CHENNAI/KOCHI, WEDNESDAY, MARCH 11, 2020

FOLLOW US ON TWITTER & FACEBOOK. APP AVAILABLE ON APP STORE & PLAYSTORE WWW.FINANCIALEXPRESS.COM

FINANCIAL EXPRESS

VOLUME XLI NO. 262, 10 PAGES, ₹6.00 PUBLISHED FROM: AHMEDABAD, BENGALURU, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI, NEW DELHI, PUNE

READ TO LEAD

IN THE NEWS

Focused equity funds deliver positive returns

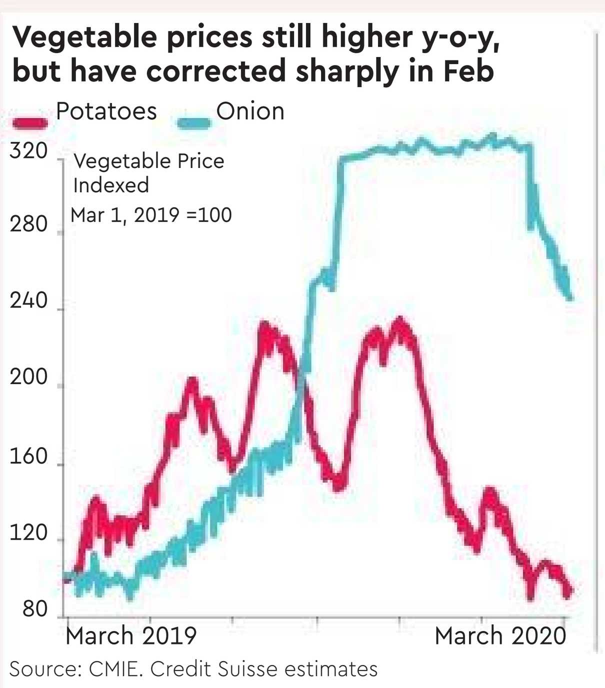
SHARP POLARISATION OF the Indian equity markets in the last one year has helped focused equity funds deliver positive returns, reports **fe Bureau** in **Mumbai**. With slowdown in the Indian economy, fund managers who had invested in stocks such as ICICI Bank, Kotak Mahindra Bank and Bajaj Finance to 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.

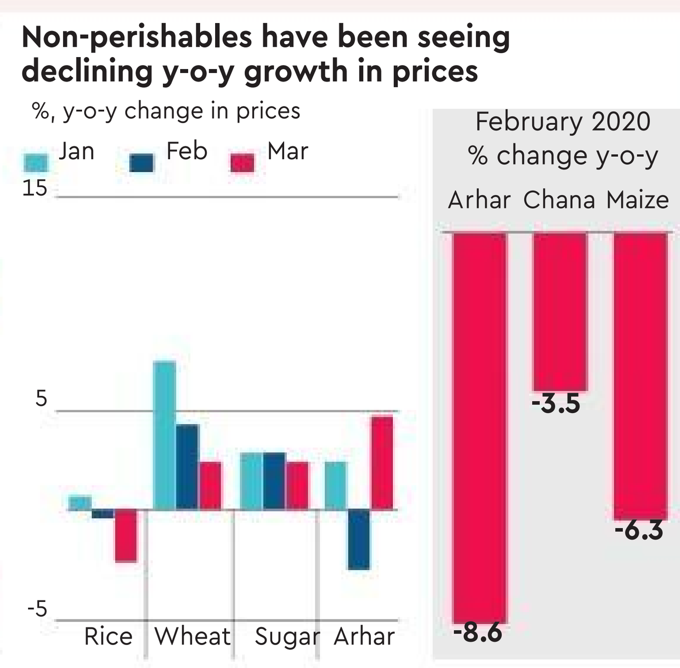
MF schemes on sustainable investment road

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.

DEMAND SLUMP

Farm items' price fall raises rural pain fear





Source: CMIE. Credit Suisse estimates

PRABHUDATTA MISHRA
New Delhi, March 10

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 consumption which apparently 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 support prices.

According to Credit Suisse, the trend of lowering food prices could cause a return of agriculture income distress. "After two years of mid-single-digit 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

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.

