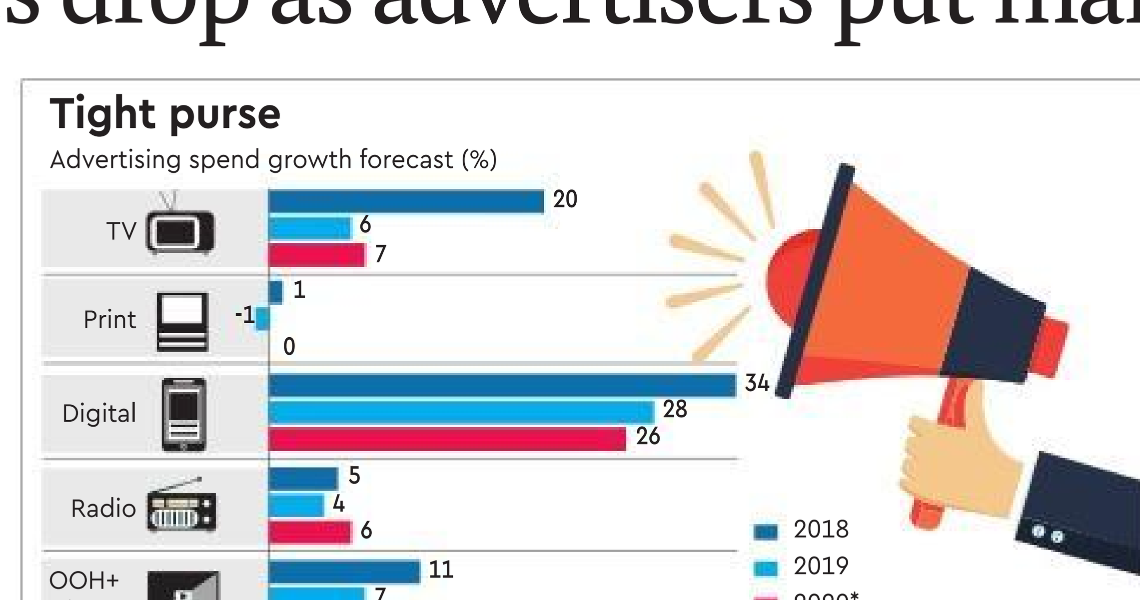
Digital ad rates drop as advertisers put marketing on hold, shows report

VENKATA SUSMITA BISWAS
Mumbai, May 12

AUDIENCES UNDER LOCKDOWN across the country are spending more time than ever before on social media, streaming platforms, and consuming content of all genres. Despite this high traffic, advertising on digital platforms has taken a heavy beating.

Facebook and Google, the two behemoths who attract nearly 80% of all digital advertising spend, have seen a drop in ad spends in March. YouTube's year-on-year ad revenue growth rate has decelerated and is now in the high single digits. And Facebook has seen both large and small advertisers pull out ads.

As per a BARC India and Nielsen report, digital advertising spends on platforms such as YouTube, Hotstar and TikTok have fallen sharply in categories like banking and finance, retail, durables, automotive and computers. Time spent on smartphones has increased by 16% during the lockdown and data consumption has peaked at 1.21GB per day per user. In India, digital media buyers have witnessed a minimum of 15-25% drop in ad rates of biddable digital inventory; in some cases, it has fallen by more than 30%. Biddable media refers to all inventory that can be purchased through auction platforms; nearly 85% of digital advertising spends are allocated to biddable media.



According to Mihir Karkare, co-founder and EVP, Mirum India, "Ad rates have dropped because the supply of inventory has increased, as people are spending more time online but the demand has reduced."

Ad inventory that is sold through direct buying has also been hit. "Some publishers are quite willing to discount certain commitments specifically during this lockdown period; this is primarily on reservation buys," says Vishal Chinchankar, chief digital officer, Madison Media. Platforms such as Hotstar and Zee5 are selling their programmatic inventory at a discount of about 15-20%.

Brands in categories like e-pharma, OTT video streaming, ed-tech and online gaming have continued to spend on digital advertising through the lockdown. But not all brands that are relevant during the pandemic are advertising online.

Big Bazaar did not see the need to spend on buying ad inventory during the lockdown. "We instead used our social media platforms to inform consumers. In fact, Big Bazaar was among the most searched keywords during the lockdown on Google, so we did not need to push our brand into the consumer's consideration," says Pawan Sarda, group head — digital, marketing and e-commerce, Future Group.

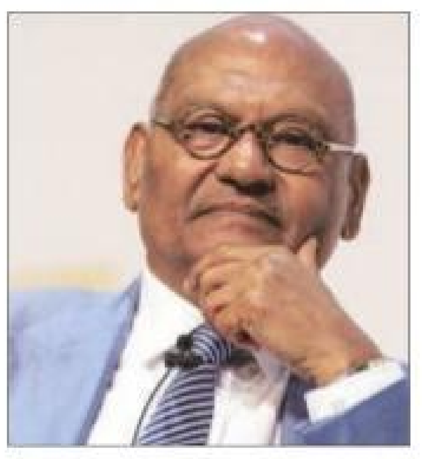
Sirona Hygiene halted all digital ad spend until April 15. "We have resumed advertising online now, but we are spending only one third the planned marketing budgets. Although bids/cost has come down but so has the search and fulfilment capabilities. Customers are placing orders but not getting stock in time due to which cancellations are also high," explains Deep Bajaj, founder, Sirona Hygiene.

While the digital advertising industry will not be able to recover the losses incurred during the lockdown, the hope is that advertisers will return with a vengeance when supply chains resume. "Spends will keep pace with economic activity and we expect that by July-August some kind of normalcy will return," says Gautam Mehra, CEO, DAN Programmatic, and chief data officer at Dentsu Aegis Network.

The Indian digital advertising industry which is worth about ₹27,803 crore was expected to grow at a CAGR of 26% as per the GroupM This Year Next Year report. Reduced ad spend as a result of the coronavirus outbreak could halve this growth, say industry watchers.

Anil Agarwal to take Vedanta private

PRESS TRUST OF INDIA
New Delhi, May 12



Anil Agarwal will buy out public shareholding for ₹16,200 crore

BILLIONAIRE ANIL AGARWAL on Tuesday announced plans to delist his Indian flagship Vedanta by buying out nearly 49% of public shareholding at ₹87.5 apiece. Vedanta, whose shares have fallen more than 40% this year, houses commodity as well as oil and gas business.

The company had a market value of under ₹33,200 crore going by Tuesday's closing price of ₹89.30 on the BSE.

At the offer price of ₹87.5, Agarwal's Vedanta Resources will have to shell out ₹16,218 crore to acquire all of the public shareholding. In a regulatory filing, Vedanta said it has received a letter dated May 12, 2020, from Vedanta Resources (VRL) expressing intention to acquire all fully paid-up equity shares of the company that are held by the public shareholders.

Agarwal's Volcan Investments has in the past taken his London-listed Vedanta Resources as part of the drive to simplify the corporate structure. "Vedanta Group continues its efforts to simplify the group structure. This proposed transaction is fully aligned to the robust strategy which has been pursued over the years," Agarwal told *PTI*. "Due to the impact of Covid-19 pandemic, we have accelerated the strategy in this challenging environment to ensure support for meaningful deleveraging and to enable us to continue to invest in the growth of the business." VRL along with the other members of the promoter group presently holds 51.06 % of the shareholding, excluding American Depository Shares issued by the company.

As on date, the public shareholders hold 48.94% of the paid-up equity share capital. In addition, the company has issued 6.54 crore American Depository Shares against 26.17 crore number of underlying equity shares.

"VRL has informed us of their willingness to accept the equity shares of the company tendered by the public shareholders in the delisting offer at a price of ₹87.5 per equity share which represents a premium of 9.9% over the closing market price of ₹79.6 as on May 11, 2020," the filing said.

Maruti resumes ops at Manesar plant

PRESS TRUST OF INDIA
New Delhi, May 12

THE COUNTRY'S LARGEST carmaker Maruti Suzuki India (MSI) on Tuesday resumed operations at its Manesar plant in Haryana after about 50 days of closure due to the coronavirus-led lockdown.

The company, which rolls out high-selling models like Alto, Swift, Dzire, S-Presso, Ertiga and Baleno from the plant, has initiated the work on a single shift basis. MSI is the latest carmaker to restart operations in the third phase of the nationwide lockdown.

The Manesar plant of MSI has an installed capacity of 8.8 lakh units per annum on double shift basis, and lost around 40 working days during the lockdown. MSI suspended work at both its plants in Haryana — Manesar and Gurugram — on March 22 to fight coronavirus pandemic. The company is yet to start operations at its Gurugram facility which rolls out models like S-Cross, Vitara Brezza, Ignis etc.

When contacted, MSI Chairman RC Bhargava told PTI, "The production has commenced at the Manesar plant and the first car would roll out today."

When asked by when would the plant become fully operational, Bhargava said it would depend on government regulations. "It will depend when the government allows double shifts. It would also depend when the authorities will allow increase in manpower, when will supply chain resume fully, so there are many variables involved."

However, he didn't give a clear answer on restarting manufacturing activities at Gurugram facility. "It will start but not yet", Bhargava noted.

Opinion

WEDNESDAY, MAY 13, 2020

FALSE ALARM?

Union minority affairs minister Mukhtar A Naqvi

"Misinformation against such a gracious and tolerant country and its effective leadership is nothing but the height of ignorance... My country will defeat and demolish the fake and fabricated Islamophobia"

Just change in labour laws or tax rates won't help

All the changes were needed, but given frequent U-turns in govt policies, convincing India Inc isn't going to be easy

IN SEPTEMBER LAST year, the government slashed the corporate tax rate to 22% from 30% for existing companies, and to 15% from 25% for new manufacturers in a bid to coax industry to start investing. Lately, state governments, too, have been trying to woo industry. Karnataka, for instance, has allowed businessmen to sell agricultural land converted for industrial purposes after seven years, provided the same enterprise is in operation. And, the Gujarat, UP, and MP governments have virtually scrapped labour laws, making it easier for enterprises to hire and fire workers, eliminating inspector *raj*, and marginalising the trade unions. A *Bloomberg* report says the trade ministry is mulling a strategy whereby units would be given a 10-year tax holiday for a minimum investment of $500 million, or a four-year tax holiday for an investment of $100 million. Even before this, there has been talk of the government having reached out to 1,000 global corporations to convince them to move out of China and set up shop in India. Indeed, there is much talk about the big opportunity that has come India's way post the pandemic. The fact is, the opportunity was always there, we failed to capitalise on it because our regulations are unreliable, even unfriendly, our wages uncompetitive, labour laws outdated, and infrastructure insufficient.

Let's face it, no corporation is so enamoured of our big market that it will set up shop here simply because the tax rate is now comparable with those of peer nations. By now, MNCs—and even locals—must be disgusted at the manner in which tax laws are interpreted and applied. A few years back, Nokia shut down its plant and moved out of Chennai after the local government slapped a ₹2,400 crore sales tax bill. That cost us some 10,000 jobs. For all the talk of eliminating tax terrorism, both MNCs and local industrialists have found themselves harassed by taxmen. The point is that the government—and this includes the states—needs to roll out industry-friendly policies that are not overturned at the first signs of protest from local industry, or to favour local businessmen. In e-commerce, for example, the rules are being constantly revised because local traders feel they are not on a level playing field; again, telecom regulations have favoured one company to the extent of nearly bankrupting others. Indeed, India's reputation for honouring contracts has taken a severe beating after a clutch of renewable energy PPAs having been dishonoured by states like Andhra Pradesh. Gujarat, Madhya Pradesh, and Uttar Pradesh may believe they have rolled out the red carpet, but few businessmen are likely to invest because there is no guaranteeing these rules won't be changed after a few years.

Few businessmen are likely to be inspired by a government so high-handed that it asks companies not to cut salaries and wages during the lockdown, even those that have been able to hammer out an agreement with the unions. Such interference is unwarranted, even in the prevailing situation. It is true that industrialists often bend the rules and wilfully default on loans, but the way to address these breaches is by using the law in the right manner, not by armtwisting them. To be sure, FDI flows, averaging $60 billion in the past four years, have been robust. Much of the investments, though, flowed into the services—especially, e-commerce—rather than manufacturing. But, in the last six years, exports have topped the FY14 earnings of $314.4 billion just once.

Seeds of reform

Use labour crisis to wean Punjab, Haryana off paddy for good

FARMERS IN PUNJAB and Haryana are shifting away from paddy cultivation, as per news reports, choosing instead to grow cotton, due to a shortage of nearly 1 million migrant labourers. The transplantation of paddy seedlings from nursery beds to fields being a highly labour-intensive process and requiring specialised knowledge, the farmers depend on labourers from Uttar Pradesh and Bihar. While mechanised transplantation is possible, equipment for this largely needs to be imported. The labour shortage might just be a blessing in disguise for the Punjab and Haryana governments, which have long failed in encouraging farmers to diversify their crops. Many farmers in both states, as per a report in *The Indian Express*, are sowing cotton on at least half of their farm area. The Punjab agriculture department has spoken of targeting an increase in the acreage under cotton in this kharif season to 5.5 lakh hectares (lh) from 3.92 lh last year, and a reduction of 3 lh in the total area under paddy in the state.

The singular focus on rice cultivation in the kharif season is largely because of the Centre's policy of minimum support price-based procurement of rice, and the states supplying free power for groundwater irrigation during the cropping season. The practices these policies have encouraged have led to recurring, systemic environmental problems—increased air pollution due to burning of paddy stubble, and depletion of groundwater level. Regions of Punjab and Haryana used to be the cotton belt of India before these policies incentivised a shift to paddy. This newspaper has long argued for replacing the power subsidy with direct cash transfers to farmers, as well as for scrapping price support for farmers in favour of a per-acre cost support that is directly transferred to their accounts. This model has successfully provided relief to farmers when price support schemes and loan waivers have failed. While the Punjab and Haryana farmers' spontaneous move away from paddy due to the labour crisis is certainly to be cashed in on, the turn to cotton, which itself requires significant quantities of water, must not lead to complacency on the government's part. Using this window to wean farmers off rice production means restructuring agri-policies. MSP and power subsidies must be the first policies to go, but more profitable and less water-intensive crops like corn must also be incentivised. Icrier professor Ashok Gulati has repeatedly pointed out corn's multiple benefits for farmers, included additional income from selling the ethanol extracted from it, and usage of the extract as cattle feed. While the government has a significant window to implement this overhaul of its agri-policies, it must, in the immediate run, given the shift to cotton, revise its anti-GMO stance and allow farmers to cultivate the more profitable HTBT variety.

NEETKnots

Why force NEET on all medical colleges when NEXT serves as the touchstone of competence as a medical-school graduate?

THE SUPREME COURT'S recent ruling that the National Eligibility cum Entrance Test (NEET) is the only test that is to be used for admission to undergraduate medical programmes across the country could indeed ensure standardisation of medical entrance. But, India also needs to be producing many more doctors than it does now, and an entrance test that posts a very high qualification mark could be a hurdle. It may seem to help maintain a high standard of competence amongst medical professionals, but can't really be considered to be upholding merit, since reservations and the accompanying lower entry barriers apply in this system. Against such a backdrop, debarring minority medical colleges and private medical colleges from having their own entrance exams is a blunder. Private college entrances could allow for entry barriers that are not so high as to block out candidates who can join the medical profession with reasonable competence, or who missed out in the NEET process even though they posted better scores than the threshold for the reserved categories.

Besides, the exit exam (NEXT)—those hoping to practice in the country now need to clear the exam to get a licence—is already a benchmark for standards. The government could let private colleges have their own entrance exams and still control the quality of those who get into medical specialities/super-specialities. Say, 60% of the graduates from a medical college don't clear NEXT, its licence/affiliation could be revoked. Once a system of reporting NEXT performance is fully implemented, students will likely not join the institutions that have a poor performance record relative to others. What the medical education regulator must ensure is that medical colleges adhere to the standards, and that inspections are more rigorous.

LABOUR LAW AMENDMENTS

IN ITS URGENCY TO BRING IN FOREIGN INVESTMENTS TO ENCOURAGE FUTURE GROWTH AND EMPLOYMENT, GOVT MUST REMEMBER THAT TIMING IS AS CRITICAL AS THE CONTENT OF REFORMS

Panic reforms can be counterproductive

RENU KOHLI

New Delhi-based macroeconomist

Views are personal

AMIDST THE RAGING Covid-19 pandemic, structural policy changes to the labour market were announced last week. Four state governments—Uttar Pradesh, Madhya Pradesh, Gujarat, and Assam—set aside many legal regulations for a temporary period. Both, the proposed removal of many legal restrictions and the period of pause, vary across the states. The context, too, is set by the virus outbreak: To attract investments, notably foreign companies looking to relocate elsewhere from China in the aftermath of Covid-19. Such fundamental changes to a more flexible labour market are important, necessary steps to attract such investments, and build a large-scale manufacturing base for creation of mass employment. The reforms are welcome. However, in the desperation not to 'miss the manufacturing bus' this time at least, the reforms are more a 'caricature'. They lack uniformity, permanence, and good timing. The government should think more deeply and carefully about these issues. Panic reforms that are poorly timed and differentiated can be counterproductive, as recent structural reform experiences show. They run the risk of being reversed.

The determined effort to woo companies to shift to India over past favourites such as Vietnam, amongst others, is creditable. India has long struggled to achieve a strong large-scale manufacturing foundation for want of such fundamental changes to its labour markets that have now suddenly come about. These have long eluded India, no matter the colour of successive governments. The long-standing deficit in mass-job creation potential has withheld absorption of surplus labour that disengages from agriculture, which reduces one percentage point share in aggregate output every year. As a result, livelihood dependence upon agriculture has increased; a relatively small proportion of the labour force shifts to low productivity services. So, if there is an opportunity, especially when Covid-19 has wrought serious output losses that threaten India's medium-term potential, the government is rightfully trying to provide fresh economic impulse through structural policies, which should yield long-term benefits to employment and growth.

But, there are serious drawbacks regarding consistency and permanence. The restrictions lifted temporarily are different in each state, with some distinctions in new and existing businesses. For instance, UP scrapped all labour laws except four (preserving laws for accident compensation, construction employment, bonded labour, timely wage payments, children and women). Gujarat said no labour law will apply to all new firms that wish to, and existing firms that operate there; it retains minimum wages, safety, and accident compensation laws. MP plans massive exemptions to new manufacturing units from most provisions of the Factories Act, 1948, freeing safety and health norms, and the design of service conditions. Assam proposed to bring in fixed-term employment, and take more firms out of legal coverage of factories and contract workers.

So, for example, a company hypothetically sets up a manufacturing unit in UP but has a subsidiary in another state, it will face a different legal environment! How would an investor view this? It is unthought-of that labour market reforms, coming after so long, become a deliberated creation of different legal regimes across the country. It is more ludicrous that this differentiation is being planned when a completely reverse objective—an integrated national market—drove the indirect tax system reform for its harmonisation three years ago!

Two, the period for which these restrictions are relaxed also varies from three years (UP) to 1,200 days (Gujarat) and 1,000 days (MP). How does a prospective investor-entrepreneur view this when the set-up and construction phase of a new manufacturing plant itself is that long? The manufacturers require flexibility precisely when the plant commences, i.e., in the operational phase, to safeguard against business cycle fluctuations when they might need to prune down or exit altogether! This is basic economics. What is needed to convince investors, and of course for improving efficiency, is permanent change that fundamentally alters deep-rooted patterns in the functioning of the Indian labour market. This does not happen if restrictions are quickly set aside for 2-3 years! How do you convince an outside investor about continuity, knowing full well that India is a democracy? And, with a rich history of retrospective policy and regulatory changes that were well described by Swaminathan Aiyar in a recent article!

> The states' reforms come in the midst of the migrant labour crisis and given they remove established norms and practices, there is a risk of reversal

These reforms are a non-starter. Structural reform policies endeavour to change the working of an economy in a more fundamental way, which India requires. Even pre-Covid growth had slid to lower levels and was languishing there; now, there is further threat the pandemic will cause structural damage to potential output and productivity in the medium-term. Increasing the long-run growth potential with structural breakthroughs is important. But, such structural reforms require careful thinking and proper design, and cannot be carried out in desperation and anxiety to catch the manufacturing bus. Otherwise, they can be counterproductive.

