**EDITORIAL** Niti Aayog right to look for an alternative to L-1; for starters, exempt PSUs

in competitive markets

**US PRESIDENTIAL RUN 2020** 

INTERNATIONAL, P5

Biden has double-digit lead over Sanders for Democratic nomination



INTERNATIONAL, P5

**SMOKESCREEN** 

Juul courted state attorney generals as teen vaping surged



CHENNAI/KOCHI, WEDNESDAY, MARCH 11, 2020

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# FINANCIALEXPRESS

### ■ IN THE NEWS

### **Focused equity** funds deliver positive returns

SHARP POLARISATION OF the Indian equity markets in the last one year has helped focused equity funds deliver positive returns, reports **fe Bureau** in **Mumbai**. With slowdown in the Indian economy, fund managers who had invested in stocks such as ICICI Bank, Kotak Mahindra Bank and Bajaj Finance to name a few, have managed to give positive returns. However, market participants also say that concentrated bets may not deliver better returns once there is a broadbased rally in the Indian equity markets.

### MF schemes on sustainable investment road

FOLLOWING GLOBAL PEERS. Indian mutual funds have started offering schemes with sustainable investing strategies to the domestic investors, reports **fe Bureau** in **Mumbai**. There are already three equity schemes based on environment, social and governance (ESG) theme, five others are awaiting approval from the Securities and Exchange Board of India to launch funds based on the ESG theme. SBI MF and Quantum MF already had their ESG fund offering, recently Axis MF also launched its ESG fund.

**Special Features** 

QuickPicks

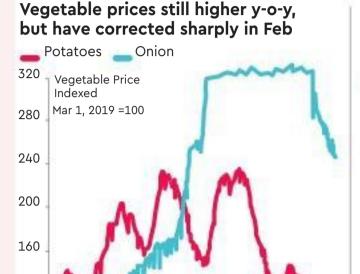
5 important ways to cut your

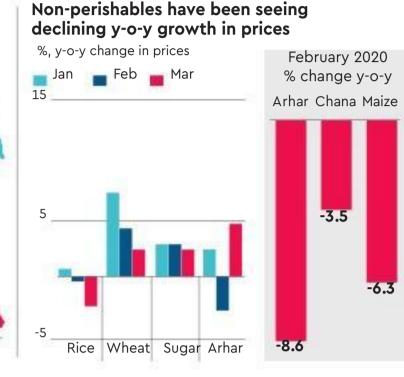
long-term investment risk

DeepTech startups look to

### **DEMAND SLUMP**

# Farm items' price fall raises rural pain fear





### PRABHUDATTA MISHRA New Delhi, March 10

Source: CMIE. Credit Suisse estimates

INCREASED SUPPLIES AND some demand destruction caused by Covid-19 have of late resulted in a correction in prices of food items, including vegetables, non-perishables like cereals and sugar as also chicken and egg. This could give some relief to the Monetary Policy Committee (MPC), which is struggling to find room for a rate cut amid elevated inflation, even as growth pangs weigh heavily on its mind. However, the drop in prices of food crop could adversely impact rural

On the basis of needs and the

individuals must assess their

risk tolerance, time available to meet the objectives and

ability to replace capital

erosion in the long-term

■ Personal Finance, P8

demands more risk and

patient capital which tends

to make investors cautious

about investing their money

in such business models

**■ eFE**, P8

Long road to recovery ahead for

ailing travel and tourism sector

dealt a massive blow to the Indian travel and

tourism industry, particularly airlines, reports

FOREIGN PORTFOLIO investors (FPIs) have

resumed buying of Indian debt, albeit in small

10 consecutive sessions between February 17

and March 3, Bloomberg data showed, reports **fe Bureau** 

in **Mumbai**. In last three sessions, FPIs have bought about

\$250 million of Indian debt. However, FPIs continue to be

Project tendering declines for

6th consecutive month in Feb

net sellers of bonds in 2020 so far, having sold over \$1.8

billion since the beginning of the year. **PAGE 2** 

quantum, after having sold about \$2.5 billion for

PROJECTTENDERING activity continued to worsen

for the sixth consecutive month in February, repo-

Anwesha Ganguly in Mumbai. Some analysts fear

THE GLOBAL outbreak of coronavirus has

that the overall economic impact may exceed \$1 trillion.

International air fares have dropped 30-35% since the

outbreak. With little visibility on when the virus will be

business alone could be as high as \$113 billion. PAGE 4

contained, the estimated revenue loss on passenger

FPIs resume bond buying

in India, albeit slowly

goals of investment,

consumption which apparently port prices.

has shown signs of revival lately. According to an *FE* analysis, mandi prices of essential perishables — tomato, onion and potato — have declined in the range of 21-38% in February. A declining trend is also evident in mandi prices of maize, arhar, chana and masur (see chart). Market prices of these and a host of other crops are ruling below the respective minimum support prices (MSPs). As fresh rabi crops will hit the market early next month, realisations by farmers may reduce further unless the government steps up procurement at minimum sup-

According to Credit Suisse, the trend of lowering food prices could cause a return of agriculture income distress. "After two years of mid-singledigit growth in agriculture incomes, FY20 had seen 11% growth, but this may revert in FY21 to low single-digit growth," it wrote. Inflation rate rose faster than urban inflation for the first time in 19 months in January; this was cited by a section of economists as being indicative of a revival in rural demand.