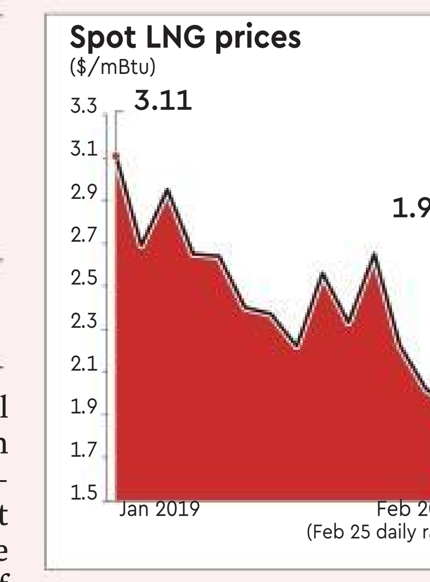
For instance, three-year bond yields have fallen over 60 basis points since then. Recently, it hit an over-a-decade low of 5.40%.

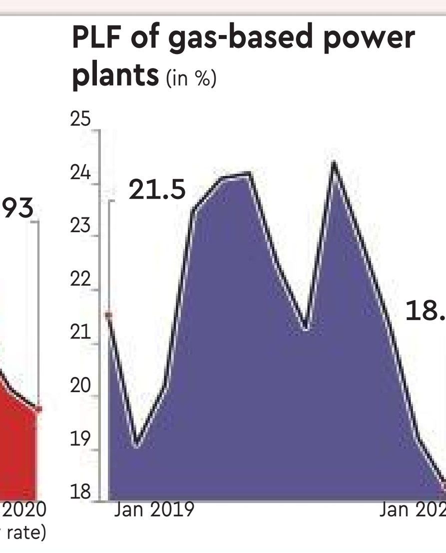
Continued on Page 2

POWER STRUGGLE

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

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, gas-based power units viable and attractive for discoms to buy 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' KG DG gas output, which peaked at 69.43 million standard cubic metre per day (mmscmd) in March 2010 is now stagnating at abysmally low levels, with the asset at "late life stage".

As much as 24,900 megawatt of gas-based power stations continue to operate at very low utilisation levels (see 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 government is considering a scheme for gas-based power plants, but said it would necessitate all stakeholders to make some sacrifices. "For example, the states such as Gujarat and Andhra Pradesh where LNG 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 "owners of the gas pipelines, GAIL and other firms, will have to cut some slack".

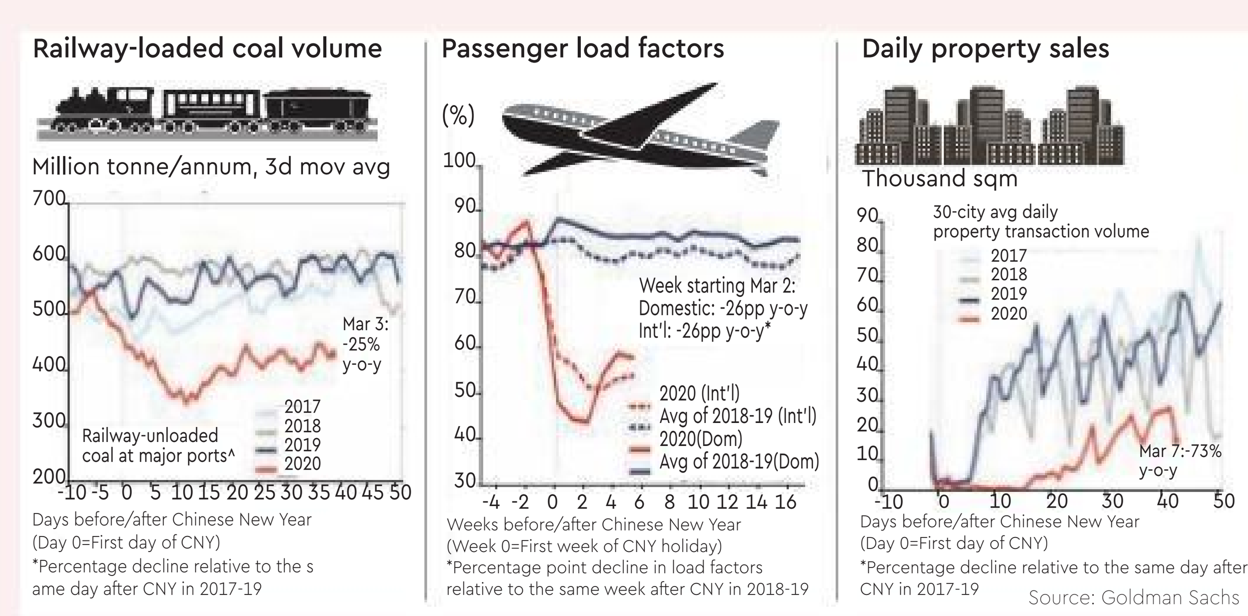
Continued on Page 2

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.