The reforms are also not well timed: They come amidst a serious humanitarian crisis—a large-scale, prolonged exodus of migrant workers from their cities of work to their permanent homes in the worst of circumstances. Time will tell if their experience has permanently, or to some extent, destroyed or eroded trust and confidence in the state. Because the reforms remove established norms and practices, there is a risk of reversal. Just as the arguments for wide-spread economic reforms are very powerful, so may be the opposition at such a time.

Recent experiences establish how counterproductive structural reforms can be if not carefully designed and well-timed. For example, the goods and services taxation reform has failed to deliver the expected efficiency and revenue gains, precisely because of these reasons. GST reform was instituted in July 2017, barely six months after the adverse demonetisation shock, i.e., wrong timing. Since then, there have been constant revisions and changes to its design, formats, fulfilment requirements, rates, and so on. Two years later, this has still not stabilised, commonly regarded a failure, and more seriously, is perceived to have hurt the MSME segment.

The Insolvency and Bankruptcy Code (IBC) was expected to be the answer to all prayers of bad assets' resolution, restore banks' and corporates' health, and enable a fresh start to the private investment cycle. However, IBC is all but dead in spirit from constant changes, legal tangles and battles, the accompanying responses of all concerned parties to step outside the framework and get on with life by getting back to business-as-usual! Bad asset resolution is still an unaccomplished task five years after the first step towards it—asset quality review—was taken. The economic fallout of this is not insignificant.

The government's urgency to bring in foreign investments to encourage future growth and employment is entirely understandable. But, in the desperation and nervousness about the enormous devastation caused by Covid-19, it must not reform in a panic. For it runs the risk of losing sight of the larger, long-run picture of lasting reforms that are productive and irreversible. It should guard against the risks of these becoming counterproductive, and dangers of reversal.

The pandemic and the power sector

With the lockdown having the distribution and generation sectors of an already-tottering power sector, there is an immediate need for financial relief

SOMIT DASGUPTA

Former member (Economic & Commercial), Central Electricity Authority. *Views are personal*

FOR A SECTOR that was already tottering, Covid-19, and the subsequent total lockdown, could well be the last nail in the coffin. The power sector, whose problems with distribution are well known, had been going through a severe crisis even before Covid-19, due to the state of the economy. Power consumption (measured in billion units) has been falling since the second last quarter of FY20. While January 2020 figures show an increase on a year-to-year basis by about 2.6%, the corresponding figures for October to December 2019 are -12.4%, -5.7%, and -1.6%, respectively. Figures beyond January 2020 are yet to be released by the Central Electricity Authority. Low demand for power in the economy is having a ripple effect, both in the upstream and downstream sectors. This has resulted in coal piling up in the generating stations and the generators showing an unwillingness to buy the contracted amount of coal, passing on part of the stress to the coal sector.

With the total lockdown in place since March 25, the preexisting problems in the power sector have got further amplified, and it would be useful to see the effect of this separately for the generation and distribution sectors. POSOCO's figures indicate that the average demand on the grid (measured in GW) in April 2020 was 125 GW, as compared to 160 GW in April 2019, meaning a fall in demand of more than 20%. It is the coal-based plants that have been shut down since the renewable plants are treated as "must run". About 70% of the load on the grid is met by coal-based plants, which means that about 88 GW is being met from coal whereas the installed capacity of coal-based plants is about 200 GW. This only goes to show the extent of poor utilisation of capacity, which also leads to poor efficiency and enhanced wear and tear of the machines. With such a huge reduction in demand, the coal stocks available in the power stations today has gone up substantially and are around 50 MT, which translates to about 30 days' supply. Such a large stock of coal available with generators is almost unheard of in the recent past. The power stations are not in a position to stock any more coal since they have fully exhausted their storage capacity. Diverting this coal to other generating stations that are currently importing coal is also not possible as they too have adequate stock as of now. Besides, these plants are not designed to handle Indian coal parameters. The immediate solution, therefore, is to decrease domestic production of coal, which is now being resorted to.

In the distribution sector, the situation is no better. The lockdown has severely impacted revenue collection, and meter reading has come to a halt. Whatever is being billed is being done on a provisional basis, and payment from several consumers is not forthcoming. Though no confirmed figures are available, pan-India, it is estimated that revenue collection may have dipped by 20-30%. The fact that demand has nosedived from the industrial and commercial consumers is absolutely ruinous for the discoms since these are the consumers who pay a tariff substantially higher than the cost of supply. The states are keen to invoke the force majeure clause in their power purchase agreements and not pay fixed charge for the units that are shut down. This, however, is no panacea since not paying fixed charge will merely transfer the stress from the discoms to the generators.

It is learnt that some kind of relief package is under consideration for funding by the Power Finance Corporation and the Rural Electrification Corporation. This money will be used to pay for the past dues owed to the generators, amounting to more than ₹80,000 crore. It does not provide any relief to the discoms for the current problems they are facing on account of the pandemic. The government actually needs to give some thought to how it can help the discoms at this juncture by providing some kind of transitional finance. Even if the lockdown is lifted in the near future, industrial and commercial activity are not likely to resume in full swing anytime soon due to physical distancing norms and movement of labour and raw materials being in complete disarray. Other relief measures can also be debated, such as lowering the return on equity of the generators so as to somewhat reduce the cost of power. Whatever be the case, the time to act is now and any procrastination on relief to be provided to the distribution sector may prove to be very expensive.

LETTERS TO THE EDITOR

Preparing for worse

Apropos of "By Aug, we need 47 Cr test kit, 4 mn beds..." (May 12), it is clear that economic activity cannot be put on the back burner any more. A strong collaborative approach between the Centre and states will be the key in the fight against this pandemic. All states could learn a thing or two from the Kerala government's efforts to turn things around in a span of two months. And, since economy activity will gain pace across the country, there will be a spike in the number of cases as well as the mortality rate. Many experts have categorically stated that this disease will peak in June and July, so we must strengthen our healthcare system while simultaneously trying to come up with a vaccine for the disease. Supply of testing kits will also gain pace in the coming days, but we cannot compromise on quality. Close monitoring of supply and usage, with timely implementation of testing, is the need of the hour.

— Bal Govind, Noida

An ill-conceived plan

Would allowing students and migrants not been allowed to go home at a time when the country had only a few hundred cases not have been better than to allow movement now? It seems as though our prime minister is completely unaware of people's circumstances. The number of shocking incidents in which migrant labourers are victims has grown exponentially of late. If the countrywide lockdown had been properly preplanned, such horrifying incidents could have been avoided.

— Ibne Giasuddin, Mumbai

● Write to us at feletters@expressindia.com

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NANDINI VIJAYARGAHAVAN

Head of Research at Korea Development Bank. *Views are personal*

Optimising PSU payouts for fighting Covid-19

GoI must adopt a fiscally sound strategy to finance relief measures. For GoI to successfully monetise PSUs' stock dividends and borrow against PSU shares, engaging with fundamentally sound banks and institutional investors on a war footing is an essential prerequisite

THE ADAGE "WHEN it rains, it pours" aptly describes the government of India's current situation. The Indian government, like governments across the globe, faces the unenviable task of protecting lives and livelihoods while tax and non-tax revenues have plummeted, thanks to the Covid-19 outbreak. Dividend receipts from the RBI, public sector banks, financial institutions and public sector undertakings (PSUs) accounted for a tenth of GoI's revenue receipts in FY2020 (revised estimate).

Historically, RBI has been the single largest contributor to GoI's dividend receipts. During the five years ended June 30, 2019, RBI transferred 100% of its net disposable income to GoI, with its FY2019 dividends more than trebling to ₹1.76 lakh crore from ₹50,000 crore in FY18. With RBI actively engaged in providing banks liquidity support, the likelihood of RBI maintaining its FY20 and FY21 dividend payments at FY19 levels is low.

In the February 2020 Union Budget, the government had projected a 36% increase in dividend payments from PSUs to ₹65.747 crore in FY21. This target is unlikely to be achieved if PSUs continue to pay the government cash dividends.

Fifteen non-financial constituents of the Bharat-22 ETF (Exchange Traded Fund) accounted for almost 66% of PSUs' dividend payments to the government. The government must require all profitable PSUs to pay stock dividends for FY20 and FY21. PSUs conserve cash in an environment of uncertainly and declining profits by paying stock dividends.

Monetising stock dividends

The Indian government may adopt multiple methods to monetise stock dividends. First, it may raise (say) 5-year loans by pledging the shares received as dividends. Share prices of most PSUs are off their highs. The money raised through pledging shares at the current juncture will be lower than in a bull market. However, share prices are bound to appreciate when the economy recovers, thereby requiring the central government to sell fewer shares than it had pledged to repay its debt.

Second, GoI may inject the shares it has received as stock dividends in the Bharat-22 ETF. Third, GoI could sell the shares received as dividends to private-sector institutional investors and blue-chip companies that maintain sizable investment portfolios such as Reliance Industries, Infosys and TCS. GoI must negotiate with private sector institutional investors and high net worth retail investors with moderate to high-risk appetites to subscribe to the Bharat-22 ETF and effect bilateral share sales. Increasing Bharat-22 ETF's corpus and selling shares in a bear market requires considerable investor engagement on GoI's part; it is, however, not an impossible task.

Averting fire sales

GoI's decision to sell its 7.94% in ITC and 4.69% in Axis Bank held through the Specified Undertaking of the Unit Trust of India (SUUTI) to raise ₹22,000 crore is sub-optimal. ITC's and Axis Bank's closing share prices on May 6 were ₹164.65 and ₹386.35, respectively, less than half their 5-year peak prices.

Timing the market is challenging even for professional investors. However, GoI selling its ITC stake, which generated an estimated ₹614 crore of dividend income in FY19 and is currently valued at around ₹16,000 crore, during a cyclical downturn is short-sighted. This move diminishes the capital gains GoI could potentially earn and results in a loss of recurring dividend income.

As of March 31, 2019, the market value of SUUTI's quoted and unquoted investments was ₹40,726.68 crore and ₹1,439.44 crore, respectively. While SUUTI's quoted investments would have depreciated since March 2019, SUUTI may raise a loan by pledging its investments and upstream the proceeds to GoI as dividends.

The full-float market capitalisation of the S&P BSE PSU index excluding the Bharat-22 ETF constituents on May 6 was approximately ₹2,10,000 crores. GoI may transfer some of its non-Bharat-22 ETF constituents shares to a special purpose vehicle, which can pledge these shares and pay GoI dividends.

Overcoming the Covid-19 pandemic and ensuring the economy gets back on track is more important at the current juncture than addressing the macroeconomic weaknesses of high government indebtedness and fiscal deficit. GoI's initial ₹1.7 lakh crore relief measures, equivalent to 0.8% of GDP, was minuscule in comparison to those announced by similar-sized countries; now, the PM has announced that the relief measures will be expanded to total ₹20 lakh crore.

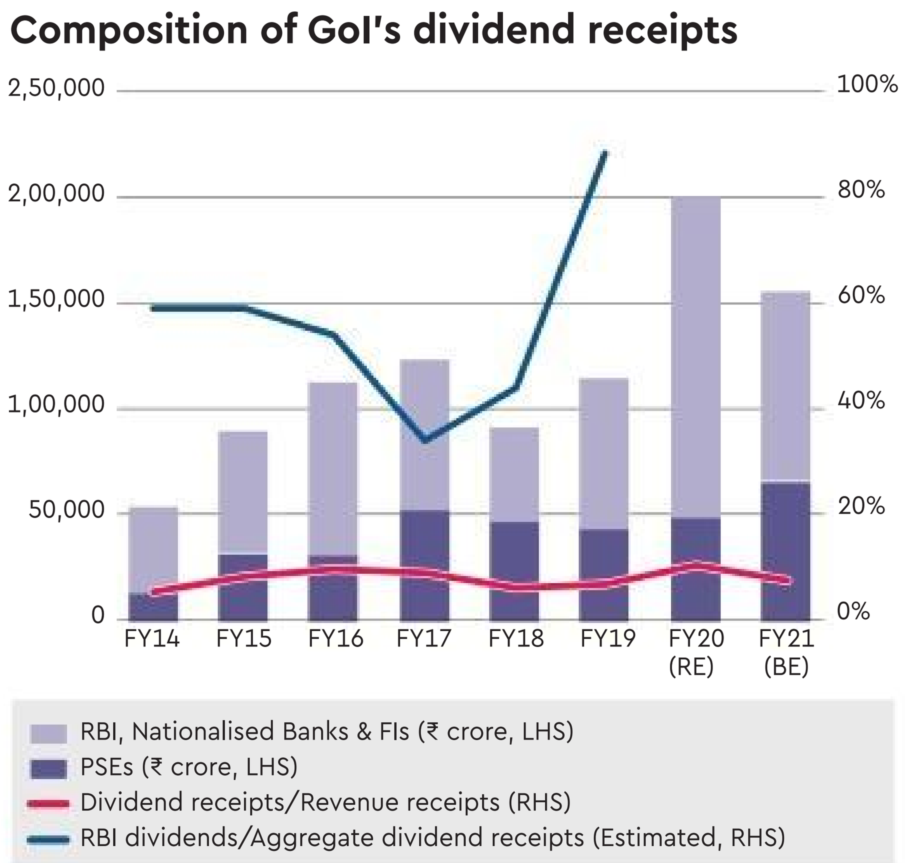
GoI must not lose the upside potential in its PSU divestments and compromise on future dividend income while fighting the current crisis.

Raising loans against its PSU stakes is a more prudent financing tool than outright share sales during a cyclical downturn. While GoI's interest expense will increase, maintaining ownership stakes in PSUs at current levels will enable GoI to capitalise on the economic recovery to repay debt and earn higher capital gains.

The Indian government must adopt a fiscally sound strategy to finance relief measures.

For GoI to successfully monetise PSUs' stock dividends and borrow against PSU shares, engaging with fundamentally sound banks and institutional investors on a war footing is an essential prerequisite.

Composition of GoI's dividend receipts



Source: Union Budget documents & RBI Annual Reports

GoI's dividends from Non-FI constituents of Bharat-22 ETF

₹ crore	FYE March 2019 dividends	GoI stake	GoI's dividend receipts*
Coal India	9,946.75	71.0%	7,058.21
IOC	11,679.03	52.2%	6,094.12
NTPC	5,927.15	56.1%	3,324.54
PGCIL	5,455.37	53.4%	2,914.80
BPCL	4,903.28	53.3%	2,612.96
NHPC	1,526.74	73.3%	1,119.56
GAIL (India)	2,088.56	52.2%	1,090.02
ONGC	1,497.50	64.3%	962.15
NLC India	807.01	81.9%	661.02
NALCO	1,245.12	52.0%	647.46
ITC	7,732.83	7.9%	613.99
SJVN	805.29	63.9%	514.82
Bharat Electronics	566.24	58.8%	333.06
Engineers India	361.86	52.0%	188.17
NBCC (India)	144.47	68.2%	98.50
Aggregate	**54,687.20**	**NA**	**28,233.38**

Source: PSUs' 2019 Annual Reports *(estimated)

Valuing valuers

AKASH C JAUHARI

Research Fellow, Vidhi Centre for Legal Policy. *Views are personal*

A new law will help standardise and develop a market for valuation professionals

DEVELOPMENT OF ORGANISED professions is a necessary pre-condition for smooth functioning of market economies. India has seen the institutionalisation of several market-linked professions in the past, such as chartered accountants, insolvency professionals, etc. They are all subject to separate regulatory frameworks. Just like these professionals, valuers also perform a very useful function in market-based economies. Their services are crucial for ascertaining the value of different classes of assets, as may be required under different contexts. For instance, valuation is required for several transactions under company law, insolvency law, and tax law, among others. However, unlike other professions, the valuation profession is not institutionalised or regulated properly. This creates several arbitrage opportunities for malpractices, affects quality-control and also inhibits the development of the profession.

An unsuccessful attempt to provide a holistic framework for the regulation of the valuation profession was made through the Valuation Professionals Bill, 2008, which never saw the light of the day. Today, valuers are only required to meet basic legal requirements for services rendered for specific enactments. Nevertheless, there is no comprehensive institutional and regulatory framework. In recent times, the Companies (Registered Valuers & Valuation) Rules, 2017 attempted to provide a more robust regulatory framework for a category of valuers. However, this new regime is primarily limited to the valuation services required under the Companies Act, 2013 and insolvency laws, and does not provide a comprehensive institutional framework to address the market failures.

With this background, the government recently constituted a committee of experts to examine the need for a comprehensive framework for regulation and development of valuation professionals in India. The Committee submitted its recommendations last month and proposed the Draft Valuers Bill, 2020('Bill'). The primary objectives of the proposed framework are the development and regulation of the valuation profession and a market for valuation services, and protection of interest of users of valuation services.

An unsuccessful attempt to provide a holistic framework was made through the Valuation Professionals Bill, 2008

Regulatory Architecture: The Committee recommended a two-tier model for governance of the profession, similar to the model used for insolvency professionals. At the primary level, it recommended the establishment of National Institute of Valuers, as the principal regulatory body with a governing council, comprising a chairperson, whole-time members, part-time members and ex-officio members. At the secondary level, Valuer Professional Organisations shall act as frontline regulators, responsibile for the development of the profession.

Development: For the long-term development of the profession, the Committee recommended specialised educational courses along with a mandatory internship for entry into the profession. These courses will be delivered by Valuers Institutes, registered with the NIV. NIV will conduct the examinations for these courses. As an interim measure, transitory training programs and an entrance examination are recommended for persons with prior experience in providing valuation services or those with stipulated qualifications and experience.

Regulation: Regulating a profession appropriately is necessary for ensuring minimum professional standards. This is typically achieved by (a) robust entry requirements and (b) prescribing standards of conduct and monitoring its compliance. A person, to render valuation services under the Bill, is required to obtain specialised certificates for registration and practise depending on the nature of assets to be valued. Once registered, a valuer will also be required to abide by multiple codes of conduct, non-compliance with which will attract penalties.

Regulating the market for valuation services: The Committee envisioned a unified regime for the rendition of valuation services, so that only valuers registered under the proposed framework are permitted to render valuation services (albeit, this is proposed to be implemented in phases, prioritising transactions under some statutes over others).

Once implemented, the proposed Bill will go a long way in standardising valuation practices for transactions across different enactments and help in developing the market for valuation services. Such standardisation will also generate many spillover benefits for the Indian economy in the long run.

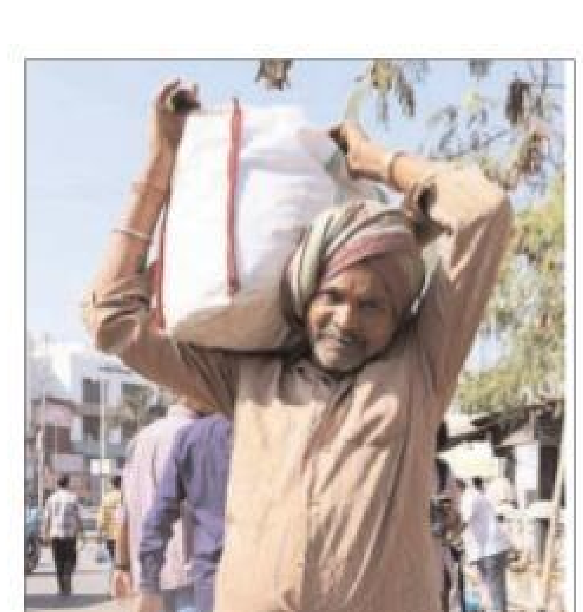
The author advised the committee talked about in the article on designing the proposed framework.

Belabouring labour

While the inflexible labour law regime has been criticised for leading to increasing contractualisation that hurts workers, won't the new reforms do the same?

SITAKANTA PANDA

Assistant professor, economics IIT, Bhilai. *Views are personal*



THE COVID PANDEMIC and the consequent national lockdown have exacerbated the economic slowdown. As a result, both central and state governments are coming up with innovative economic policies to alleviate the economic misery across sectors. Some states have begun carrying out sweeping policy changes, for instance, in the labour market. The Uttar Pradesh government's suspension of the labour laws for three years through an ordinance is a case in point. This has effectively revived the debate over the relevance of the labour laws.