Continued on Page 2

### **BAD LOANS**

# Q4 provisioning by banks may top ₹30,000 crore

**ANKUR MISHRA** Mumbai, March 10

**BANKS WILL HAVE** to face provisioning pressure of at least ₹25,000-30,000 crore in the March quarter as most of overcome funding challenges the cases where inter-creditor agreement (ICA) were signed The longer gestation period remain unresolved, sources in and high investments in R&D

Additionally, the lenders will have to continue providing in big-ticket size cases like Dewan **Housing Finance Corporation** (DHFL), as per the provisioning norms of Reserve Bank of India

Since most of the cases

per the circular.

visioning is to refer accounts to the National Company Law Tribunal (NCLT). It is very unlikely that banks will be able to refer all the cases to NCLT as they do not want to lose any chance to resolve the cases, a senior

banker told *FE*. In big-ticket cases like DHFL, which is already undergoing resolution at NCLT, banks had made provisioning of around 15% of total expo-

banks told FE.

(RBI), source added. The banks had signed ICAs worth more than ₹2 lakh crore under the RBI circular to resolve cases outside court.

remain unresolved, banks will have to make an additional 20% provisioning as no resolution could be reached in the 210-day period after signing an ICA, as

The only way to reverse pro-

sure in the December quarter.

Continued on Page 2



### EXPERTSPEAK

## 'Little left for yield curve if more LTROs announced'

**BHAVIK NAIR** Mumbai, March 10

WITH SHORT-TERM BOND yields having come down significantly since the announcement of the long-term repo operations (LTROs) by the Reserve Bank of India (RBI) and the eventual contracting of the spread between the repo rate and short-term yields, the bond market will have very little to gain by participating in any further possible LTROs, say experts.

Market participants, however, are of the view that a second tranche is highly likely.

The RBI had first announced its intention to conduct LTROs during the February monetary policy. Since then yields on short-term bonds have come down by 50-60 basis points. For instance, three-year

bond yields have fallen over 60 basis points since then. Recently, it hit an over-adecade low of 5.40%.

Continued on Page 2

### **POWER STRUGGLE**

# LNG falls 40% on year, gas units still left high and dry

Spot LNG prices

2.7

2.5

2.3

Power ministry wants levies on LNG value chain to be removed

ANUPAM CHATTERJEE New Delhi, March 10

**PRICE OF LIQUEFIED** natural gas (LNG) has been sliding in the world markets since January 2019 — about 40% — but that doesn't seem to raise the capacity utilisation level of India's gas-based power plants, most of which are stressed. According to sources, even such a big fall in LNG prices hasn't made the domestic, gasbased power units viable and electricity from.

"Cost of gas, which includes landed cost of LNG imports, regasification and transportation costs, is still high and uncompetitive in relation to coal-based plants," a source said. Domestic gas production has plummeted over the years. Reliance Industries' KGDG gas output, which peaked at 69.43

per day (mmscmd) in March 2010 is now stagnating at abysmally low levels, with the asset at "late life stage". attractive for discoms to buy watt of gas-based power sta- Andhra Pradesh where LNG tions continue to operate at very low utilisation levels (see

million standard cubic metre

chart); in fact their plant load factor has declined in recent months. Though touted as one of the cleanest source of reliable power, the share of electricity from gas-based power plants remain less than 4%. Union power minister RK

Singh told *FE* that the govern-

ment is considering a scheme for gas-based power plants, but said it would necessitate all stakeholders to make some sacrifices. "For example, the As much as 24,900 mega-states such as Gujarat and lands and where they are regasified, they have to reduce their sales tax so that gas-based power can be purchased by discoms at tariffs that are viable," Singh said. He added that "own ers of the gas pipelines, GAIL and other firms, will have to cut

PLF of gas-based power

plants (in %)

Continued on Page 2

some slack".