Source: Goldman Sachs

Special Features

5 important ways to cut your long-term investment risk

On the basis of needs and the goals of investment, 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

DeepTech startups look to overcome funding challenges

The longer gestation period and high investments in R&D demands more risk and patient capital which tends to make investors cautious about investing their money in such business models
■ eFE, P8

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 the cases where inter-creditor agreement (ICA) were signed remain unresolved, sources in banks told *FE*.

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 (RBI), source added.

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

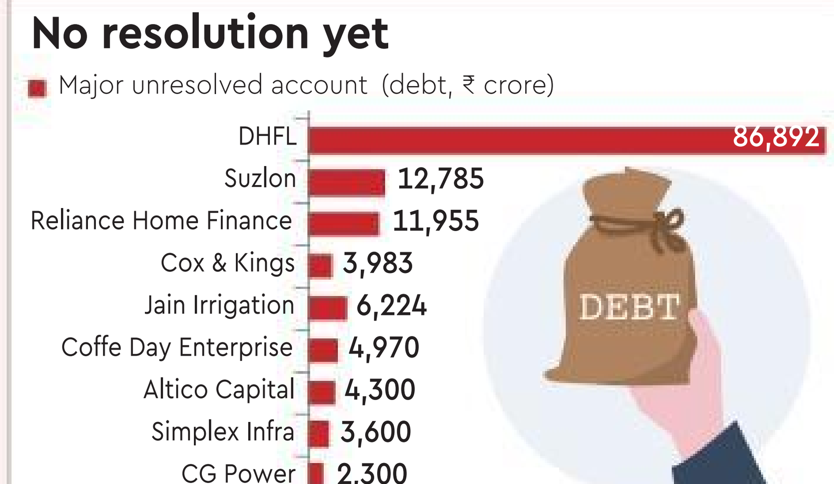
Since most of the cases remain unresolved, banks will have to make an additional 20% provisioning as no resolution could be reached in the 210-day period after signing an ICA, as per the circular.

The only way to reverse provisioning 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 exposure in the December quarter.

Continued on Page 2

No resolution yet



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 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 as possible," Marya said without elaborating further.

Continued on Page 2

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
- 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

DELIVERY RIVALRY

Swiggy serving more millennials than Zomato

ASMITA DEY
New Delhi, March 10

MILLENNIALS MAY BE swigging more every time hunger pangs strike them.

According to data sourced from market research firm Kalagato, Swiggy delivered 45-49 million orders during December 2019 while rival Zomato trailed with 32-36 million orders.

Swiggy and Zomato that have considerable financial muscle are locked in a fierce competition for a bigger pie of the online food delivery market.

Losses for Swiggy jumped 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 about ₹79 crore in FY18.

In January, Zomato acquired 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 than 450 cities.

Ankur Pahwa, partner at EY, says Swiggy has a strong presence in southern markets where adoption is faster and transactions are comparatively higher, giving it an edge over Zomato.

Continued on Page 2

QuickPicks

Long road to recovery ahead for ailing travel and tourism sector

THE GLOBAL outbreak of coronavirus has dealt a massive blow to the Indian travel and tourism industry, particularly airlines, reports **Anwesha Ganguly** in **Mumbai**. Some analysts fear 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 contained, the estimated revenue loss on passenger business alone could be as high as $113 billion. **PAGE 4**

FPIs resume bond buying in India, albeit slowly

FOREIGN PORTFOLIO investors (FPIs) have resumed buying of Indian debt, albeit in small quantum, after having sold about $2.5 billion for 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 net sellers of bonds in 2020 so far, having sold over $1.8 billion since the beginning of the year. **PAGE 2**

Project tendering declines for 6th consecutive month in Feb

PROJECT TENDERING activity continued to worsen for the sixth consecutive month in February, reports **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 and construction of 10 elevated stations in Mumbai. **PAGE 4**

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

Economy

WEDNESDAY, MARCH 11, 2020

ECONOMY STABLE

Atanu Chakraborty, economic affairs secretary

No measures are required because these (crash in oil prices) are exogenous factors on which sometimes markets react. The country's internal economy is absolutely stable.

STRENGTHENING RUPEE

FPIs resume bond buying, albeit slowly

Waning interest was due to the rupee's fall beyond the 72 mark against the dollar

FE BUREAU
Mumbai, March 10

FOREIGN PORTFOLIO INVESTORS (FPIs) have resumed buying of Indian debt, albeit in small quantum, after having sold about $2.5 billion for 10 consecutive sessions between February 17 and March 03, a Bloomberg data showed.