In a bid to spur investments boosting employment, the Yogi Adityanath government has exempted industries in the state from all labour laws except Building and Other Construction Workers Act 1996, Section 5 of Payment of Wages Act 1936 (the right to receive timely wages), Workmen Compensation Act 1923 and Bonded Labour System (Abolition) Act 1976, Maternity Benefit Act of 1961, Equal Remuneration Act of 1976, Child Labour (Prohibition and Regulation) Act of 1986, etc. Since labour is part of the 'concurrent list', the ordinance is subject to the approval of the central government. The 'Uttar Pradesh Temporary Exemption from Certain Labour Laws Ordinance, 2020' which will apply to both the existing businesses and the new factories being set up in the state has proposed to suspend the important labour laws. It is worth mentioning here that Madhya Pradesh government is also reportedly mulling over policies exempting new manufacturing units from all, but some provisions, in the Factories Act, 1948 for the next 1,000 days. MP's labour law changes will allow more factories to operate without following safety and health norms and give a free hand to new companies to "keep labourers in service as per their convenience".

At the outset, this policy move of making defunct the laws of settling industrial disputes, occupational safety, health and working conditions of workers and those related to trade unions, contract workers and migrant workers will accentuate worker distress and place protection of worker rights at the mercy of industrialists. This is a clear violation of the norms, which may lead to slave-like conditions in workplaces.

Some economists advocating this abolition blame the maze of labour laws for the existence of a gigantic informal sector. They point out that most firms try to circumvent the labour laws by either hiring more contract labour or going for capital-intensive manufacturing. The increasing incidence of contract labour has been a salient feature of the post-liberalisation era. Critics of the current system opine that existing labour laws are restrictive and encourage exploitation. The extant labour laws have benefitted the labour unions which comprise a small section of the organised sector labourers, government labour officials, and intermediary contractors. The laws are such that the firms require permissions for hiring, firing, closures, changing the job task of an employee, and insists on paying wages, overtime perks and bonuses far above market-clearing wage. However, over time, firms have benefitted by hiring contract labour. Wages/salaries of contract workers are much less than permanent employees, and the former lack adequate job benefits and rights.

Critics are not entirely wrong. There is a plethora of restrictive labour regulations in India that define and regulate every aspect of the employer-employee relationship. The three well-known and most restrictive ones are the Industrial Employment (Standing Orders) Act (IESOA), the Industrial Disputes Act (IDA), and the Trade Union Act (TUA). As per the IESOA, firms employing 100 or more workers (50 or more in some states) are required to seek government permission for changing the job description in the labour contract. As per the IDA, firms employing 100 or more workers are required to seek government permission to retrench or lay-off any worker. Firms very rarely get government permission in this regard. TUA allows any seven employees in a company to form a labour union. As the unions have the right to strike and represent workers in legal disputes, they have been subject to political interference and mafia nexus.

States with flexible labour regulation show faster employment growth than others. An early study by Timothy Besley and Robin Burgess (2004) found restrictive labour laws to be detrimental to firm output and employment outcomes in states. A study by Rana Hasan, Poonam Gupta and Utsav Kumar (2009) showed output and employment growth in labour-intensive industries to be slower in states with more rigid labour laws vis-a-vis others. Sean Dougherty, Veronica Frisancho-Robles and Kala Krishna (2011) found that compared to other lacking flexible labour laws, states with easier labour laws have about 11%-14% higher firm-level productivity in labour-intensive industries, and in those facing unstable input demand. Another important study by Philippe Aghion, Robin Burgess, Stephen Redding, and Fabrizio Zilibotti (2008) showed that after dismantling of the license *raj,* during liberalisation, industries located in states with pro-employer labour market regulations grew more quickly than the pro-worker labour law states. Since pro-worker regulations are, on average, associated with weaker industrial performance, their study shows that dropping barriers to investment and entry via delicensing magnified the disadvantage of states with pro-worker institutions.

Now when the labour laws are abolished or frozen temporarily, there is a legitimate apprehension that firms used to paying much less wages and salaries to contract labour may still continue to hire more contract labour. Since there are no labour laws in effect, the workers will be left at the mercy of the employers. Some basic labour-regulation defining standard, fixed tenure labour contracts and ensuring occupational safety and healthcare is a primary need to guarantee labour productivity. However, any argument for the abolition of all the laws and regulations that ensures occupational health and safety, protects worker rights and ensures a balance between employer and employees would be despicable and wicked. No regulation is certainly not better than a maze of bad laws. Laws can be reformed and revamped. If only the state governments could show the political willpower to reform the nuisance creating aspects in the existing labour laws, the present situation would not have occurred. At a time when unemployment rate has increased, and market wages have declined drastically, this call for abolition is unbecoming and unnecessary even if the ruse is to boost firm outcomes. Cure should not and must not be worse than the disease.

International

WEDNESDAY, MAY 13, 2020

CRUDE CALCULATION

Donald Trump, US president

Crude oil prices going up as Saudi Arabia cuts production levels. Our great energy companies, with millions of JOBS, are starting to look very good again. At the same time, gasoline prices at record lows (like a big tax cut)

TRADE IN THE TIME OF PANDEMIC

China announces new list of tariff waivers for US imports

Beijing steps up US soybean buying with million-ton purchase to assuage Trump's doubts on the Phase One trade deal

AGENCIES
Beijing, May 12

CHINA ANNOUNCED ON Tuesday a new list of 79 US products eligible for waivers from retaliatory tariffs imposed at the height of the bilateral trade war, amid continued pressure on Beijing to boost imports from the United States.

China's finance ministry said in a statement the new waivers will take effect on May 19 and expire on May 18, 2021. The latest list waives tariffs on products including ores of rare earth metals, gold ores, silver ores and concentrates.

The ministry did not disclose the imports value of the products. Beijing in February said it would grant exemptions for 696 US goods including key products such as soybeans and pork based on applications from companies.

Meanwhile, China is stepping up purchases of soybeans from the US as Brazilian sales start to wane and the Asian nation seeks to meet its pledges under the trade deal with Washington, *Bloomberg* reported.

State-run buyers have purchased more than 20 cargoes, or over 1 million metric tons, of American soybeans in the past two weeks, said the people, who asked not to be identified because the information is private. The beans were bought using tariff waivers previously issued, the people said. Purchases of 136,000 tons reported by the US government Tuesday were probably made Monday.

Beijing and Washington's top trade negotiators held a call last week and discussed implementation of the Phase 1 deal signed in January.

Under the deal, China agreed to increase its purchases of US goods from a 2017 baseline by $200 billion over two years, with about $77 billion in increased purchases in the first year and $123 billion in the second year.

Renewed tensions between the two countries, sparked by the Covid-19 pandemic that began in China late last year, are also raising questions about the trade truce.

US President Donald Trump has threatened to terminate the deal if China fails to meet its purchase commitments.

China's *Global Times*, published by the official newspaper of the ruling Communist Party, also reported on Monday that some government advisers were urging Beijing to invalidate the trade deal and negotiate one more favourable to China.

The Chinese foreign ministry adopted a measured stance on trade on Tuesday despite the heightened tensions between the two countries, saying the existing Phase 1 deal is a good thing for both China and the United States.

"China and America reaching the Phase 1 trade deal benefits China, benefits the US and the whole world," Zhao Lijian, spokesman at the foreign ministry, said at a regular media briefing in Beijing.

"Both sides should carry out the agreement while sticking to the principles of equality and mutual respect."

MAPPING THE VIRUS

Global cases pass
4.2 million

Deaths exceed
286,900

Recoveries
1,443,584

- Putin's spokesman gets virus as Russia rises to No. 2 in infections
- Wuhan to Test as many as 11 million
- Infections near US meat plants rise at twice the national rate
- China will exempt some foreign executives from travel ban
- Millions of European workers go home, some forever
- Qatar, UAE report highest daily jump in cases

Dr Anthony Fauci, the top infectious disease expert of US, is warning Congress that if the country reopens too soon it will result in needless suffering and death

Federal Reserve Bank of St. Louis President James Bullard said keeping the economy in lockdown for longer than 90 or 120 days risks triggering bankruptcies and a Great Depression-scale recession

A key measure of US consumer prices declined in April by the most on record as travel and apparel spending collapsed during the pandemic. The core consumer-price index, which excludes volatile food and fuel costs, fell 0.4% from the prior month after a 0.1% decrease in March, Labor Department figures showed Tuesday.

Singapore rejected "herd immunity" as a strategy in the fight against the pandemic and signaled it will instead continue to contain transmission until a viable vaccine is ready.

Spain reported small increases in the number of new coronavirus cases and deaths, as activity continues a gradual revival after more than eight weeks of confinement. The number of fatalities rose by 176 to 26,920 in the 24 hours through Tuesday, compared with an increase of 123 on Monday, according to Health Ministry data.

LabCorp said its at-home collection test kit is now being offered nationwide to people who have symptoms consistent with Covid-19 infection and to those without symptoms who may have been exposed to the virus.

Trump bars savings fund's investment in China stocks

BLOOMBERG
May 12

THE TRUMP ADMINISTRATION moved on Monday night to block investments in Chinese stocks by a government retirement savings fund. National Economic Council Director Larry Kudlow and National Security Adviser Robert O'Brien made the administration's wishes known in a letter to Labor Secretary Eugene Scalia, according to a person familiar with the matter.

The move was made as Trump recently faulted China over the spread of the coronavirus, and as questions have arisen over how faithfully the Beijing government will adhere to a recent trade agreement between the two countries.

Scalia then sent a letter to Michael Kennedy, the chairman of the Federal Retirement Thrift Investment Board, telling him to "halt all steps" associated with putting government employees' money in a fund that included stakes in Chinese companies.

The Thrift Savings Plan —the federal government's retirement savings fund — was scheduled to transfer roughly $50 billion of its international fund to mirror an MSCI All Country World Index, which captures emerging markets, including China.

Musk dares arrest as he reopens Tesla's California plant despite shutdown

BLOOMBERG
May 12

ELON MUSK RESTARTED production at Tesla's only US car plant, flouting county officials who ordered the company to stay closed and openly acknowledging he was risking arrest for himself and his employees.

"I will be on the line with everyone else," the chief executive officer said in a tweet Monday. "If anyone is arrested, I ask that it only be me."

Musk, 48, said Monday that Tesla was restarting production at its plant in Fremont, California, flouting county officials who ordered the company to stay closed. When asked on Twitter how the day went at the factory, Musk replied Tuesday: "Great." "Just wanted to send you a note of appreciation for working hard to make Tesla successful," Musk wrote in an email to employees seen by Bloomberg News. "It is so cool seeing the factory come back to life and you are making it happen!!"

To follow through on his tweets claiming Tesla would move its headquarters and future programs to Nevada or Texas, the CEO would have to uproot many of the roughly 20,000 employees the electric-car maker has in the San Francisco Bay area. About half of the company's headcount is at the factory. Musk wrote Saturday that Tesla would decide whether to keep manufacturing in Fremont based on how Tesla is treated in the future.

> California approved, but an unelected county official illegally overrode. Also, all other auto companies in US are approved to resume. Only Tesla has been singled out. This is super messed up!
>
> — ELON MUSK, TESLA CEO

Tesla shares rose as much as 3.2% shortly after the open of regular trading. The stock has surged more than 90% this year.

After prevailing in a defamation suit and emerging mostly unscathed from a court fight with the Securities and Exchange Commission last year, Musk is waging another legal battle.

Toyota expects 80% profit drop in FY21 as virus wipes $14 billion off car sales

REUTERS
Tokyo, May 12

TOYOTA SAID ON Tuesday it expects profit to drop by 80% to its lowest in nine years, as Japan's biggest automaker grapples with the impact of the novel coronavirus which has sapped global demand for vehicles.

Toyota, one of the world's most profitable automakers, expects to take a whopping 1.5 trillion yen ($13.95 billion) hit from a fall in global vehicle sales this year due largely to the virus, yet it still expects to eke out an operating profit of 500 billion yen in the year to March.

"The coronavirus has dealt us a bigger shock than the 2008 global financial crisis," Toyota President Akio Toyoda said at a livestreamed media briefing.

"We anticipate a big drop in sales volumes, but despite that we are expecting to remain in the black. We hope to become a leader of the country's economic recovery."

The coronavirus has dealt us a bigger shock than the 2008 global financial crisis, says Toyota President Akio Toyoda

Toyota sees its operating profit in free fall from 2.44 trillion yen in the year just ended, to its weakest profit since the 2011/12 financial year.

The automaker forecast global sales of 8.9 million vehicles — a nine-year low — versus 10.46 million in the year just ended. It expects sales to recover to 2019 levels next year.

Toyota's outlook came as rivals including Honda and General Motors have refrained from issuing forecasts, citing uncertainty about the coronavirus.

On Tuesday, Honda posted its weakest annual profit in four years, after a 28% drop in fourth-quarter vehicle sales plunged the automaker into an operating loss of 5.2 billion yen, its first quarterly loss since the March 2016 quarter.

Japanese automakers are bracing for a year of falling car sales as economists anticipate a slow and patchy recovery from the pandemic.

As a result, some analysts see a cut in annual global vehicle sales by around a third, compared with an 11% fall in 2009-10 after the global financial crisis.

Quick View

Trump spars with Asian American scribe

US PRESIDENT DONALD Trump abruptly ended his White House news conference Monday following combative exchanges with reporters Weijia Jiang of *CBS News*. Jiang asked Trump why he was putting so much emphasis on the amount of coronavirus tests that have been conducted in the United States. Why does that matter? Jiang asked. "Why is this a global competition to you if everyday Americans are still losing their lives and we're still seeing more cases every day?"

WHO sees 'potentially positive' treatment data

THE WORLD HEALTH ORGANIZATION said on Tuesday that some treatments appear to be limiting the severity or length of the Covid-19 disease and that it was focusing on learning more about four or five of the most promising ones. WHO is leading a global initiative to develop safe and effective vaccines, tests and drugs to prevent, diagnose and treat Covid-19.

Biggest wealth fund faces $37 billion withdrawal

NORWAY PLANS TO draw a record $37 billion from its wealth fund, forcing the world's biggest sovereign investor to embark on an historic asset sale to generate cash. The unprecedented withdrawal was revealed in Norway's revised budget.

Aramco plans $75 billion dividend as net drops 25%

AGENCIES
Dubai, May 12

SAUDI ARABIAN STATE oil giant Aramco on Tuesday reported a 25% fall in first-quarter net profit, missing analyst estimates, but its quarterly dividend was in line with a plan for a $75 billion base payout to shareholders for the year.

Brent crude prices fell 65.6% in the first quarter, before OPEC+ producers agreed to cut oil supply by a record 9.7 million barrel per day starting from May to help shore up plunging prices and curb oversupply.

Net profit fell to 62.48 billion riyals ($16.64 billion) after zakat and tax for the quarter to March 31 from 83.29 billion a year earlier.

Dividends of $18.75 billion for the first quarter of 2020 "are the highest of any listed company worldwide" and will be paid in the second quarter, Aramco said. It gave no more details.

The payout is crucial for the kingdom, which holds about 98% of Aramco and is facing its worst financial turmoil in decades as revenue falls. On Monday, the government tripled value-added tax and cut bureaucrats' allowances as it looks to rein in a fiscal deficit that could reach 13% of gross domestic product this year.

Aramco said it continues to expect capital spending for 2020 to be between $25 billion and $30 billion.

Capital expenditures for 2021 and beyond remain under review.

Capital expenditures in the first quarter were $7.4 billion, compared to $7.2 billion for the same period in 2019, "due to continued project development and upgrades at various facilities," Aramco said.

Aramco plans to acquire a stake in Saudi petrochemical maker SABIC for around $70 billion, though sources told Reuters this week that the deal was likely to be restructured with the slump in oil prices due to the coronavirus.

It said earlier on Tuesday that its planned acquisition of a 70% equity stake in petrochemical maker SABIC is on track to close in the second quarter.

At the time of Aramco's record initial public offering in December, the dividend was a huge part of its appeal.

OIL NOT WELL

- Brent crude prices fell **65.6%** in the first quarter
- Dividends of **$18.75** billion for the first quarter of 2020 'are the highest of any listed company'
- Net profit fell to **$16.64 billion** after zakat and tax for Q1
- Aramco expects capex for 2020 to be between **$25 billion** and **$30 billion**
- Aramco plans to acquire a stake in Saudi petchem maker SABIC for around **$70 billion**

Arcelor offers $2 bn of shares, convertibles at deep discount

REUTERS
Brussels, May 12

ARCELORMITTAL, THE world's largest steelmaker, is issuing $2 billion of shares and convertible notes at a deep discount to accelerate debt reduction plans that have been slowed by the pandemic.

The company said on Tuesday it will sell $750 million of shares at a price of $9.27, equivalent to 8.57 euros. That is near to their value at Monday's close, when ArcelorMittal had said it would issue new shares, but some 17% down from Friday.

On Tuesday, the shares were trading 4.6% lower on the day at 8.23 euros at 0800 GMT, making them the worst performers in the FTSEurofirst300 index.

ArcelorMittal will also issue $1.25 billion of mandatory convertible notes with a maturity of three years and paying an annual coupon on 5.5%.

Vodafone keeps dividend as pandemic hits roaming

REUTERS
London, May 12

VODAFONE MAINTAINED ITS dividend on Tuesday, bucking a corporate trend to cut or scrap payouts due to the coronavirus crisis, as the world's second-biggest mobile operator met expectations with a 2.6% rise in full-year core earnings.

The British company said a drop in international travel due to the virus pandemic hit revenues from roaming calls and it expected customer spending to suffer from the economic downturn.

But it said data usage was surging and it was retaining more customers thanks to the speed and reliability of its networks.

Chief Executive Nick Read said the company had delivered a "rapid, comprehensive and coordinated" response to the crisis.

Core earnings reached 14.9 billion euros ($16.1 billion) in the year ended March 31, with group revenue up 3% to 45.0 billion euros, driven by business in Europe. Shares in the group, which have fallen 19% in the last 12 months, were up 8.2% to at 122.22 pence at 1000 GMT.

Vodafone CEO Nick Read

Read cut Vodafone's dividend a year ago, relieving immediate pressure on its balance sheet.

This time, the group kept its full-year payout at 9.00 euro cents a share. Rival BT Group suspended its dividend.

The Vodafone CEO said free cash flow grew 12.2% to 4.9 billion euros, enabling Vodafone to invest in its network and pay the dividend that many of its shareholders relied upon.

SELECTIONS FROM The Economist

SCIENCE & TECHNOLOGY
TREATING COVID-19

Two potential therapies for Covid-19 have some effect

Hope rears its head, but more information is needed

WHEN COVID-19 BEGAN its march across the world, so did a desperate hunt for a treatment. Not only would finding one save lives, knowing it was available would also allow countries to relax the lockdowns that are strangling economies everywhere. Attention has focused especially on whether existing drugs—the safety of which is already known from human trials—might be repurposed for the job.

Particular attention has been paid to remdesivir. This is an antiviral agent developed by Gilead, a Californian firm. It was originally intended to treat Ebola, but was sidelined when found to be less effective than alternatives. On April 29th America's National Institute of Allergy and Infectious Diseases, which has been running trials of it, said preliminary data showed that it worked. On May 1st the country's regulator permitted its emergency use.

Remdesivir is a nucleotide analogue. In other words, its structure mimics one of the chemical letters of the virus's genetic code. The ill-fitting chemical letter gums up the virus's replication mechanism.

Remdesivir's effect was not dramatic—it improved patients' recovery time from 15 days to 11, and there was no statistically significant difference in death rates between treated and untreated patients—but it was real. A four-day reduction in stay-length will reduce the burden the disease imposes on hospitals.

Full data from the trial have not yet been published, something which makes those not involved in it nervous. Some doctors think that the drug will need to be given early, when a patient's viral load is rising, to have the greatest effect. Also, outsiders cannot currently analyse the different groups of patients involved, to make sure that those who did not receive treatment were well matched with those that did. If, for example, those in the treatment group were healthier than those who were left untreated as a control, that would make the drug look more effective than it actually is.