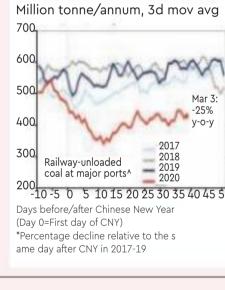
### Coronavirus impact

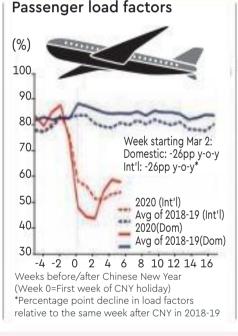
**FE BUREAU** 

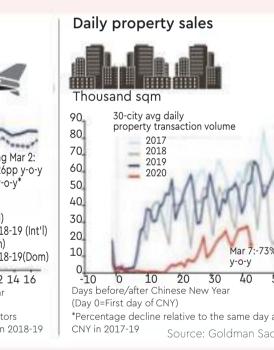
# Key gauges show China facing significant risks

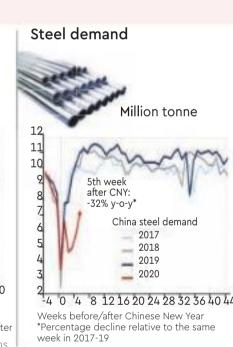
Railway-loaded coal volume and passenger load factors in flights remained below normal last week. Daily property sales volume in 30 major cities and steel demand, too, have dropped year-on-year, despite a mild improvement in recent weeks.

Railway-loaded coal volume









DELIVERY RIVALRY

serving more

than Zomato

MILLENNIALS MAY BE swiggy-

ing more every time hunger

from market research firm

Kalagato, Swiggy delivered 45

49 million orders during

December 2019 while riva

Zomato trailed with 32-36

have considerable financial

muscle are locked in a

fierce competition for a big-

ger pie of the online food

to over ₹2,000 crore in the year

to March 2019 from ₹385

crore in FY18, whereas

Zomato's losses increased to

₹570.52 crore in FY19 from

ired UberEats India, a deal that

is expected to strengthen its

hold in the southern markets.

Zomato delivers in over 500

cities whereas Swiggy has

expanded operations in more

says Swiggy has a strong pres-

ence in southern markets

where adoption is faster and

Ankur Pahwa, partner at EY,

In January, Zomato acqu-

about ₹79 crore in FY18.

Losses for Swiggy jumped

Swiggy and Zomato that

According to data sourced

millennials

New Delhi, March 10

pangs strike them.

million orders.

delivery market.

Swiggy

**ASMITA DEY** 

### **TACKLING VIRUS**

# For most, no supply chain scare yet; banqueting takes a hit

**ASMITA DEY** 

New Delhi, March 10

WITH OVER 40 people affected by coronavirus in the country, over 29,000 under watch, and global cases of infected patients surpassing over a lakh, companies are gearing up to mitigate bottlenecks in the supply chain. Most firms FE spoke to, however, said they have adequate inventory of products to cater to demand in the near-term and do not foresee immediate impact on sales.

Nipun Marya, director, brand strategy at Vivo India, said the company has been able to meet demand of consumers so far by ensuring consistent stock of most models. "Even in

### **NOT PAINFUL YET**

- Vivo India able to meet demand so far by ensuring consistent stock of most models
- LG does not expect major impact; to launch new products in summer
- Xiaomi cancels on-round events throughout March
- Banqueting hit due to event cancellations: NRAI

the past, we have borne the cost due to a change in duty, inflation, policy changes, etc, and shall continue to do so as much

- Goldmedal Electricals estimates some impact on LED products if China situation fails to improve
- Havells in a position to ramp up production; bulk of products made in India
- Medikabazaar sold half a million masks in India in February
- Sanitisers off shelves due to coronavirus scare

as possible," Marya said without elaborating further.

Continued on Page 2

### **ATHLEISURE BOOST**

# Sportswear, fitness items buck the slowdown trend

**DEVIKA SINGH** New Delhi, March 10

WHILE MOST SEGMENTS of the retail industry have been reeling under the slowdown, fitness and sportswear brands seem to have managed to hold their own, registering sales growth in 2019.

According to retail analysts, while the retail industry registered a nominal growth of 8-9% during the year, sportswear as a category saw growth of 12-14%. The size of the

branded sportswear market in India is pegged at ₹12,000-14,000 crore currently.

Experts cite the growing popularity of athleisure and rising awareness among consumers to be fit as reasons for the growth in the segment. According to Abhishek

Ganguly, managing director at Puma India, the company's revenue grew by 23% in FY19 while its same-store sales grew by 17% during the period. The company claims to have clocked a revenue of ₹1,413



crore in FY19. "We have seen the overall

trend changing as consumers are getting more active, playing more sports, doing more fitness activities and hence, consumption is growing. We are seeing traction for lifestyle (athleisure) and running products," adds Ganguly. Athleisure or athletic wear

meant for everyday use is what most retailers are optimistic about.

Continued on Page 2

transactions are comparatively higher, giving it an edge over Zomato.

Continued on Page 2

CHENNAI/KOCHI

than 450 cities.

and construction of 10 elevated stations in Mumbai. PAGE 4

### rts **fe Bureau** in **New Delhi**. In value terms, the activity fell 54% y-o-y and 15% on a monthly basis. On year-to-date basis, the FY20 tender value was down 42% y-o-y. Key tenders include the construction of tunnels, bridges, yards, formation, shaft, among others, in Uttarakhand; a water supply scheme in Uttar Pradesh and design