In last three sessions, FPIs have bought about $250 million of Indian debt.

However, FPIs continue to be net sellers of bonds in 2020 so far, having sold over $1.8 billion since the beginning of the year.

The waning FPI interest in bonds came in the wake of the rupee's fall beyond the 72 mark. The domestic currency fell from 70.81-to-the-dollar in January to 74.08 as on Monday evening and has depreciated by 3.65% this year so far.

Manish Wadhawan, managing partner at Serenity Macro Partners said that FPIs are taking out money from emerging market debt and this is a reflection of the weakness in the currencies.

"We have seen the impact on dollar/rupee and that is getting transmitted to the FPI flows as well," he said.

It is noteworthy that the sell-off by FPIs comes in the wake of a rally in the domestic bond market. The benchmark yield closed at over-a-decade low of 6.066% on Monday.

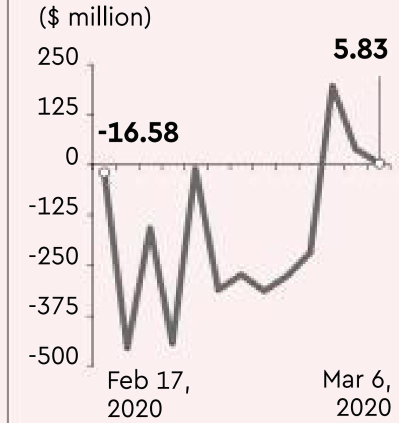
The rally in the bond market is a reflection of a fall in the US treasury yields led by a global risk-off sentiment as Covid-19 spread continues to stoke worries and fears of a recession become imminent.

The 10-year US treasury yield fell by a whopping 45 basis points as on Monday evening to a record low of 0.31%.

A massive fall in the crude price is also acting in favour of the Indian bond markets considering that the country is a net oil importer.

As on Monday evening, the brent crude was trading below $35/barrel, with prices crashing by over $10 per barrel in a single day.

FPI flows into debt



Focused equity funds deliver positive returns

FE BUREAU
Mumbai, March 10

SHARP POLARISATION OF the Indian equity markets in the last one year has helped focused equity funds deliver positive returns. 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 in the last one year. However, market participants also say that concentrated bets may not deliver better returns once there is a broadbased rally in the Indian equity markets.

Focused funds, as the name suggests, invest in 25-30 stocks, unlike other equity funds which have portfolio of more than 50 stocks. Despite the benchmark Sensex giving the lower single-digit returns at 2.6%, a few of the focused equity funds such as IIFL Focused Equity Fund, Axis Focused 25, SBI Focused 25 and Motilal Oswal Focused 25 Fund have given returns in the range of 12-21% in the last one year. In contrast, large-cap funds on an average have given returns of 0.47% over the same period, while average multi-cap funds have delivered returns of 3.24%.

In the focused fund category, IIFL Focused Equity Fund has given returns of 21.09% in the last one year and the fund has managed to outperform the Sensex even in three-year and five-year periods. The reason for success can be its investment strategy on SCDV (secular, cyclical, defensive and value trap) framework. Mayur Patel, fund manager, IIFL Focused Equity Fund, said, "Around 50% of the portfolio is in high quality secular growth companies, which are long-term compounding stories, while the remaining portfolio is divided into quality cyclicals and defensives while avoiding value traps."

Under focused, fund managers take concentrated bets on stocks and sectors based on various investment parameters, like valuations, management and leaders. Data from Value Research showed the top holding of IIFL Focused Equity Fund includes ICICI Bank, Axis Bank and HDFC Bank as on January 2020, while Axis Focused 25 Fund has top holding in Bajaj Finance, Kotak Mahindra Bank and Bajaj Finserv.

Gopal Agrawal, senior fund manager at DSP Mutual Fund, says: "In the past, we have seen a narrow rally in the market and even economic growth was not high. So, if someone had taken concentrated bets on a few sectors and companies that were doing well, this strategy has done well."