Remdesivir is a beginning. Its eventual value, though, is likely to be as an arm of a combination therapy. Other drugs which might form part of such a therapy include further antivirals, and also anti-inflammatory medicines.

One possible anti-inflammatory treatment is tocilizumab, sold by Roche as Actemra and currently prescribed for arthritis. Many of those most seriously affected by covid-19 are killed by an overreaction of their immune system, called a cytokine storm, that leads to massive inflammation of the lungs and consequent respiratory failure. Cytokines are signalling molecules. Several varieties of them are secreted by the immune system in order to regulate itself. A storm occurs when uncontrolled levels of cytokines are released. Actemra blocks the cellular receptors for a cytokine called interleukin-6.

A recent trial of Actemra on 129 covid-19 patients who had developed pneumonia showed that it reduced deaths in the worst-affected. The big challenge with anti-inflammatory treatments is knowing when to give them. Applied too soon, they will reduce the immune response that is needed to tame the virus. For that, doctors will need to look carefully at the data from the Actemra trial. These, though, have not yet been published either.

Personal Finance

WEDNESDAY, MAY 13, 2020

ON SOVEREIGN GOLD BOND
Nish Bhatt, founder & CEO, Millwood Kane International

Paper gold is free of all costs and hassles as the bond certificate comes in a digital format with 2.5% interest coupon payable directly to the bank account.

COVID-19 EPF CLAIMS

How to withdraw funds from EPF account

To avoid delay or rejection of claims, an EPF member must ensure that his UAN is validated with Aadhaar and KYC of bank account and the mobile number is seeded in UAN

SAIKAT NEOGI

ILLUSTRATION: SHYAM KUMAR PRASAD

IN ORDER TO give relief to people facing a cash crunch because of loss of income trigerred by the Covid-19 lockdown, the government has allowed salaried employees to avail a non-refundable advance from their Employees' Provident Fund (EPF) accounts. A member can withdraw up to 75% of outstanding balance in his EPF account or three months basic pay plus dearness allowance, whichever is lower. The outstanding amount comprises employee's share, employer's share and interest. A member can avail this while still in service.

The advance is available only once and will be available till the pandemic prevails. The EPFO has clarified that during pendency of any other advance, the application for Covid-19 claim is permitted. A member can apply online for such claims if his Universal Account Number (UAN) is validated with Aadhaar and KYC of bank account and the mobile number is seeded in UAN.

While in the frequently asked questions section on the EPFO website, EPFO says it is settling claims for availing advance within three working days, a member must ensure that the online filing process is followed carefully to avoid delay in getting the money.

However, an individual should think twice before withdrawing money from the EPF account as it helps to build long-term retirement corpus and is tax efficient. The investments get a tax break of ₹1.5 lakh under Section 80C of the Income Tax Act, the interest earned is tax free and the final withdrawal after retirement is also tax free. The retirement fund body has decided to provide 8.5% interest rate on EPF deposits for 2019-20, one of the highest among all fixed income instruments.

Ideally, if you have funds in term deposits, you should withdraw that as interest rates are trending down. For instance, State Bank of India is offering interest rate of 5.5% for deposits of one to three years and 5.7% for deposits above three years. So, at 20% tax bracket, the post tax returns will be 4.36% and 4.52%, respectively.

How to avail non-refundable advance

A member can file online advance claim for Covid-19 in the member interface of the unified portal of EPFO (https://unifiedportal-mem.epfindia.gov.in/memberinterface) and then go to Online Services Claim (Form-31,19,10C & 10D). For getting claims faster, it is mandatory to upload a cheque leaf containing the printed name of the member, or the first page of the bank passbook or bank statement containing the name, account number and IFSC. This is required to ensure that the bank account number uploaded in the KYC is correct and erroneous payments are avoided.

If you have funds in term deposits, withdraw that first as interest rates are trending down

A member can file the claim through mobile phone by downloading the UMANG (Unified Mobile Application for New-age Governance) app. He can login with his UAN and OTP received on the mobile number registered with UAN to file claim.

An employee of an exempted establishment can withdraw from his PF account maintained with the PF trust of the establishment. As per EPFO's dashboard, 11,25,666 Covid-19 claims were settled till May 12.

Mismatch in details

The member must ensure that the UAN is activated, verified Aadhaar is linked with UAN and the bank account with IFSC code is seeded with UAN. If a member's Covid claim has been rejected due to details mismatch, he can update the details by logging into member e-sewa portal and file the claim once again.

If a member has two different UANs, he should transfer all the previous services to the latest member ID. This can be done by filing a transfer claim. Once successfully transferred, the entire PF corpus will reflect against the latest member ID and then he can file Covid advance claim to reap the maximum benefit.

Processing of claims

After processing the claims, EPFO sends a cheque to the bank for crediting amount to the claimant's account. The bank usually takes one to three working days to credit the advance in the member's bank account. So, while applying for the online claim make sure the scanned documents are clear and proper documents are uploaded. Ensure that the bank account linked with UAN is not dormant. However, any changes to the KYC details will have to be done by the employer.

YOUR QUERIES

Chaitali Dutta

Pay minimum due on credit card & avail moratorium on balance amount

• I am unable to pay credit card dues of ₹20,000. If I do not have new dues and take one month moratorium, will the bank charge me for the entire period till I repay the full amount?
—Anshuman Shukla

Pay at least the minimum amount due out of the ₹20,000 outstanding as the first step. Secondly, yes, the card issuer will charge you interest on the outstanding amount for the whole period till you clear the dues. The moratorium is only for avoiding your account from becoming NPA. However, the interest keeps on accumulation on the outstanding.

• Can I request my bank for another six months of home loan moratorium apart from the three months by RBI?
—Saurabh Dave

The RBI will soon be out with its decision on the recommendations for extension of the moratorium on term loans for another three months. Please wait for the announcement and then decide on the request to your bank.

• An executive in IIFL, from where I have taken a home loan, says that if I postpone one EMI I would need to pay six extra EMIs. What is the policy towards postponing three EMIs?
—Richard D Bruce

I believe that your request for a moratorium has been accepted by IIFL and you have written communication from IIFL to that extent. What the customer care person wanted to convey was that if you do not pay one month EMI now at all, then your loan period will get extended and you may have to pay additional EMIs at the tail end of the loan to close the loan. As soon as you have sufficient cash flows/ surplus funds, pay off the pending EMIs along with accrued additional interest. That way your extra payments will be to the minimal.

• I have taken an education loan for my son four years ago. Given the employment situation, is it a good idea to prepay the full amount as I have some spare money?
—Inder Raj Sharma

This decision needs to be taken after assessing your financial situation in totality. I presume that the repayment of the loan has started or will start soon. If you foresee that your son is not getting a job at all, then you may consider closing the loan with your surplus amount.

The writer is founder, AZUKE Personal Finance Advisory (www.azukefinance.com). Send your queries to fepersonalfinance@expressindia.com

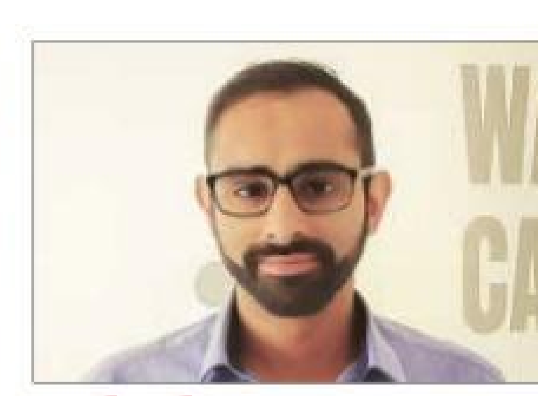
eFE

WORKPLACE SAFETY

Keeping our offices safe and clean

Wobot Intelligence develops AI-based hygiene tracking solution to help businesses adhere to Covid-19 driven hygiene guidelines

SUDHIR CHOWDHARY



Physical monitoring beyond a point is not effective or scaleable or prohibitively expensive.
—ADIT CHHABRA, CEO, WOBOT INTELLIGENCE

HYGIENE, BOTH AT home and office, will be the new normal in the post Covid-19 era. At a time when companies are moving towards re-opening offices and shopfloors, one needs to make sure that all the employees maintain proper hygiene. An innovative solution from Wobot Intelligence, a Delhi-based AI-driven computer vision SaaS venture that helps hospitality, food, retail, and manufacturing businesses to monitor operations, might come handy in keeping our workplaces safe and clean. Wobot has come up with a unique full suite, plug-and-play, hygiene tracking solution that can be plugged into existing cameras. When connected to an existing CCTV or camera, the solution can effectively monitor 20 second-hand wash, PPE & social distancing compliance, and premise cleaning/sanitation activities. The solution amalgamates facial, activity, gesture, and object recognition.

Analysed visual data is delivered in real-time as notifications on Wobot app, WhatsApp, or e-mail to specified stakeholders. A web-based central dashboard keeps track of all organisational data on hygiene compliance in one place. This hygiene and safety monitoring solution has been implemented across India and Middle East at Kitopi, IRCTC, Rebel Foods and Curefit among others. Its relevance has grown manifold in the coronavirus pandemic.

"Physical monitoring beyond a point is not effective or scaleable or prohibitively expensive," says Adit Chhabra, CEO, Wobot Intelligence. "By ensuring 24x7 monitoring and real-time feed on compliance we are taking the load off business owners and heads of locations or teams in ensuring compliance and improving sanitisation in their premises. This, in turn, ensures the well-being of their employees/team members while bringing down the compliance costs significantly."

Today, many establishments have CCTV-based surveillance, but the cameras only send in the videos. Somebody then has to manually look at all the videos to catch anything amiss. CCTVs are often reduced to a mere tool for post-mortem analysis. To solve this and make sense of all the data, Wobot has developed a layer of Artificial Intelligence which makes the system capable of doing surveillance on behalf of the human eye. The company's machine learning algorithms can detect any deviations in the standard operating procedures and flag them, he explains.

Backed by Titan Capital, Wobot started in December 2017. It offers various modules that look into hygiene, food safety, pilferage, and customer experience. The idea for the company came about when the co-founders—Tanay Dixit, Tapan Dixit, Adit Chhabra—realised that organisations were going through the process of monitoring their operations manually.

Chhabra says, "Essentially an auditor would inspect a place manually just once a week/month, making the whole process highly inefficient and increasing the chances of human errors and biases drastically. At that time we were in the process of building an audit and inspection app that would digitise these manual audits. Through this process, we started understanding the different checklist items that were needed to be audited/monitored for different industries. For example, the hygiene model would require PPE monitoring, sanitisation activity monitoring, hand wash monitoring, etc. We also realised how CCTVs were capturing huge amounts of data and how it could be used to make the process of video monitoring more efficient.

Therefore, the Wobot team first digitised audits and inspections and gained industry knowledge. "In step two, we converted these checklists to computer vision models for CCTV across different industries," he says. Wobot's AI-based video analytics platform provides actionable insights and monitors SOPs across companies in hospitality, retail, manufacturing, and pharmaceuticals.

Since the outbreak of Covid-19, Wobot has been working closely with its customers in food, healthcare as well as manufacturing to ensure employee safety.

AI-BASED DIAGNOSTICS

Fever screening goes hi-tech

Bengaluru-based DeepTech startup Niramai is offering automated fever test for Covid-19 screening

SUDHIR CHOWDHARY

THESE ARE COVID times and thermal screening is widely being deployed to identify likely infected people at the entrances of colonies, hospitals, workplaces and busy public places. However, this method of using infrared forehead thermometers to measure the temperature of people is prone to manual errors, has the risk of cross-contamination, and does not scale for a large population.

A DeepTech startup from Bangalore, Niramai, offers an automated fever test for Covid screening. The solution is aimed towards enabling automated screening of population by checking not only for fever but also for respiratory abnormalities using its Thermalytix solution (Artificial Intelligence algorithms over thermal images).

Niramai FeverTest performs face detection in the thermal stream and enables accurate measurement of the temperature of each person, counts the number of people screened and those diagnosed with suspected fever are isolated based on snapshots shared with concerned security authorities. This centralised data collection enables data analysis and integration with other solutions, such as facial recognition, alarm systems and more, for effective response and tracking.

Niramai has integrated its FeverTest technology in Mitra Robots from Invento Robotics. These robots can be deployed at the entrance of a hospital for screening patients and visitors. While the robot collects visitor information through a voice-based conversation, Niramai solution using a thermal camera mounted on the robot measures the facial temperature of the visitor. If a visitor shows no signs of Covid-19 then the robot refers the visitor to a human receptionist. However, if something abnormal is detected in a person, then it takes the individual to a separate room and facilitates remote interaction with the doctor. This screening can be done automatically with the remote vigilance of security staff, thus reducing the risk to frontline health workers.

YOUR MONEY

NAVEEN KUKREJA

Five ways to deal with income disruptions

THE ECONOMIC UNCERTAINTY caused by Covid-19 has severely impacted the livelihood of many. Uncertain times like this demand prior financial planning and adequate emergency fund for up to 9-12 months of monthly mandatory expenses including EMIs and insurance premiums. However, those lacking them can still tide over their restrained cash inflows by following some smart money moves.

The first logical step would be to take soft loans from friends or relatives. This will help save interest cost and avail greater repayment flexibilities than any institutional lender might offer. If that too proves insufficient or infeasible, then follow these options with a step-by-step approach to deal with income disruptions and liquidity mismatches.

Redeem your fixed income investments

The first step is to consider redeeming existing investments not linked to any crucial financial goals. As investments in equity-oriented schemes would be in red by a significant margin, redeeming them will lead to losses. Investors should start the exercise by identifying fixed income instruments, like bank fixed deposits recurring deposits or debt funds for redemption. The interest amounts earned from these instruments are usually lower than the interest rate charged on even the cheapest loan options.

Avoid redeeming your fixed income investments to make loan prepayments as the current economic scenario requires greater priority for liquidity than making savings on interest cost.

Avail moratorium for term loans

Reserve Bank of India has allowed all banks, NBFCs and HFCs to offer a 3-month moratorium to their term loans and working capital loans borrowers. Hence, existing borrowers unable to meet their loan repayment commitments due to cash flow disruptions and inadequate surpluses can consider availing the loan moratorium. Remember that the interest on their outstanding dues will continue to accrue during the moratorium period.

ILLUSTRATION: SHYAM KUMAR PRASAD

Opt for EMI conversion for credit card dues

Card holders unable to repay their credit card dues should avoid the moratorium to the extent possible. The interest rates on unpaid credit card dues can be 23-49% per annum. Instead, they should try to convert their unpaid dues or big ticket expenses into EMIs. Such EMI conversions cost much lower interest rates than the finance charges levied on unpaid dues. They also come with tenures of up to five years, which will help in making comfortable repayment in smaller tranches in the form of EMIs.

The interest rate of EMI conversions would vary depending on the card issuer, the credit profile of the card holder and the tenure opted for.

Withdraw from your EPF corpus

The government has allowed EPF subscribers to withdraw up to 75% of their EPF balance or three months of basic and dearness allowance, whichever is lower. However, try to avoid withdrawing from EPF as it delivers one of the highest tax free returns with sovereign guarantee.

Take loan against investments

Once you have exhausted all the above mentioned options, you can consider availing loan against your market-linked investments to mitigate your short term liquidity mismatches. Loan against securities are offered in the form of overdraft. Interest is charged only on the drawn amount till the time it is repaid. Interest rates are usually lower than those of unsecured loans. However, the loan amount will depend on the type of securities offered as collateral and their LTV ratios fixed by the respective banks. Remember that any fall in the market value of the underlying collateral will have to be made good by pledging more securities or by paying upfront the difference amount.

The writer is CEO & co-founder, Paisabazaar.com

Markets

WEDNESDAY, MAY 13, 2020

NBFC FINANCING

Nirmala Sitharaman, finance minister

PSBs sanctioned loans worth ₹5.95 lakh crore for more than 46.74 lakh accounts from the MSME, retail, agriculture & corporate sectors between March 1 and May 8, 2020. Total financing worth ₹1.18 lakh crore was provided to NBFCs.

Money Matters

G-SEC

Benchmark yield rises due to selling pressure 0.001%

₹/$

Rupee appreciates on global cues 0.31%

€/$

Euro rises against the dollar 0.33%

Quick View

SBI: ATM cards cloned in Delhi; affected ones to get refund

STATE BANK OF India (SBI) on Tuesday said instances of use of cloned ATM cards have been reported from the national capital and refund will be processed for the affected customers. All suspicious transactions should be reported to the home branch, the lender said."Cases of using cloned #ATMCards have been reported in Delhi. There appears to be a possible compromise at an ATM of another bank. Affected SBI customers are being helped & refunds will be processed as per the procedure," it said in a tweet.

ICAI earmarks ₹100-cr corpus for scholarship

TO STRENGTHEN THE future of the students pursuing chartered accountancy (CA) courses, the Institute of Chartered Accountancy of India (ICAI) has created a corpus fund of ₹100 crore has been earmarked to provide scholarships for the students who are pursuing CA and increase the beneficiaries gradually. "This will enable the students to have a bright future and pursue their dreams," ICAI president Atul Kumar said.

Equitas SFB rolls out new products for NRIs

EQUITAS SMALL FINANCE Bank on Tuesday announced that it is offering NRE and NRO savings, fixed and recurring deposit account for NRIs and Persons of Indian Origin (PIOs). The NRE rupee savings account which offers up to 7.5% per annum interest on savings account is to convert and save overseas earnings in rupees. The interest earned is not taxable in India and the funds are freely repatriable abroad. The NRO rupee savings account is to deposit rupee cash and manage Indian income like rent and dividends. NRE fixed deposits earn tax free and deposit rates in Indian rupee for the funds earned abroad.

COVID PROVISIONS OF ₹690 CR

Bandhan Bank net falls 21%

Made Covid-19-related provisions on standard advances in Q4FY20

FE BUREAU
Kolkata, May 12

Report card

	Q4FY20	Q4FY19	Chg (%)	Q3FY20	Chg (%)
Total income	3,346.47	2,220.32	50.7	3,075.34	8.82
NII*	1,680.04	1,257.28	33.6	1,540.28	9.1
Provisions	827.36	153.28	439.77	294.88	180.57
Net profit	517.28	650.87	-20.52	731.03	-29.24
Gross NPA	1.48%	2.04	▼56 bps	1.93%	▼45 bps
Net NPA	0.58%	0.58	–	0.81	▼23 bps

All figures in ₹ crore (except percentages) *NII: Net interest income Source: Bank

PRIVATE SECTOR LENDER Bandhan Bank on Tuesday reported a 20.52% year-on-year (y-o-y) fall in its net profit to ₹517.28 crore in the March quarter. The Kolkata-headquartered bank had made additional Covid-19-related provisions on standard advances amounting to ₹690 crore during the quarter.

Total provision and contingencies rose over five-fold to ₹827.36 crore, compared with ₹153.28 crore a year ago. Sequentially, provisions and contingencies jumped nearly three-fold, compared to ₹294.88 crore in the December 2019 quarter, according to a stock exchange filing.

The lender, in its BSE filing, said, "The bank holds provisions as at March 31, 2020, amounting to ₹69,000 lakh (₹690 crore) against the potential impact of Covid-19 on standard assets based on all the available information at this point in time. This includes ₹6,400 lakh (₹64 crore) as the minimum amount required as prescribed by the RBI in terms of circular dated April 17, 2020; while RBI has permitted this amount to be spread over two quarters, the bank has decided to provide for the entire amount in the current quarter. In addition, the bank carries additional standard asset provision on micro finance portfolio at 0.75% amounting to ₹31,000 lakh (₹310 crore). These aforesaid provisions, held by the bank, aggregate to ₹1,00,000 lakh (₹1,000 crore)."

Chandra Shekhar Ghosh, MD and CEO, said, "Q4FY20 has been a satisfying quarter given the challenges. The bank has showcased the strengths of its deposit franchise with continuously growing deposits in all the segments. The bank has made an additional Covid-related provision on standard advances amounting to ₹690 crore. We have taken all the necessary steps to ensure safety of our customers and employees. We further endeavour to work with our employees and customers ensuring to be at the service in this critical time."

During the March quarter last fiscal, net interest income (NII) rose 33.6% y-o-y to ₹1,680.04 crore, compared to ₹1,257.28 crore a year ago. Non-interest income was up 28.87% y-o-y in March 2020 to ₹500 crore, compared to ₹388 crore in March 2019. Bandhan said in view of the amalgamation with GRUH Finance in October last year, the figures for the current quarter were not comparable with the corresponding figures of previous year/period. Net interest margin (NIM) for the quarter ended March 31, 2020, stood at 8.13%, up 22 basis points (bps), from 7.91% in December 31, 2019.

The lender's gross non-performing assets (NPA) ratio at the end of March quarter stood at 1.48%, 45 bps down from 1.93% at the end of December 2019, while the net NPA ratio also decreased by 23 bps sequentially to 0.58% from 0.81% as on December 31, 2019.

Sebi relaxes compliance norms on consolidated results for banks, insurers

PRESS TRUST OF INDIA
New Delhi, May 12

MARKETS REGULATOR SEBI on Tuesday gave relaxation to listed banks and insurance companies for publishing consolidated financial results for the June quarter in the wake of coronavirus pandemic.

In addition, it has extended the exemption given to listed companies from publication of advertisement in newspapers about their board meetings, financial results and other events till June 30, Sebi said in a circular. Earlier, the exemption was given till May 15.

"In view of the continuing lockdown and the resultant bottlenecks relating to print versions of newspapers... exemptions from publication of advertisements in newspapers are extended for all events scheduled till June 30, 2020," the regulator noted.

Also, Sebi has eased compliance norms pertaining to requirement of sending physical copies of annual reports to shareholders; proxy forms for general meeting and dividend warrants or cheques.

"Listed entities which are banking and / or insurance companies or having subsidiaries which are banking and / or insurance companies may submit consolidated financial results ... for the quarter ending June 30, 2020, on a voluntary basis," Sebi said. However, they shall continue to submit the standalone financial results, it added.

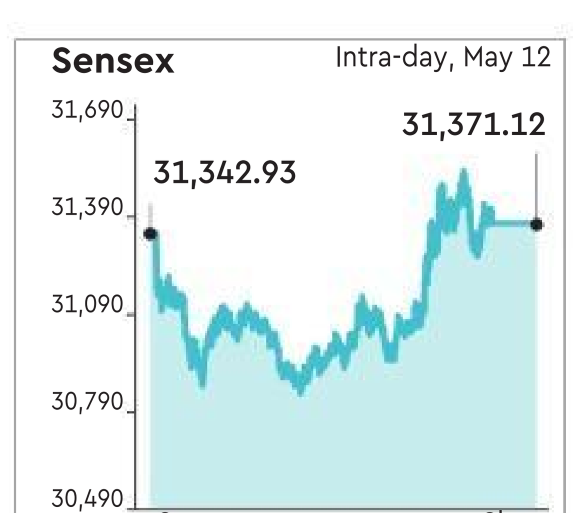
If such listed entities choose to publish only standalone financial results and not consolidated financial results, they need to give reasons for the same, it noted.

This comes after the regulator received representations from listed entities that are banks or insurance companies highlighting the challenges in preparing consolidated financial results in view of different accounting standards being followed by companies belonging to same group and the difficulties in restating those financials as per IND-AS due to the prevailing circumstances in view of Covid- 19.

Under the LODR (Listing Obligations and Disclosure Requirements), in case a listed entity has subsidiaries, such entity needs to submit quarterly/year-to-date consolidated financial results.

Tepid day: Banking stocks drag benchmarks down

FE BUREAU
Mumbai, May 12



IT WAS A tepid day for Indian equities on Tuesday, as the benchmarks were dragged down by Reliance Industries and select banking stocks. The benchmark Sensex lost 190.1 points or 0.6% to close at 31,371.12. The broader Nifty50 declined 0.4% or 42.65 points to close at 9,196.55. Weak performance of the Asian markets also dampened the sentiment of the stock markets.

After falling 124.9 points intraday, the Nifty50 witnessed buying in the last hour of trade and ended the day marginally lower. The shares of RIL declined 5.7% as the conglomerate opened the subscription for its rights issue. The shares of banking stocks declined and remained under pressure for most part of the day. The Nifty PSU Bank had hit a low of 1,131.35, which was its lowest in 14 years, but recovered towards the end of the day closing 0.19% higher at 1,166.80. Financial stocks have been under pressure in anticipation of a rise in non-performing assets (NPAs). Economic uncertainties caused by Covid-19, which could lead to a bleak credit growth, is also putting pressure on banking and financial stocks. A report by Motilal Oswal Institutional Equities states that the weight of financials in the benchmark Nifty is now at a three-year low of 33.9%. "Financials' loss has been the gain of defensives like consumer, technology, pharma and telecom," said Motilal Oswal in its report.

Nifty Bank was down 0.46% on Monday. The biggest losers were Federal Bank, Kotak Mahindra Bank, Bandhan Bank, HDFC Bank and IDFC First Bank, down by 3.7%, 2.57%, 1.65%, 1.45% and 0.7%, respectively.

The markets opened in the negative territory due to the tepid performance of the Asian markets. Benchmarks in China, South Korea, Taiwan and Hong Kong were down between 0.1% and 1.5%. Many countries in Asia and Europe have started exiting lockdowns. However, this has led to a spike in Covid-19 cases which has caused investors to dump risky assets. The European markets at the time of press, were trading mixed with France down by 0.3% and the UK and Germany up by 0.6% and 0.9%, respectively.

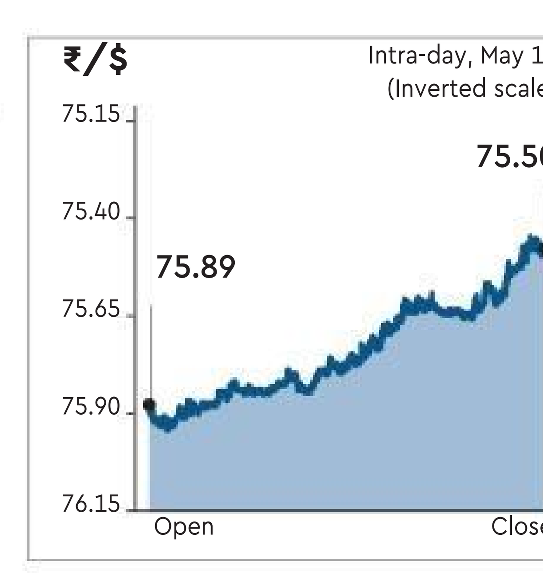
Market experts are now redirecting their focus from FY21 to FY22. Edelweiss Securities in a report said the Indian economy has been dislocated, its opening-up (regulatory and business) is uncertain and there will be significant shifts, immediate and beyond. "We also believe FY21 — with its supply shocks — might be the markets' focus, but is largely irrelevant. It's FY22 that you need to play for, business scale, positioning and valuations. And this could be the ideal time to make some high-returns, moderate-risk and non-consensus stock calls," said Edelweiss Securities in its report.

According to NSE data, the F&O segment witnessed volumes worth ₹10.73 lakh crore and the cash market saw a turnover of ₹53,061 crore on Tuesday. This is against the six-month average of ₹14.2 lakh crore in the F&O segment and ₹40,898 crore in the cash market. Foreign portfolio investors (FPIs) have remained buyers so far in May, sold equities worth $220.95 million on Tuesday, according to provisional data on the exchanges. Domestic institutional investors sold equities worth $48.39 million during the day's trading session.

The biggest losers on Nifty were RIL, GAIL, Asian Paints, Cipla and Kotak Mahindra Bank, down 5.7%, 3.69%, 2.97%, 2.65% and 2.57%. The biggest gainers were Vedanta, NTPC, ITC, Bharti Airtel and Power Grid Corporation, down 12.4%, 5.9%, 4.45%, 4.42% and 3.53%. Nifty Midcap and Nifty Smallcap were down 0.7% and 0.67%, respectively. Sectorally, the losers were Nifty Private Bank, Nifty Pharma, Nifty Bank and Nifty Financial Services. The biggest gainers were Nifty Media, Nifty Metal, Nifty Realty, Nifty FMCG and Nifty IT.

Rupee rebounds 22p to 75.51 on stimulus hopes

PRESS TRUST OF INDIA
Mumbai, May 12



THE RUPEE ON Tuesday rebounded by 22 paise to close at 75.51 against the US currency on hopes of stimulus measures by the government and a weak dollar in the global markets as countries started to open up their economies. Foreign fund inflows and a spirited recovery in domestic stocks also supported the rupee, forex dealers said.

The rupee opened lower at 75.89 at the interbank foreign exchange market and moved between 75.49 and 75.95 in the day trade. The currency finally settled at 75.51 against the US dollar, registering a rise of 22 paise over its previous close of 75.73.

"Rupee traded strong as expectation of an announcement of stimulus package after news of Prime Minister Narendra Modi to address the nation later at 8 pm supported sentiments," Jateen Trivedi, senior research analyst (commodity & currency) at LKP Securities commented.

"An effective fiscal stimulus package will help the rupee appreciate towards 74.80 levels in the near-term," said Sugandha Sachdeva, VP-Metals, Energy & Currency Research, Religare Broking.

PSBs sanction loans worth ₹6 lakh cr in two months

PRESS TRUST OF INDIA
New Delhi, May 12

PUBLIC SECTOR BANKS (PSBs) have sanctioned loans worth ₹5.95 lakh crore in the last two months to various sectors, including MSME, agriculture and corporate, hit hard by Covid-19-induced nationwide lockdown.

Non-bank financial companies (NBFCs) have received ₹1.18 lakh crore from these banks during the period between March 1 and May 8.

"PSBs sanctioned loans worth ₹5.95 lakh crore for more than 46.74 lakh accounts from the MSME, Retail, Agriculture & Corporate sectors between March 1 and May 8, 2020. Total financing worth ₹1.18 lakh crore was provided to NBFCs," finance minister Nirmala Sitharaman said in a tweet on Tuesday.

With the lockdown coming into effect from March 25, state-owned banks opened an additional line of credit of 10% of the existing fund based on working capital limits, subject to a maximum of ₹200 crore.

"Between March 20 and May 8, public sector banks contacted 97% of borrowers eligible for emergency credit lines & working capital enhancements and sanctioned loans worth ₹65,879 crore, up from the ₹26,500 crore sanctioned as of May 4," Sitharaman said in another tweet.

The central government had imposed a 21-day lockdown from March 25 to check the spread of coronavirus. The lockdown has been extended till May 17 with some relaxations.

ANALYST CORNER

Maintain 'sell' on GPL with revised fair value of ₹610

KOTAK INSTITUTIONAL EQUITIES

GODREJ PROPERTIES (GPL) closed the year with a strong sales performance of ₹5,900 crore (+12% y-o-y) aided by the launch of as many as 17 projects, with sales in Q4FY20 at ₹2,360 crore (+10% y-o-y) marking the best quarterly performance for the company. While pre-sales performance remains strong (historical strength area), margin performance for delivered projects is less enthusing with an Ebitda margins of 14% in FY20 and losses of ₹85.1 crore in Q4. Maintain 'sell' rating with a revised fair value of ₹610/share (from ₹700/share).

GPL reported revenues of ₹1,160 crore (+10% y-o-y) on account of strong delivery of 1.9 mn sq ft during the quarter. Ebitda margin in Q4FY20 continued to remain low at 13.6% after declining to 11% in Q3—we note that weak margins are despite delivery of 0.35 mn sq ft in Trees (Phase-3). Share of profits from associates/JVs remained negative in full FY20, declining from ₹14 crore in FY19 to negative ₹85.1 crore in FY20. We highlight that GPL has delivered seven projects aggregating 4.11 mn sq ft in FY20, including three projects (1.37 mn sq ft) in Q4. Cash collections during the quarter increased to an all-time high of ₹1,400 crore (+14% y-o-y) on account of higher sales as well as delivery. Operating cash flow in Q4 was at ₹340 crore (full FY20 also at ₹340 crore). However, payment for land and approvals in Q4 of ₹350 crore led to a negative cash flow of ₹66 crore. We note that GPL generated net cash of ₹980 crore in FY20, including an equity raise of ₹2,100 crore in Q1FY20.

GPL made residential bookings worth ₹2,360 crore in Q4, its highest ever in any quarter, a growth of 10% on y-o-y basis. Full-year sales value stood at ₹5,900 crore, +11% increase from sales value of ₹5,300 crore in FY19. Increase in sales should be seen in the context of seven new launches achieved in Q4 which contributed 60% of the sales. Interestingly, the company achieved sales of over 7,300 homes in FY20 of which over 3,000 homes were sold in Q4 as the company focused on digital sales amid lockdown. We expect real estate companies to have a difficult year during FY21E, and GPL would have its share of back-ended sales and delayed construction activity reflected in our lowered pre-sales estimate of ₹4,400 crore for FY21E.

Acreage activity of key crops to have bearing on CRIN

MOTILAL OSWAL

COROMANDEL INTERNATIONAL'S (CRIN) key markets are Andhra Pradesh, Telangana, Maharashtra, Karnataka, West Bengal and Odisha. These six account for 94% of CRIN's NPK/DAP volumes and 84% of its overall volumes.

Key crops grown in the regions mentioned above include paddy, pulses, cotton, soyabean and maize. Thus, the acreage movement in the above crops would have a bearing on CRIN's performance. Prices of paddy (down 9% y-o-y) and soyabean (flat y-o-y) have remained firm (relatively); thus, the sowing of these crops is likely to continue at similar levels in the upcoming kharif season, particularly in the southern region. However, cotton prices (20% down y-o-y) have plummeted due to the current crisis; hence, farmers may shift to alternate crops such as groundnuts (up 7% y-o-y) and soyabean. The key reason for the shift from cotton to this crop could also be attributable to lower yield in the previous season due to a pink bollworm infestation and excess rainfall. Price of maize plunged 20% to ₹1,577/quintal. We believe farmers in the southwestern region may shift from maize to soyabean and groundnut. We do not foresee any major labour issue in paddy sowing in CRIN's addressable market. The migrant labour situation may pose an issue in Punjab and Haryana, where paddy is a key kharif crop.

As paddy sowing is labour-intensive, states such as Punjab and Haryana may use the direct seeded rice (DSR) method of plantation for rice sowing in some areas in their fields, against the conventional method of transplanting. DSR is gaining popularity owing to certain advantages: it saves labour, it requires less water, and crops reach maturity faster. We believe better pre-season rainfall and water storage as well as a favourable crop pattern in CRIN's addressable market would drive overall demand for fertiliser for the company.

IBA submits proposal on 'bad bank' to govt, RBI

ANKUR MISHRA
Mumbai, May 12

IBA proposes a 'bad bank' for approximately ₹75,000 crore worth of non-performing assets. A bad bank is a corporate structure which isolates risky assets held by banks at one place. The proposed structure is based on the recommendations of a panel two years ago

THE INDIAN BANKS' Association (IBA) has submitted a proposal to the finance ministry and the Reserve Bank of India (RBI) on Tuesday to set up a 'bad bank' for approximately ₹75,000 crore worth of non-performing assets (NPAs), sources close to development told *FE*. A bad bank is a corporate structure which isolates risky assets held by banks at one place. "We are requesting the government to provide ₹10,000 crore of initial capital," the source added.

The proposed structure of a bad bank is based on the earlier recommendations of a panel headed by former PNB chairman Sunil Mehta, called 'Sashakt' two years ago.

According to sources, IBA has proposed to set up asset reconstruction company (ARC), asset management company (AMC) and alternate Investment Fund (AIF). ARC will be owned by the government, but the AMC and AIF will have participation from public as well as the private sector, as per the proposal. The Mehta Committee had earlier proposed to set up an AMC and an AIF to resolve NPAs over ₹500 crore.

In an interview with CNBC TV18 last week, State Bank of India (SBI) chairman Rajnish Kumar, who is also the chairman of IBA, said that the lenders were toying with the idea of creating a bad bank to deal with stressed assets. Kumar said the time was right to set up a structure, along the lines of a bad bank, given there are adequate provisions for existing NPAs.

Rating agency Crisil in its report had projected gross NPAs of banks to rise by 150-200 basis points (bps) in the financial year 2020-2021.

"We are expecting discussion on 'bad bank' with the finance ministry in the next meeting," a public sector bank's head told *FE*. Sitharaman's review meeting with heads of public sector banks was postponed on Monday and a new date is expected to be announced soon.

Not sure whether India will gain if businesses shift from China due to Covid-19: Abhijit Banerjee

PRESS TRUST OF INDIA
Kolkata, May 12

NOBEL LAUREATE ABHIJIT Banerjee has said that there is no certainty that India will gain from shifting of businesses from China in the wake of coronavirus pandemic.

Speaking to a Bengali news channel on Monday evening, Banerjee said that everyone is blaming China for the Covid-19 outbreak as it has origin there.

"China is being blamed now for the coronavirus outbreak. Even people are saying that India stands to benefit as businesses will shift from China and come to India. But that may not be true," the economist said.

Banerjee, who is also a member of Global Advisory Board formed by the West Bengal government to prepare a roadmap for Covid-19 response in the state, said, "What happens if China depreciates its currency. In that case, Chinese products will be cheaper and people will continue to buy their products".

Money should be given in the hands of poor people in phases over a period of three to six months, the economist said

Talking about the proportion of gross domestic product (GDP) planned to be spent by the Centre for a relief package, Banerjee said countries like the US, UK and Japan are spending a high share of their respective GDPs.

"India plans to spend less than 1% of its GDP at ₹1.70 lakh crore. We should spend much increased proportion of GDP," he said.

The Centre had announced a more than ₹1.70-lakh crore package to alleviate the hardship of the poor hit by economic disruption due to coronavirus outbreak.

The Economics Nobel Prize winner said main problem is that people of the country do not have high purchasing power.

"The poor people now do not have the money and they hardly have any purchasing power. There is no demand as well. The government should give money in the hands of the common people because they run the economy, not the rich," he said.

Money should be given in the hands of poor people in phases over a period of three to six months, the economist said, adding that if they do not spend that, there is no problem.

Banerjee felt that it is the responsibility of the Centre to look after the migrant workers. "We have not thought of their problems that they will face. They have no shelter and money in their pockets," he said.

There is a need to issue emergency ration cards to all for a period of three or six months, he said.

"It is the responsibility of the Centre as the migrant workers pass through various states to reach their homes," Banerjee noted.

Doubling time of Covid-19 cases now 12.2 days: Harsh Vardhan

The minister said the fatality rate is 3.2% while the recovery rate is progressively increasing and stands at 31.74%

PRESS TRUST OF INDIA
New Delhi, May 12

THE DOUBLING TIME of Covid-19 cases has now improved to 12.2 days from 10.9 days, Union health minister Harsh Vardhan said on Tuesday, highlighting the need for enhanced surveillance and contact-tracing in view of migrants and expats returning home.

Vardhan said the fatality rate is 3.2% while the recovery rate is progressively increasing and stands at 31.74%.

Reviewing measures for management of Covid-19 cases in Jammu and Kashmir, Ladakh, Uttarakhand and Himachal Pradesh with MoS for health Ashwini Choubey, he asked the states and UTs to focus on surveillance, testing, contact-tracing and timely treatment of all the returnees.

Vardhan suggested that the Aarogya Setu mobile application be made compulsory for all the returnees for better surveillance and suitable medical interventions, the ministry said.

According to the health ministry, the death toll due to Covid-19 rose to 2,293 and the positive cases climbed to 70,756, registering an increase of 87 deaths and 3,604 cases in the last 24 hours till Tuesday 8am.

"While the doubling time in the past 14 days was 10.9, it has improved to 12.2 in the last three days," Vardhan was quoted as saying in a statement.

Of the total active cases, as on Monday, 2.37% patients are in ICU, 0.41% on ventilators and 1.82% on oxygen support, he said.

The minister said the testing capacity has increased to 1 lakh tests per day with 347 government laboratories and 137 private labs.

"Cumulatively, 17,62,840 tests have been done so far for Covid-19. Whereas, 86,191 samples were tested on Monday," he said.

The Centre, states and UTs are taking cohesive efforts to combat the coronavirus and "this provides us the assurance that the country is well-prepared to face any eventuality due to Covid-19", he said.

During the meeting, the Union health minister also stressed on ramping up surveillance for severe acute respiratory infections (SARI)/Influenza Like Illness (ILI), which will help in identifying any possible hidden infections at an early stage and in its timely containment.

He praised the work done for SARI/ILI surveillance and contact-tracing in Uttarakhand.

Ladakh stated that it has started mobile medical vans in far-flung areas for non-Covid services. RK Mathur, the LG of Ladakh, said his administration is keeping doctors and police personnel in reserve to deploy on rotational basis.

Vardhan pointed out that as the usage tobacco is fairly high in Ladakh, spitting in public places needs to be banned as per the guidelines issued earlier.

Himachal Pradesh chief minister Jai Ram Thakur said Ayurvedic immunity boosters have been provided to front-line health workers, police personnel and paramilitary forces. Sirmaur district is providing training to barbers and salon operators to prepare them for post-lockdown.

The states and UTs were advised to keep adequate stock of essential medicines and timely release of salaries and incentives to boost the morale of front-line health workers.

India needs basic income scheme to make lockdown work: French economist

INDIA NEEDS TO come out with a basic income scheme to make the lockdown work, noted French economist Thomas Piketty said on Tuesday.

He also said that India has the potential to become the global democratic leader of the 21st century if it manages to address the issue of inequality.

The government has imposed lockdown from March 25 to curb the spread of coronavirus and since then extended the restrictions twice.

"I think the government would be well advised to introduce a basic income scheme, and more generally to develop a safety net in India. I do not see how a lockdown can work without a system of income maintenance," Piketty said in an interview.

Interestingly, the idea of universal basic income was mooted in Economic Survey 2016-17 by the then chief economic advisor Arvind Subramanian and there was a discussion last year during the electoral campaign to introduce a basic income in India.

— PTI

From the Front Page

Modi's Vision 2020: A ₹20-lakh-cr package, sweeping reforms

THE LAST FEW days have seen a rush of labour — and some land — 'reforms' by various state governments but, in reality, they haven't amounted to much in the absence of comprehensive reform. In his address to the nation, the Prime Minister has promised that since one of the pillars he spoke of was labour.

Apart from the emphasis on infrastructure that was expected, he has promised sweeping supply chain reforms in agriculture – once again, some states have announced piecemeal changes here over the past few days – and also possible tax cuts for the middle class who have suffered salary cuts and job losses.

The single-biggest hope — not done well, it can also be the biggest disappointment — lies in Modi's repeated emphasis on 'local'. Building local brands, he said, was critical and spoke of how, in response to his call, the demand for Khadi had shot up. All well-known global brands, he said, began as local brands.

In a world where isolationism is the new mantra, thinking local means higher import tariffs and other forms of protection; in other words, a high-cost economy. So, if India is to develop global brands, Modi's message has to be sweeping reforms to lower costs in the country, whether by way of flexible labour laws, improved infrastructure, a more welcoming environment. Indeed, if the industry doesn't become more competitive, the loan guarantees that will be part of the package will become a dead weight as firms won't be able to repay them; if firms like Vodafone Idea shut down, as they will without slashing government levies, 'local' can't take off; having more 'local' oil or mineral production, similarly, requires slashing exorbitant government levies and fast-tracking environmental approvals.

Over the past several months, Modi has had a series of detailed discussions to come up with sectoral solutions, one of which was the recent package to attract global manufacturers of mobile phones to the country; the Budget sought to bring Indian taxes on a par with the global best. This came after years of unfriendly policy towards industry, so it is best to see how things really unfurl on the ground.

Also, even if the cash component of the package is ₹5-8 lakh crore — with RBI liquidity, loan guarantees, tax and licence fee giveaways forming the rest — it will send bond-holders into a tizzy and also make rating agencies relook their India outlook; more so, since there will be a big shortfall in both central and state tax collections this year. In other words, Modi's move is replete with risk.

The only way out is to convince investors/raters he has, in parallel, a credible plan to slash wasteful subsidies — two-thirds of Indians get a 90% food subsidy — to privatise in a big way and to draw down debt.

Including LIC, the value of PSU shares with the government is around ₹15 lakh crore; all of this can, for instance, be put into a big mutual fund-type structure, and a systematic disinvestment plan can be put in place to sell, say, ₹10,000 crore of shares on the first of every month irrespective of what the market price is, and that money be used to retire debt.

Markets will weigh the details over the next few days but, for now, Modi has shown he has the guts to take big decisions.

Trade min proposes tax holiday to woo investors

FROM OFFERING EASY access to land for factories leaving China to tax breaks for new plants, Prime Minister Narendra Modi's administration is trying to lure investors and stop the pandemic from wrecking the economy. Asia's third-largest economy is hurtling toward its first full-year contraction in four decades as India has so far failed to provide a big stimulus, given the government's limited fiscal room, even as an estimated 122 million people lost jobs in April and consumer demand evaporated.

A call made to the trade ministry spokesperson was not answered while a finance ministry spokesperson declined to comment. The benefits provided would be in addition to the existing incentives provided by the government, the people said.

The trade ministry has also identified top 50 industry clusters to upgrade their existing infrastructure, testing labs and research and development facilities. While the thrust is on developing sectors such as textiles, pharma, food processing and gems and jewellery, the ministry is also working on expanding the list to include services sectors such as tourism, the people said.

— Bloomberg

Tata Motors business has no value without JLR

TATA SONS HAD been looking for a strategic partner for the business but pledged it wouldn't sell JLR.

CLSA says the global luxury unit and Indian commercial vehicle business should both recover next fiscal. While a sale of the India passenger vehicle business and its financing arm could increase Tata Motors' equity value by ₹9,200 crore, they are "low probability events" in the current environment, Pirani said.

— Bloomberg

E-way bills on GST portal double from April level

HOWEVER, IN MARCH, which is otherwise the busiest month of the financial year, the average e-way bills generated dropped to 13.1 lakh/day due to lockdown imposed in the last week of month.

E-way bills are required for GST-registered businesses to transport cargo if it exceeds over ₹50,000 in value. A government portal issues these receipts after relevant information (related to cargo, sender, recipient and vehicle for transport) are provided.

Last week, among several measures aimed at easing compliance burden during the pandemic, the government extended the e-way bill validity for the second time since the lockdown was imposed. The e-way bill generated on or before March 24 and expiring during March 20-April 15 period would now be valid till May 31. This is likely to help trucks stuck en route to reach their destinations smoothly.

However, experts said that unless lockdown is relaxed substantially, the movement of cargo would remain restricted to essential items.

"During the period of relaxed lockdown daily average of e-way bills has seen a sudden surge, yet the numbers are far away from the regular numbers. E-way bill numbers may continue to be low as many of the state governments are apprehensive about the free movement of non-essential commodities till the pandemic is controlled," Rajat Mohan, senior partner at AMRG & Associates, said.

Another aspect that may hamper truck movement is the scarcity of drivers as migrants are choosing the travel options made available to go back home states. "The trucks are now carrying cargo from more sectors than before but with drivers leaving for their home states, a problem is looming over us," All India Transporters Welfare Association (AITWA) joint secretary Abhishek Gupta said.

Tanushree Roy, director-GST at Nangia Andersen Consulting, said: "On 3 May 2020, the government allowed industries and standalone shops in residential complex to transact in non-essential product. As a result, the goods movement across state borders revived somewhat, leading to a growth in the generation of e-waybills. This is a positive sign signalling revival of the economy."

14 states get ₹6,915-cr central grants

BASED UPON ITS assessment of the post-devolution revenue surplus/deficit of the states for FY21, the 15th Finance Commission has estimated that 14 states will need revenue deficit grants.

The states that are eligible for these grants include Andhra Pradesh, Tamil Nadu, Kerala, West Bengal, Assam, Punjab and Uttarakhand.

In April, the Centre transferred a total of ₹46,038 crore to all states as their shares of central taxes and released another ₹11,092 crore to the states as the first installment in FY21 towards disaster response/mitigation funds.

FE reported earlier that the Centre might stick to the tax transfers to states as budgeted till January 2020, despite the huge shortfall being faced by it in its tax receipts. The necessary adjustments on the basis of the actual tax collections will be made in Feb-March period. This is expected to come to the aid of states which are facing severe liquidity issues.

During a video interaction with Prime Minister Narendra Modi on Monday, some state chief ministers flagged lack of resources at their disposal to fight coronavirus outbreak. States have reported 80-90% shortfall in tax revenue receipts in April compared to their targets, aggravating their financial health.

State governments, which are at the frontline of the war against Covid-19 pandemic, have stepped up pressure on the Centre for more generous financial support on a contingent basis. The Centre is yet to take a decision on demand that FRBM limit be raised for FY21, with some states even suggesting that fiscal deficit of up to 5% of state GDP be tolerated, against the mandated 3% ceiling. The Centre has recently decided to raise its gross borrowings for FY21 by 54% from the budgeted level to Rs 12 lakh crore, a move that would widen its fiscal deficit to 5.5% of GDP or thereabouts from 3.5% estimated in the Budget.

Voda Idea to get ₹8,400 crore from Vodafone Group

IT ADDED THAT Vodafone Plc has potential exposure to certain contingent liabilities and potential refunds relating to Vodafone India and Idea Cellular at the time of the merger, including those relating to the AGR judgment, "whereby Vodafone Group and Vodafone Idea would reimburse each other on set dates following any crystallisation of these pre-merger liabilities and assets".

"Under the terms of this arrangement Vodafone Group is obliged to make payments to Vodafone Idea where amounts paid pursuant to the contingent liabilities of Vodafone India exceed those of Idea Cellular," the company said.

In April, Vodafone Plc had said it has accelerated a payment of \$200 million (about Rs 1,530 crore) to Vodafone Idea, due in September 2020, under the terms of the 'contingent liability mechanism'.

Vodafone Idea's AGR liability stands at around Rs 58,000 crore.

"Significant uncertainties exist in relation to Vodafone Idea's ability to generate the cash flow that it needs to settle, or refinance its liabilities and guarantees as they fall due, including those relating to the AGR judgment," Vodafone PLC said in a statement.

"As the Vodafone PLC Group has no obligation to fund Vodafone Idea Limited losses, the Group has recognised its share of estimated Vodafone Idea losses arising from both its operating activities and those in relation to the AGR judgment to an amount that is limited to the remaining carrying value of Vodafone Idea, which is therefore reduced to nil," it said.

Vodafone Idea's losses during the October-December quarter stood at Rs 6,453 crore. Revenue during the period was up 2.26% at Rs 11,089.4 crore — on the back of 4G customer additions and improvement in average revenue per user (Arpu). Ebitda was marginally up at Rs 3420.5 crore, while Ebitda margin declined by 47 basis points to 30.84%.

Printing more money option, but no IMF loan: CEA

THE CEA HAS already hinted at a possible government loan guarantee to soften the blow to critical sectors like MSMEs.

Commenting on the Centre's likely fiscal deficit in FY21, the CEA said last week's decision to raise gross market borrowing by ₹4.2 lakh crore to ₹12 lakh crore alone will add 150 basis points to the Centre's budgeted deficit level (3.5%). However, a precise forecast for the full year is difficult at this point.

Analysts have estimated the Centre's tax revenue shortfall at ₹2-4 lakh crore, or roughly 1-2% of GDP, in FY21. Also, the GDP growth could be flat or even negative in FY21, as against 1.5-2% estimated by CEA, many of them reckon.

Subramanian said the Centre and the states are in discussions on whether to relax the FRBM rules to allow them higher fiscal deficit limit than the mandated 3%. The fiscal plans of states, which have displayed greater discipline than the Centre in recent years, have now gone for a toss, thanks to a Covid-induced nation-wide lockdown. Even their FY20 deficit target of 2.6%, which was higher than the actual level of 2.4% in FY19, would have been breached.

He said most of the expected borrowing of \$60 billion to fund a part of the fiscal deficit through listing government bonds on the global indices will flow in only in the next fiscal, and only a tiny part of it in FY21. However, this money will allow the Centre to structure its borrowing plan in a way that the cost of borrowing doesn't pinch. In March, the Reserve Bank of India announced the opening up of key government securities to full foreign investment in a bid to find a place in global bond indices.

Asked if the elevated borrowing by the Centre will crowd out states and raise their borrowing costs, Subramanian said the yields are still at reasonable levels. The 10-year bond yield, which had dropped to 5.97% on Friday, went up 20 basis points on Monday. But this is still lower than 6.4% witnessed until recently.

Biggies manage, smaller firms hit permit hurdles

FOR INSTANCE, A small e-commerce unit in the city, which employs around a dozen employees, applied for permission immediately after May 4 but was able to get approval only recently. It first filled the online form, then after two days some new fields were added, so a fresh application had to be made and then there was a waiting period.

Similarly, an auto manufacturing unit in Chennai got permission to operate after a week's time after applying. Its vendors are still to get permission.

In such a scenario, companies are starting work with whatever they can and wait for the circle to get complete with the passage of time. Arjun Jain, whole-time director and business head of electrical-electronics division of Pune-based Varroc Group, among the largest suppliers to Bajaj Auto, has resumed operations with what is maximum possible rather than wait for the entire supply chain to come online. "It is a huge task," Jain said. "We have about a week's inventory available at the plant, but if companies do not ramp up after a week, we will be under extreme stress," he said.

Sourcing parts is the main challenge. Asheet Pasricha, joint MD, Trinity Engineers, points out that automotive OEMs cannot make the vehicle even if one part is missing, and sourcing them is a challenge. Trinity is a forging company supplying forged parts directly or indirectly to virtually all the players in the automotive industry.

Vipin Sondhi, MD & CEO, Ashok Leyland, also said it still remains a challenge for the industry to resume operations. "While the OEM production unit might be in the green zone, even if one ancillary unit that supplies a small part happens to be in the red zone, it will make a component of the vehicle unavailable, thereby making the production process impossible," said Sondhi.

In Gujarat, several traders are finding it hard to use the online systems for approval as they are not tech savvy.

Hiren Gandhi, owner-Hiren Trading Company engaged in agro commodities, said that small traders in supply chain are not digitally literate and are demanding that some off-line facility be made available for important permissions as well as passes.

Piyush Tamboli, chairman and managing director of Bhavnagar based Investment & Precision Casting Ltd (IPCL), said that biggest challenge his unit is facing is implementation of social distancing norms. While the company is learning to function in the current situation, another challenge is getting various permissions from authorities. IPCL employs 840 employees, but currently hardly 200 are at work.

Arvind Goel, MD and CEO, Tata AutoComp Systems in Maharashtra, said while there was clarity at the top level of government, it was not the same at the ground level as the local tehsildar and police were interpreting things differently making it difficult for units to start production.

Also, one of the major concerns for the companies is that they would have to shut down their factories for an indefinite period even if one worker tests positive for coronavirus. "Many companies do not want to take this risk," a senior official of a large Kolkata-based manufacturing company said.

Down south, in Tamil Nadu companies have been advised to function only with local workforce as transportation of workers within the state or elsewhere is completely banned.

(With inputs from Geeta Nair in Pune, Mithun Dasgupta in Kolkata, IR Ravichandran in Chennai, and Jyotsna Bhatnagar in Ahmedabad)

Centre plans to take states' views in categorising zones

ON MONDAY, WHILE the PM-CMs meeting was still on, a fresh list was circulated, only to be recalled within minutes, said sources.

Many states are also in favour of designating smaller areas — rather than entire districts — as red or orange zones. A similar suggestion was also received from experts, including from the World Health Organisation, sources said.

Meanwhile the total number of cases of Novel Coronavirus Disease (Covid-19) went up by 3,604 to 70,746, according to the Ministry of Health and Family Welfare. The total number of deaths, including the 87 over the last 24 hours, now stands at 2,206. A total of 22,454 people have recovered.

In the meeting on Monday, Punjab Chief minister Amarinder Singh was the first to forcefully raise this issue. As the principal authority responsible for containment operations on the field, states were best placed to decide the treatment each district required and the extent of relaxations that could be allowed, he said. In doing so, states would be able to balance the imperatives of resuming economic activities and disease control, he said. Karnataka Chief Minister BS Yeddyurappa (BJP), Delhi Chief Minister Arvind Kejriwal (AAP) and Rajasthan Chief Minister Ashok Gehlot (Congress) too proposed substantially different zoning procedures, compared with what exists today.

When the existing list was first prepared on April 30, several states had voiced their displeasure. This included West Bengal which objected to the inclusion of two districts — which had not reported cases for 14 days before the drawing up of the list — in the red zone.

In her letter to state chief secretaries on April 30, Union Health Secretary Preeti Sudan had explained the rationale for the classification of districts into red, orange and green zones.

"The districts were earlier designated as hotspots/ red-zones, orange zones and green zones primarily based on the cumulative cases reported and the doubling rate. Since recovery rates have gone up, the districts are now being designated across various zones duly broad-basing the criteria. This classification is multi-factorial and takes into consideration incidence of cases, doubling rate, extent of testing, and surveillance feedback to classify the districts. A district will be considered under Green Zone, if there are no confirmed cases so far or there is no reported case since last 21 days in the district," Sudan wrote in her letter.

While making the point that the list was dynamic and would be revised every week, Sudan also said that states may designate additional districts to the orange and red zones."However, states may not relax the zonal classification of districts classified as red/ orange as communicated by the Ministry," she said. At that point, there were 130 districts in the red zone, 284 districts in orange and 319 districts in the green zone.

A state government functionary who was present in the Monday meeting with the Prime Minister said, "All states have asked for this flexibility since we know the ground situation better. One positive case in a major municipality or corporation will push the whole district into a red zone making it difficult for us to open shops, offices and businesses. May be a major part of that municipal area is enough to contain it. Except in containment zones which require strict controls, states should have the freedom to prescribe restrictions based on the specific circumstances."

FRP dues: Notices to 15 Maha sugar factories

NANDA KASABE
Pune, May 12

THE MAHARASHTRA SUGAR Commissionerate has issued notices to 15 sugar factories in the state for their failure to pay fair and remunerative price (FRP) payments due to farmers, senior officials of the Commissionerate revealed. The FRP arrears as on date are to the tune of ₹780 crore.

According to the Sugarcane Control Act, factories must make full payment to the farmers within 14 days of taking the crop for crushing. But these factories made payments of less than 60% of the total dues. Around 144 factories participated in crushing 545.83 lakh tonne this season. According to the data released by the Commissionerate, the total FRP of ₹12,785.75 crore is to be paid by factories to cane farmers as on April 30. Of the total dues, factories have paid ₹12,036.62 crore — amounting to 94% of the total dues. Around 86 factories have made 100% cane payments to farmers and 58 factories owe FRP dues. Of these, 29 factories have made FRP payments ranging between 80% and 99.99%, 14 factories have made payments between 60% and 79.99%, and 15 factories have made less than 60% FRP payments to the farmers.

The notices have been issued by the regional joint directors of the respective areas where the sugar factories are located in the state, officials said.

According to the officials, due to the lockdown across the country, no action was initiated by the Commisisonerate till date for the recovery of FRP dues.

Since sugar commissioner Saurabh Rao has been given the additional charge of Coronavirus Control, the directives have been issued by the regional joint directors (RJDs).

Sugar recoveries were hit this season due to the extended monsoons in parts of Maharashtra and drought in other parts of the state. The sugar season this year was short due to a low cane availability. In Maharashtra, sugar production till April 30, 2020, was 60.67 lakh tonne, compared to 107.15 lakh tonne produced last year in the same period, almost 46.5 lakh tonne less than last year.

Around 144 factories participated in crushing 545.83 lakh tonne this season. Last season, some 195 factories had crushed 949.9 lakh tonne of cane and Revenue Recovery Code (RRC) notices were issued to 54 factories.

Govt sets up separate panel under Apeda to boost rice exports

FE BUREAU
New Delhi, May 12

THE CENTRE HAS set up a separate panel under agri-export promotion body Apeda to boost shipments of rice following a meeting held by the Prime Minister on May 2, in which creation of commodity-specific boards/councils was discussed. The non-basmati exporters were demanding for a separate board since Apeda's main focus has been only for basmati rice.

The commerce ministry was of the view that since a number of items such as buffalo meat, processed products and floriculture are handled by Apeda, creation of additional boards will dilute its role. Among all items under the Agricultural and Processed Food Products Export Development Authority (Apeda), rice and buffalo meat exports together have 60% share in terms of value.

"There are already tea, coffee, rubber and spices boards. If rice and buffalo meat are taken away from Apeda, it will have virtually no work. Constitution of separate board is not the solution to increase exports as a number of other factors are responsible," said a senior official of Apeda. India is not considered by regular importing nations as a sustainable destination to buy agri products due to sudden changes in policy — restrictions on shipments in case of a price rise in any commodity in the domestic market.

India's non-basmati rice exports have dropped 41% to about 4.5 million tonne in FY20, according to the Kakinada-based Rice Exporters' Association. The association, in June last year, had sought constitution of a separate board for non-basmati rice like Tea Board. It drew attention of the commerce ministry to address issues that pertains to different ministries and state governments.

"Fixing of minimum support price (MSP) is a major challenge for the exporters as every year it has been rising irrespective of the international prices. Though, we support the government's plan in doubling farmers' income, which can be done through DBT also," said BV Krishna Rao, president of the Rice Exporters Association, who is also a member of the Rice Export Promotion Forum, set up under the chairmanship of Apeda chairman. Rice exporters, officials of the Centre and states are members of the Forum.

India's export of rice was $7.77 billion during FY19—basmati share was $4.72 billion and non-basmati was $3.05 billion. During April-January of FY20, exports were down by nearly 18% (y-o-y) at $5.03 billion — basmati was $3.4 billion and non-basmati was $1.63 billion.

Meanwhile, the Food Corporation of India has procured 3.7 million tonne of rabi rice against the target of 11.3 million tonne. This year's total rice purchase-both kharif and rabi – has reached 44.6 million tonne as on May 11, which is more than the record 44.4 million tonne procured in 2018-19 during the entire season (October-September).

The wheat procurement also is no peak at about 26 MT as on May 11, against 30 MT in the year-ago period due to delayed start and enforcement of social distancing norms at purchase centres.

India suspends 39 import licences for refined palm oil

RAJENDRA JADHAV & AFTAB AHMED
Mumbai/New Delhi, May 12

INDIA HAS SUSPENDED 39 licences to import 452,303 tonne of refined palm oil after a surge in duty-free purchases from neighbours such as Nepal and Bangladesh which are not key producers, government and trade sources told Reuters. The suspension could reduce India's palm oil imports in the next few months and pressure Malaysian palm oil futures, but could lift shipments of soyoil and sunflower oil.

"All these 39 licences for import of refined palm oil will be immediately put under suspension," the government said in circular seen by Reuters.

India, the world's biggest importer of edible oil, put refined palm oil and palmolein on a list of restricted items on January 8, although New Delhi later issued licences to import refined palmolein. Palm oil imports from Nepal jumped 314% to 189,078 tonne in the fiscal year ended March 31, while purchases from Bangladesh jumped 500%, the government said in the circular.

The shipments did not attract impor tax as both nations are signatories, along with India, of the South Asian FTA that created a free-trade zone in the region.

— REUTERS

Kotak Mahindra Bank picks lenders for $1-bn share sale

KOTAK MAHINDRA BANK picked arrangers, including Bank of America and Morgan Stanley, to work on a proposed $1-billion share sale, according to people familiar with the matter.

The fundraising could happen as soon as next month, said one of the people, who asked not to be identified as the matter is private. Kotak Mahindra in April announced a plan to sell as many as 65 million new shares. The lender did not provide pricing details, though following the formula set out by regulators, the offering could be worth about $1 billion at current prices. Kotak Mahindra Capital Company, the lender's investment bank, will also participate in the issue, the people said. Details of the share sale, including timeline, could still change, while more advisers may be added, the people said.

Representatives for Bank of America and Morgan Stanley declined to comment. A Kotak Mahindra representative didn't immediately respond to requests for comment.

— BLOOMBERG

Franklin Templeton debt funds face redemption pressure even in April

CHIRAG MADIA
Mumbai, May 12

FRANKLIN TEMPLETON MUTUAL Fund, which closed six debt schemes last month, has seen redemptions from its other debt schemes as well. Data showed that assets under management (AUMs) in its liquid and money market schemes declined compared to March. The fund house saw assets increase marginally in its gilt fund. The fund house had a total of 13 debt schemes, which included the six schemes it shuttered. Data from Value Research showed that aggregate AUM of seven debt schemes of Franklin Templeton MF stood at ₹14,700.99 crore on March 31, which came down to ₹9,293.34 crore in April — a decline of ₹5,407.65.

Among the seven schemes, which are open to investors, Franklin India Liquid Fund saw a sharp fall in its assets in April. As on March 31, its AUM was ₹6,962.56 crore, which came down to ₹3,582.21 crore in April. The AUM of Franklin India Saving Fund in April was at ₹1,894.73 crore, down ₹1,461.95 crore compared to March.

Market participants say that since the fund house wound-up its six debt schemes, there has been a panic selling in other debt schemes of the fund house. "The fall in assets for few of its debt schemes was more to do with the apprehension on the fund house rather than any liquidity issue. High net worth individual and ultra-high net-worth individuals might have moved money from Franklin Templeton's liquid and money market schemes," said one industry expert.

On April 23, Franklin wound down six schemes collectively worth ₹25,800 crore.

Assets under management of Franklin Templeton debt schemes

(₹ cr)	Mar 31	Apr 30	Difference
Franklin India Banking & PSU Debt Fund	1,156	1,126	-30
Franklin India Corporate Debt Fund	1,466	1,072	-394
Franklin India Liquid Fund - Regular Plan	6,963	3,582	-3,380
Franklin India Floating Rate Fund	407	250	-157
Franklin India Government Securities Fund	276	298	21
Franklin India Overnight Fund - Regular Plan	1,076	1,071	-5
Franklin India Savings Fund - Retail Plan	3,357	1,895	-1,462
Total	14,701	9,293	-5,408

Source: Value Research

SOUTH DELHI MUNICIPAL CORPORATION

ADVERTISEMENT DEPARTMENT
Dr. Shyama Prasad Mukherjee Civic Centre (25th Floor),
Jawaharlal Nehru Marg, New Delhi-110002, Ph. No. 011-2322-7212

E-TENDER NOTICE

Bids are invited on behalf of Commissioner, SDMC through following three different e-Tenders from eligible bidders:-

1. E-Tender Notice No. CO/Advtt/E-Tender-01/SDMC/2020-21/NIT/D-08 dated 12.05.2020 for allotment of advertisement rights through Unipole Clusters under the jurisdiction of SDMC on monthly license fee basis in two bid system (i.e. Technical and Financial) for an initial period of **three years.**
2. E-Tender Notice No. CO/Advtt/E-Tender-02/SDMC/2020-21/NIT/D-09 dated 12.05.2020 for allotment of advertisement rights through Clusters of LED Screens/Digital Media under the jurisdiction of SDMC on monthly license fee basis in two bid system (i.e. Technical and Financial) for an initial period of **three years.**
3. E-Tender Notice No. CO/Advtt/E-Tender-03/SDMC/2020-21/NIT/D-10 dated 12.05.2020 for allotment of advertisement rights through Clusters of Toilet Blocks and Individual Toilet Blocks under the jurisdiction of SDMC on monthly license fee basis in two bid system (i.e. Technical and Financial) for an initial period of **three years.**

The Last Date of Submission of bids in all above e-tenders is:- 03.06.2020, Till 15.00 Hours.

The detailed Tender documents are available on SDMC's website i.e. **www.mcdonline.gov.in and www.tenderwizard.com/SouthDMC**

RO NO.15/DPI/S/2020-21 **COMMERCIAL OFFICER, ADVT.**

FORM G
INVITATION FOR EXPRESSION OF INTEREST
(Under Regulation 36A (1) of the Insolvency and Bankruptcy (Insolvency Resolution Process for Corporate Persons) Regulations, 2016

RELEVANT PARTICULARS

1.	Name of the corporate debtor	**Jet Airways (India) Limited**
2.	Date of incorporation of corporate debtor	01 April 1992
3.	Authority under which corporate debtor is incorporated / registered	Ministry of Corporate Affairs, RoC-Mumbai
4.	Corporate identity number / limited liability identification number of corporate debtor	L99999MH1992PLC066213
5.	Address of the registered office and principal office (if any) of corporate debtor	Registered Office : Siroya Centre, Sahar Airport Road, Andheri (East), Mumbai – 400099 Principal Office: Jet Airways (India) Limited, Global One, 3rd floor, 252, LBS Marg, Kurla (West), Mumbai – 400070
6.	Insolvency commencement date of the corporate debtor	20 June 2019
7.	Date of invitation of expression of interest	13 May 2020 (Round 4) Newspaper advertisement published and Company website also updated
8.	Eligibility for resolution applicants under section 25(2)(h) of the Code is available at :	The eligibility criteria is mentioned in the detailed Expression of Interest process document available on **www.jetairways.com** or can be sought by email to **fly.JetAirways@in.gt.com**
9.	Norms of ineligibility applicable under section 29A are available at:	Available at the website of IBBI **(https://ibbi.gov.in/legal-framework/)** or request by email to **fly.JetAirways@in.gt.com**
10.	Last date for receipt of expression of interest	28 May 2020
11.	Date of issue of provisional list of prospective resolution applicants	02 June 2020
12.	Last date for submission of objections to provisional list	07 June 2020
13.	Date of issue of final list of prospective resolution applicants	10 June 2020
14.	Date of issue of information memorandum, evaluation matrix and request for resolution plans to prospective resolution applicants	02 June 2020
15.	Manner of obtaining request for resolution plan, evaluation matrix, information memorandum and further information	Will be shared in electronic form with the eligible prospective resolution applicants
16.	Last date for submission of resolution plans	11 July 2020
17.	Manner of submitting resolution plans to resolution professional	In a sealed envelope by post/hand as well as Digital Copy in a pen drive to Resolution Professional
18.	Estimated date for submission of resolution plan to the Adjudicating Authority for approval	23 July 2020
19.	Name and registration number of the resolution professional	Ashish Chhawchharia IBBI/IPA001/IP-P00294/2017-18/10538
20.	Name, Address and e-mail of the resolution professional, as registered with the Board	Ashish Chhawchharia, **A:** Grant Thornton, 10C Hungerford Street, Kolkata – 700017, **E: ashish.chhawchharia@in.gt.com**
21.	Address and email to be used for correspondence with the resolution professional	Jet Airways (India) Limited, Global One, 3rd floor, 252, LBS Marg, Kurla (West), Mumbai – 400070, **E: fly.JetAirways@in.gt.com**
22.	Further Details are available at or with	On the website of the corporate debtor **www.jetairways.com** or can be sought by email to **fly.JetAirways@in.gt.com**
23.	Date of publication of Form G	13 May 2020 (Round 4)

Sd/-
Ashish Chhawchharia
(IBBI/IPA-001/IP-P00294/2017-18/10538)
Resolution Professional
for Jet Airways (India) Limited
E: RP.JetAirways@in.gt.com
Registered address and email id with IBBI:
Grant Thornton, 10 C Hungerford Street, Kolkata – 700017
E: ashish.chhawchharia@in.gt.com

Date: May 13, 2020
Place: Mumbai

TRANSMISSION CORPORATION OF TELANGANA LIMITED
e-PROCUREMENT TENDER NOTICE

The Transmission Corporation of Telangana Limited invites bids through tenders on e-procurement platform for the following works: **Specification No. TST-CONST-e-01/2020-21 of CE (Construction) :** Supply, Erection, Testing & Commissioning of (i) 132/33KV sub-station at Nagaram (ii) 132KV line with ACSR Panther conductor on Galvanised towers by making LILO of existing 132KV DC/SC line from 400/220/132KV SS Suryapet to 132/33KV Thungathurty SS at newly proposed 132/33KV SS Nagaram on turnkey basis in Suryapet District. Further details can be seen @ **http://www.tender.telangana.gov.in Phone: 040-23396000, Extn : 3356, 3508, 3643, Fax : 040-23336171.**

R.O.No.04/20 **Sd/- CHIEF ENGINEER, CONSTRUCTION**

DABUR INDIA LIMITED
CIN - L24230DL1975PLC007908
Regd. Office: 8/3, Asaf Ali Road, New Delhi - 110 002
Tel. No. - 011-23253488, Fax No. - 011-23222051
Website - www.dabur.com; e-mail: investors@mail.dabur

NOTICE

Notice is hereby given that the undermentioned share certificates of the Company have been reported to be lost or misplaced

SL.NO	FOLIO NO.	NAME	CERTIFICATE NOS	SHARES	DISTINCTIVE NOS
1	DIL0904533	B SHEELA TILAK	85387	1000	603038495-603039494
2	DIL0053107	AVNISH GUPTA SANYUKTA GUPTA	82317 82318 82319	1000 1000 1000	601974036-601975035 601975036-601976035 601976036-601977035
3	DIL0051133	KAILASH CHAND GUPTA MEENA DEVI GUPTA ASHOK KUMAR GUPTA	82211 88195 105602	100 100 300	601905040-601905139 606056279-606056378 902268385-902268684

1. Any person who has a claim or lien or interest in the above shares and having any objection to the issue of duplicate share certificates in lieu of the above, is requested to notify the same to the Company at its Registered Office latest by 25.05.2020,indicating the nature of the claim, lien or interest of his/her objection to the said issue of duplicate share certificates through an affidavit duly attested.
2. In case company does not receive any objection within aforesaid period it shall proceed with the issue of new share certificates of the face value of Re.1 each in lieu of the old shares of the face value of Rs.10 or Re.1 each, as the case may be, comprised in the above mentioned lost share certificates without entertaining any claim/damages whatsoever it may be.
3. The submission of documents by the members to the company shall be deemed to be completed on 25.05.2020 being last date of receipt of objection, if any, by the company on the above shares.

for DABUR INDIA LIMITED
(A K JAIN)
E.V.P. (Finance) & Company Secretary

New Delhi
11.05.2020

ZenSar
Zensar Technologies Ltd.
CIN L72200PN1963PLC012621
Registered Office: Zensar Knowledge Park, Plot#4, MIDC, Kharadi, Off Nagar Road, Pune – 411014, Maharashtra, India
Tel. No.: +91 20 6607 4000 | **Fax No.:** +91 20 6605 7888
E-mail: investor@zensar.com | **Website:** www.zensar.com

NOTICE

TRANSFER OF EQUITY SHARES OF THE COMPANY TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Shareholders are hereby informed that in accordance with the provisions of Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), as amended from time to time, equity shares of the Company, in respect of which dividend entitlement has remained unclaimed or unpaid for a consecutive period of Seven (7) years or more, are required to be mandatorily transferred by the Company to the Investor Education and Protection Fund (IEPF) of the Government of India.

Accordingly, for complying with the statutory requirement, a requisite communication is being sent to the concerned shareholders at the earliest possible under current COVID situation, on their registered address available with the Registrar and Share Transfer Agent (RTA), who have not claimed the final dividend declared for Financial Year 2012-13 during the past seven consecutive years, that the corresponding shares are liable to be transferred to IEPF. The Company has also uploaded on its website (www.zensar.com) full details of such shareholders and their shares which are due for transfer.

The Company is under an obligation to initiate the procedure for transferring the said equity shares to the IEPF as per the Rules if no valid claim/application is received by the Company or RTA before Thursday, August 13, 2020.

Shareholders may also note that both the unclaimed dividends and corresponding shares including all benefits accruing on such shares, if any, once transferred to IEPF can be claimed back only from IEPF Authority after following the procedure prescribed under the said Rules and no claim shall lie against the Company.

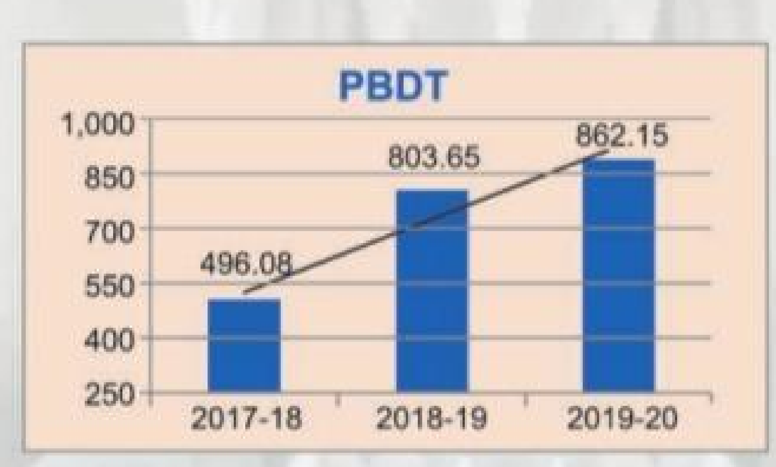
Further, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandate transfer of shares only in DEMAT mode from April 1, 2019 onwards. You are therefore, once again requested to dematerialize your shares at the earliest.

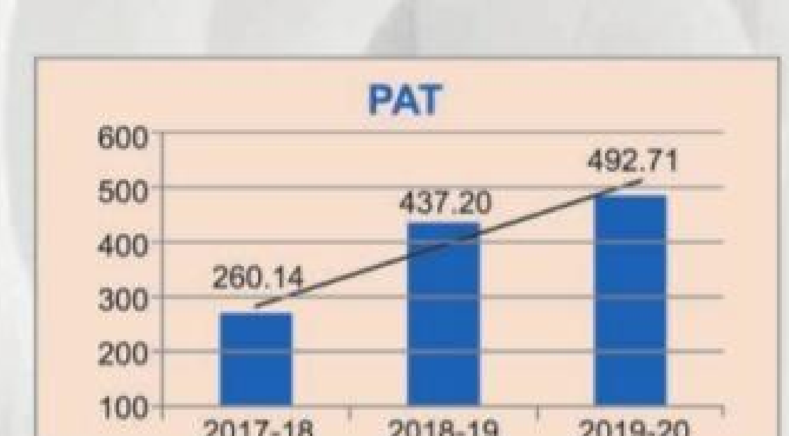
For **Zensar Technologies Limited**
Sd/-
Gaurav Tongia
Company Secretary

Place: Pune
Date: May 12, 2020

JK PAPER LTD.
Creating lasting impressions

PASSION TO PERFORM





GROWTH TREND : YEARLY – Standalone (₹ Crore)

AUDITED FINANCIAL RESULTS (STANDALONE & CONSOLIDATED) FOR THE QUARTER & YEAR ENDED 31ST MARCH, 2020

₹ in Crores

Sr. No.	Particulars	STANDALONE Quarter Ended 31.03.2020	STANDALONE Quarter Ended 31.03.2019	STANDALONE Year Ended 31.03.2020	STANDALONE Year Ended 31.03.2019	CONSOLIDATED Quarter Ended 31.03.2020	CONSOLIDATED Quarter Ended 31.03.2019	CONSOLIDATED Year Ended 31.03.2020	CONSOLIDATED Year Ended 31.03.2019
		(Audited)							
1	**Income from Operations (Gross)**	801.00	862.77	3,294.37	3,491.85	806.66	863.18	3,300.26	3,492.26
2	Total Income from Operations (Net)	748.78	830.88	3,135.46	3,312.07	766.62	828.45	3,164.00	3,306.71
3	**Profit before Interest and Depreciation (EBITDA)**	200.23	242.61	984.96	926.05	207.25	239.58	975.17	918.12
4	Net Profit before tax from ordinary activities and Exceptional Items #	134.64	176.42	718.59	678.35	137.00	177.15	696.39	666.04
5	**Net Profit after tax from ordinary activities and Exceptional Items #**	91.36	112.23	492.71	437.20	92.72	112.96	468.41	424.94
6	Total Comprehensive Income for the period [comprising Profit for the period (after tax) and Other Comprehensive Income (after tax)]	89.04	113.29	488.00	433.88	91.67	113.21	472.59	424.28
7	Equity Share Capital	178.24	178.24	178.24	178.24	178.24	178.24	178.24	178.24
8	Other Equity as shown in the Audited Balance Sheet of the previous year			2,189.81	1,862.97			2,187.25	1,859.86
9	Earnings Per Share in ₹10/- Share (EPS for the Quarters are not Annualised)								
i	Basic :	5.13	6.30	27.64	24.57	5.20	6.34	26.28	23.88
ii	Diluted :	5.13	6.30	27.64	24.51	5.20	6.34	26.28	23.82

Notes :

1) Pursuant to the requirements of SEBI (LODR) Regulations, 2018 (as amended), the Company has published consolidated quarterly and YTD results. The consolidated results of the corresponding periods are management certified figures.

2) The above is an extract of the detailed format of Quarter and Year Ended March 31,2020 Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Financial Results are available on the Stock Exchange websites of BSE and NSE at **www.bseindia.com** and **www.nseindia.com** respectively and also on Company's website at **www.jkpaper.com.**

\# The Company does not have any Exceptional Items to report in above periods.

For JK PAPER LTD.
Harsh Pati Singhania
(Vice Chairman & Managing Director)

Place : New Delhi
Dated : 12th May, 2020

Multipurpose office papers from JK Paper

Admin Office: Nehru House 3rd Floor, 4 Bahadur Shah Zafar Marg, New Delhi - 110002, Ph: 91-11-33001132, 33001112, Fax: 91-11-23712680
Regd. Office: Central Pulp Mills, Fort Songadh, Dist. Tapi, Gujarat - 394660, Website: www.jkpaper.com
Corporate Identity Number: L21010GJ1960PLC018099 • /jkpaperindia • /jkpaperindia

Facebook violence curbs thwarted by groups using code words

BLOOMBERG
Washington, May 12

WHEN PRESIDENT DONALD Trump urged Americans last month to "LIBERATE VIRGINIA" on Twitter, a private Facebook group named "Boogaloo Enthusiasts: CORONAPOCALYPSE" welcomed the tweet.

"Did Trump just call for boogaloo?," one member wrote, according to the Southern Poverty Law Center. "Well, you heard the man! Let's go bois," another responded.

Membership in Facebook groups focused on violent anti-government uprisings in the US has doubled in recent weeks as the coronavirus pandemic has spread and governments impose restrictions aimed at slowing the contagion.

To get their message across, these groups are exploiting loopholes in Facebook anti-violence policies — using satire, code words and other tactics that mask their motives, according to experts who follow fringe groups on social media. One of the more common such phrases is "boogaloo," which can refer to a kind of music but more recently has come to describe a pending civil war.

The boogaloo groups, and other extremist groups deploying similar tactics, pose yet another test for the Menlo

Park, California-based social media giant, as it tries to strike a workable balance between allowing free discourse and curbing disinformation or those encouraging violence and law breaking.

Facebook's efforts to fight everything from Covid-19 misinformation to animal trafficking have been made more difficult by the company's push into more private, encrypted communication, which can make some illicit activity almost impossible to detect — a trade-off that chief executive officer Mark Zuckerberg said he's willing to accept. And though Facebook has delayed other content moderation to focus on pandemic-related material, Facebook groups have continued to promote fake cures and protests to reopen states that could violate social distancing mandates.

Facebook's challenge has been highlighted by the lockdown protests — a fringe movement that the "boogaloo" and other far-right groups have leveraged as a recruiting tool, experts say. Between February and April, the number of boogaloo Facebook groups grew from about 75 to 125, according to an April report by the Tech Transparency Project. Membership doubled to 70,000 in a monthlong period ending in late April, according to the report.

"The platforms' own practices and design create these loopholes that allow disinformation conspiracy theories and radicalizations to exist. What you're seeing with boogaloo is an example of that," said Karen Kornbluh, senior fellow and director at the Digital Innovation and Democracy Initiative at the German Marshall Fund. "They are able to pretty clearly violate the terms of service through such simple, obvious strategies, which shows that there's a lot of tightening up that can be done."

CORONA CRISIS

Fauci warns of 'suffering and death' if US reopens too soon

Eyeing November elections, Trump has been eager to restart the economy

ASSOCIATED PRESS
Washington, May 12

DR ANTHONY FAUCI, the nation's top infectious disease expert, is warning Congress that if the country reopens too soon during the coronavirus pandemic, it will result in "needless suffering and death."

Fauci is among the health experts testifying on Tuesday to a Senate panel. His testimony comes as President Donald Trump is praising states that are reopening after the prolonged lockdown aimed at controlling the virus' spread.

Fauci, a member of the coronavirus task force charged with shaping the response to Covid-19, which has killed tens of thousands of people in the US, is testifying via video conference after self-quarantining as a White House staffer tested positive for the virus.

With the US economy in free-fall and more than 30 million people unemployed, Trump has been pressuring

states to reopen.

Fauci, in a statement to *The New York Times*, warned that officials should adhere to federal guidelines for a phased reopening, including a "downward trajectory" of positive tests or documented cases of coronavirus over two weeks, robust contact tracing and "sentinel surveillance" testing of asymptomatic people in vulnerable populations, such as nursing homes.

"If we skip over the checkpoints in the guidelines...then we risk the danger of multiple outbreaks throughout the country," Fauci wrote. "This will not only result in needless suffering and death, but would actually set us back on our quest to return to normal."

A recent *Associated Press* review determined that 17 states did not meet a key White House benchmark for loosening up — a 14-day downward trajectory in new cases or positive test rates. Yet many of those have begun to reopen or are about to do so, including Alabama, Kentucky, Maine, Mississippi, Missouri, Nebraska, Ohio, Oklahoma, Tennessee and Utah.

Of the 33 states that have had a 14-day downward trajectory of either cases or positive test rates, 25 are partially opened or moving to reopen within days, the *AP* analysis found. Other states that have not seen a 14-day decline, remain closed despite meeting some benchmarks.

Fauci is testifying to the Senate Health, Education, Labor and Pensions committee via video conference after putting himself in quarantine when a White House staffer tested positive for the virus. The chairman of the committee, Republican Sen. Lamar Alexander of Tennessee, also put himself in quarantine after an aide tested positive and will participate by video, too.

Besides Fauci, of the National Institutes of Health, the other experts include FDA Commissioner Dr Stephen Hahn and Dr Robert Redfield, head of the Centers for Disease Control and Prevention — both in self-quarantine — and Admiral Brett Giroir, the coronavirus "testing czar" at the Department of Health and Human Services.

The health committee hearing offers a very different setting from the White House coronavirus task force briefings the administration witnesses have all participated in. Most significantly, Trump will not be controlling the agenda.

China exempting some foreign executives from travel ban

AGENCIES
Beijing, May 12

CHINA IS ALLOWING executives from some foreign companies to enter the country despite a coronavirus travel ban as it seeks to restart the economy, according to people familiar with the matter.

The ministry of commerce told some key foreign companies they can apply for exemptions to the entry ban if they want to get executives back into China, the people said, asking not to be identified because the matter hasn't been made public. They would still serve a mandatory quarantine, one of the people said.

The move is the latest sign that China, which has banned almost all foreigners from entering since late March, is taking steps to reopen its borders for business. China has had some success in containing the outbreak, which first emerged in the central city of Wuhan, and businesses such as Shanghai Disneyland reopened on Monday, with health checks and social-distancing measures.

"China will establish fast-track channels for business, logistics, production and technical services professionals from some countries to travel to China under the premise that safe epidemic prevention is ensured," the ministry of foreign affairs said in a state-

ment in response to *Bloomberg News* query.

After first-quarter gross domestic product had its worst slump since the 1970s, officials are focusing on normalising the economy. Rising unemployment and a collapse in global demand mean the risk of a second quarter of contraction persists.

China and South Korea agreed to simplify entry for essential business travelers from the start of May. The "fast-track" arrangement allows South Korean business-people to travel to 10 Chinese provinces and cities after their visas are approved. Health-screenings and quarantine procedures remain in place, though the length of quarantine in China is up to two days, compared with the standard 14 days. Chinese travelers to South Korea need to apply for quarantine exemptions and pass health tests.

The goal of the agreement is to expedite entry for people urgently needed for the resumption of essential work and production, while keeping supply chains between the two countries stable and unimpeded, China Foreign Ministry Spokesman Geng Shuang said at a news briefing on April 30. China would like to establish fast-track agreements with other countries, he said, without elaborating.

Some German companies are awaiting feedback after applying for exemptions, one of the people said. One person who got in was Volkswagen's executive vice president for research and development, Thomas Muller, who entered China from Germany recently, according to Volkswagen.

Super-rich stranded by lockdowns face higher tax bills

BLOOMBERG
New York, May 12

MARK DAVIES IS used to flying around the world, typically visiting Geneva and Monaco every month in his work as a tax adviser for the super-wealthy. Now he's sequestered at home in southwest London because of the coronavirus pandemic, which is wreaking havoc on his business and the tax plans of his wealthy clients similarly accustomed to globe-trotting.

"The pandemic means we've now got people stuck in the UK who didn't intend to be here, and people who did want to be here that couldn't," he said. "It's gone both ways." As nations have closed borders, some affluent individuals are confronting unexpectedly complex tax situations.

These include the prospect of higher levies from spending too many days in a foreign locale, or having to shelve plans to obtain tax breaks by moving abroad. Australia, the UK and Singapore have issued guidelines to ease concerns about tax residency for individuals trapped because of the virus, but they're far from fail-safe guarantees.

And even as the US and Europe follow Asian nations in phasing out lockdown restrictions, the prospect of global travel returning to pre-pandemic levels remains well in the future.

Hong Kong leader pushes pro-China agenda, risking Trump's wrath

IAIN MARLOW & NATALIE LUNG
Hong Kong, May 12

THROUGH MONTHS OF sometimes violent pro-democracy protests last year, Hong Kong leader Carrie Lam often became emotional when confronted with accusations that she sold out the former British colony to China.

In appeals to the public, she talked about her personal sacrifices for Hong Kong and called for rebuilding harmony. She took the blame for the "entire unrest" that followed her decision to propose legislation that would've allowed extraditions to the mainland, and pledged to listen more before pushing unpopular measures.

Now, almost a year later, Lam is again pushing ahead with politically divisive policies — and she's no longer expressing concern about the fallout. At a news briefing on Tuesday ahead of a meeting of her advisory Executive Council, she said a controversial bill making it illegal to disrespect China's national anthem would get priority in the city's legislature.

Hong Kong leader Carrie Lam

"I'm not afraid of other's criticism or smearing," Lam said. She also said it was necessary for school curriculum reforms that would foster a "national identity."

Lam's defiance matches a more aggressive approach by her bosses in Beijing to rein in a pro-democracy camp that mounted its biggest pushback against Chinese rule since Britain returned the city in 1997. The tactics have included renewed clampdowns on protesters, who are starting to become active again after the Covid-19 outbreak prompted the masses to stay indoors.

"The overall impression I have is that Carrie Lam and her team have given up all pretense that they're in control, and all pretense that they are helping Hong Kong defend 'one country, two systems,'" said Anson Chan, the city's former No. 2 official during the transition from British to Chinese rule. "In the middle of the coronavirus pandemic, you'd think the government would be refraining from things that could inflame tensions."

—BLOOMBERG

Biden calls Trump focus on Flynn 'diversion' from coronavirus

BLOOMBERG
Washington, May 12

JOE BIDEN CALLED President Donald Trump's anger at the Obama administration for launching an investigation of former national security adviser Michael Flynn an effort to distract from his handling of the coronavirus pandemic that has killed more than 80,000 Americans.

"This is all about diversions," Biden said on Tuesday on ABC's "Good Morning America." Trump, he said, "has acted irresponsibly from the very beginning. He continues to act irresponsibly. He hasn't done his job. This is all about diverting attention, diverting attention from the horrible way in which he's acted" in responding to the coronavirus crisis.

The Justice Department last week dropped its criminal case against Flynn. Flynn had twice pleaded guilty to lying to the FBI about his conversations with a Russian diplomat during the 2016 presidential transition. Trump and others on the

Michael Flynn

right argue that former President Barack Obama and key aides used their final weeks in office to target incoming Trump officials.

Biden, Obama's vice president, insisted Tuesday that there was no wrongdoing by the Obama administration in beginning a probe of Flynn's conduct in January 2017 and said that was all he was aware of at the time. "I think there's nothing there there," he said of Trump's claims against the Obama team.

And, he added, there will be "plenty of time" for Trump to investigate his claims once the coronavirus crisis subsides.

Nintendo Switch parts supply limited by lockdowns in Asia

DEBBY WU & TAKASHI MOCHIZUKI
Tokyo, May 12

NINTENDO IS STRUGGLING to procure some essential components for its popular Switch console due to government-imposed lockdowns in Malaysia and the Philippines, likely limiting its production this year, according to people familiar with its operations.

Malaysia is Nintendo's source for printed circuit boards while the Philippines provides passive components that attach to those PCBs. Both nations have had to limit business operations and travel as part of their efforts to curb the spread of the novel coronavirus. Malaysia officially relaxed its lockdown on May 4, opening up for most forms of economic activity, however states delayed easing rules due to lack of preparation while companies struggled to get all their workers tested before resuming work.

A Nintendo spokesperson declined to comment.

The restrictions will make it difficult for Nintendo to exceed its forecast of 19 million Switch unit sales in the current fiscal year, a disappointing projection that triggered a slide in its stock on Friday. The Switch is out of stock in many markets around the world after the record-breaking success of Animal Crossing: New Horizons, the biggest gaming hit of the coronavirus era.

Nintendo's forecast would mean a decline in Switch sales from the 21 million consoles it sold in the last fiscal year, despite the device's soaring popularity. Restoring full production capacity will largely depend on how the pandemic situation develops, and Nintendo may have to delay the release of some games and services if things don't improve, President Shuntaro Furukawa said on its earnings call on Thursday.

"We expect the Covid-19 impact on our production to go away by summer," Furukawa said.

Rivals Microsoft and Sony plan to introduce new iterations of their consoles later this year, putting pressure on Nintendo to capitalise on the Switch's popularity before the competition arrives.

—BLOOMBERG

Vettel's Ferrari departure could also be farewell to F1

REUTERS
London, May 12

SEBASTIAN VETTEL'S DREAM of emulating Michael Schumacher in winning multiple Formula One titles with Ferrari finally ended on Tuesday.

It would be no big surprise if the four times world champion ultimately walks away from the sport entirely at the end of a Covid-19 hit 2020 season without adding to his championship tally.

The 32-year-old German, who won his drivers' crowns with Red Bull from 2010-13, hinted at that possibility in a Ferrari statement announcing his departure after five years at Maranello.

Schumacher won five of his record seven titles with the Italian team but those days are gone and Vettel, one of the highest-paid drivers, has so far only 14 race wins for Ferrari to his credit.

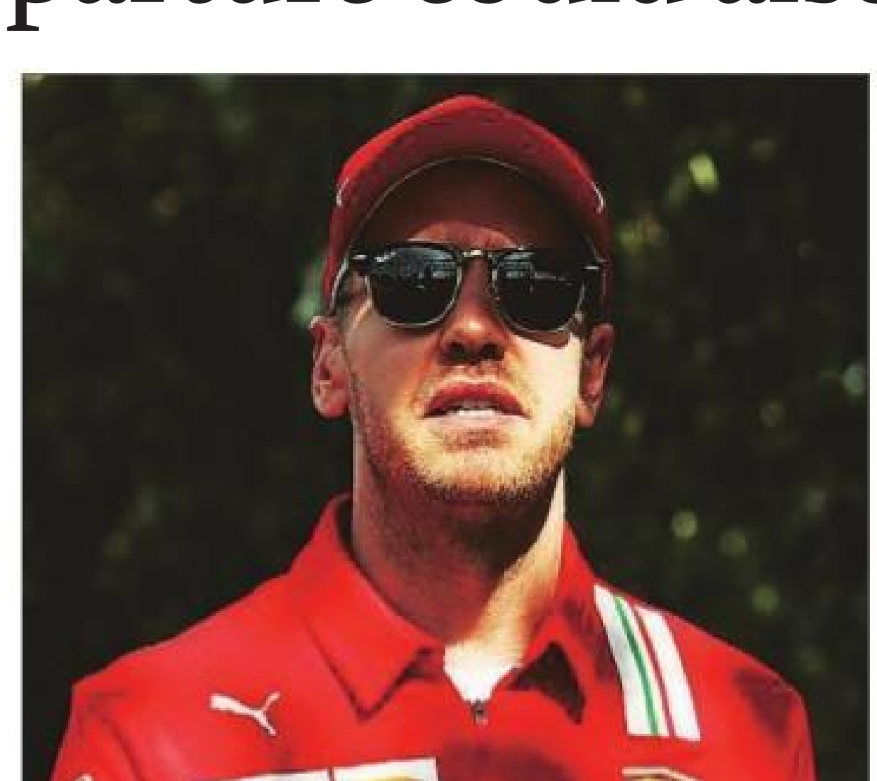
The new coronavirus crisis has also changed the sporting and financial landscape.

"What's been happening in these past few months has led many of us to reflect on what are our real priorities in life," said Vettel, who has been isolating at home in Switzerland while Italy was in lockdown.

"One needs to use one's imagination and to adopt a new approach to a situation that has changed. I myself will take the time I need to reflect on what really matters when it comes to my future," added the father of three.

Vettel had been in talks about a contract extension and his chances of securing another drive in a winning car now appear limited.

Champions Mercedes and Red Bull are the only teams other than Ferrari to have won races since the 1.6 litre V6 turbo hybrid era started in



Sebastian Vettel

2014, and the rules are staying the same until 2022.

While Mercedes' six-times world champion Lewis Hamilton has been linked to Ferrari, his recent comments have indicated he intends to remain with the dominant team of the past six seasons.

Hamilton gets on well with Finnish team mate Valtteri Bottas, and Mercedes also have younger and cheaper long-term talents in their driver pipeline in the shape of Britain's George Russell and Frenchman Esteban Ocon.

Red Bull have shown no desire to take Vettel back, with 22-year-old Dutch driver Max Verstappen their main focus now alongside British-born Thai youngster Alexander Albon.

"It's difficult to see how two alphas can fit in a team. You can see the problem that Ferrari have had. Why would it be any different at Red Bull with two alpha drivers?," team boss Christian Horner said last year.

Vettel and his Monegasque team mate Charles Leclerc fought for supremacy inside Ferrari last year, with the 22-year-old getting the upper hand against an uneasy champion used to being top dog.

Ferrari clearly see Leclerc, who has a long-term contract and is fast becoming one of the sport's most popular drivers, as their future.

Spaniard Carlos Sainz, McLaren's 25-year-old driver, has already been installed as a frontrunner to join him with Renault's Australian Daniel Ricciardo also in contention.

Ricciardo, 30, is a race winner of Italian ancestry and would be a popular choice.

McLaren, who last won a race in 2012 but were fourth last season, will be switching from Renault to Mercedes engines in 2021 and could be interested in Ricciardo as a replacement for Sainz if the Spaniard gets the nod.

Renault, touted by some as Vettel's most likely option, are in full cost-cutting mode as the manufacturer faces slumping car sales as a result of the pandemic.

Lockdown leads Toyota chief to question core tenet for carmaker

SHIHO TAKEZAWA & NAO SANO
Tokyo, May 12

TOYOTA MOTOR CHIEF executive officer Akio Toyoda says he is starting to question long-ingrained practices at the Japanese carmaker after cutting travel by 80% and spending less time in meetings as part of measures to guard against the spread of Covid-19.

The grandson of Toyota's founder, who has spent recent weeks at a Toyota training facility, said on Tuesday he is now questioning "Genchi-Genbutsu," a Japanese phrase that translates roughly into "go and see for yourself." The principle was built on the idea that problems can be solved more quickly and efficiently by going to where they exist and analysing root causes.

"We're taking a fresh look at the assumptions of 'Genchi-Genbutsu'," Toyoda, 64, said after announcing Toyota's financial results and forecast for an 80% decline in operating profit for the fiscal year through March. The outbreak has forced automakers to shut factories and showrooms, leading to a plunge in vehicle sales.

Toyoda said it's still important to see things for yourself, but for the right reasons and at the right times. But it's also becoming clearer that people shouldn't be traveling all the time just to attend meetings, he said. Underscoring the point, the CEO said he spends 30% less time in meetings, and cut related paperwork by a half.

"Until now, when employees met me, they would prepare briefing materials, or have someone else prepare them, and then use information that's one or two weeks old for discussions," Toyoda said. "Now, I can just get on a video conference without any materials and deal with any issues then and there."

—BLOOMBERG