Focused fund returns (%)

Scheme name	1-year	3-year	5-year
IIFL Focused Equity	21.09	11.6	9.68
Axis Focused 25	16.48	14.6	10.21
SBI Focused Equity	13.91	13.77	10.02
Motilal Oswal Focused 25 Fund	12.7	8.92	6.44
Principal Focused Multicap	10.13	9.13	6.51
DSP Focus	7.17	6.43	5.26
IDFC Focused	5.88	8.94	5.04
S&P BSE Sensex Index	2.6	8.95	5.03

Data as on March 6, 2020 Source: Value Research

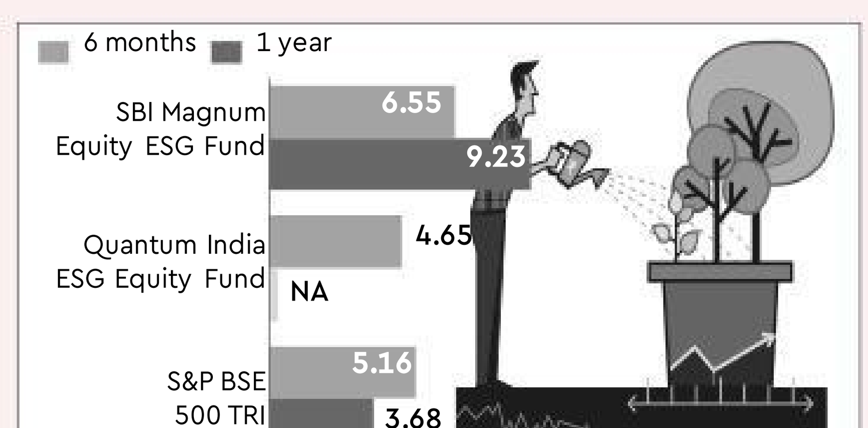
MFs offering schemes with sustainable investment strategies

FE BUREAU
Mumbai, March 10

FOLLOWING GLOBAL PEERS, Indian mutual funds have started offering schemes with sustainable investing strategies to the domestic investors. There are already three equity schemes based on environment, social and governance (ESG) theme, five others are awaiting approval from the Sebi.

SBI MF and Quantum MF already have ESG fund offering and recently Axis MF also launched one. DSP MF, Aditya Birla Sun Life MF, Kotak Mahindra MF, ICICI Prudential MF and BNP Paribas MF have filed offer document. Market participants say rise of ESG funds in India is because more and more investors want to invest responsibly.

Jinesh Gopani, head — equity at Axis MF says, "With the availability of data it is becoming more and more clear that what are companies doing on the governance side, even globally regulators are becoming more stricter on governance. Environmental and social aspects adopted by the companies are becoming global trends." On the environment side, funds will look at companies that do not adversely affect the environment, while the social filter evaluates companies on the basis of how companies deal with stakeholders.



Data as on March 4, 2020 Source: Value Research

From the Front Page

Farm items' price fall raises rural pain fear

Retail inflation scaled a 68-month peak of 7.59% in January, as food inflation remained in double digit for a third straight month despite month-on-month moderation. Chief economic advisor KV Subramanian recently forecast that CPI inflation could drop to 4-4.5% by July, asserting that the latest spike is substantially driven by volatile vegetable prices and an unfavourable base.

In fact, the MPC did anticipate the softening of food inflation. According to the minutes of its February 4-6 meeting, "Going forward, the inflation outlook is likely to be influenced by several factors. First, food inflation is likely to soften from the high levels of December and the decline is expected to become more pronounced during Q42019-20 as onion prices fall rapidly in response to arrivals of late kharif and rabi harvests. Higher vegetables production, despite the early loss due to unseasonal rain, is also likely to have a salutary impact on food inflation."

The recent sharp fall in global crude prices is also beginning to have a sobering impact on domestic inflation, especially since a decline in diesel prices would cut freight costs. The MPC observed that "crude prices are likely to remain volatile due to unabating geo-political tensions in West Asia on the one hand, and the uncertain global economic outlook on the other".

Under the assumption of a normal south west monsoon in 2020-21, the MPC had revised CPI inflation projection upwards to 6.5% for Q42019-20; 5.4-5% for H12020-21 and 3.2% for Q32020-21, with risks broadly balanced. At the last review, MPC resolved to keep the repo unchanged at 5.15% – it had cut the rate at October bi-monthly review by 25 bps – and "continue with the accommodative stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target". The MPC will meet on April 1-3 for the next policy review.

A record kharif grain harvest on the back of normal monsoon showers and an all-time-high horticulture output improved farm prospects in the second half of this fiscal. A favourable base on top of it pushed up GDP growth for the third quarter to a decent 3.5%, the highest in six quarters and against 2% a year before.

The forecast of a bumper rabi crop augurs well for the first quarter of the next fiscal, when harvesting will take place. However, the decline in prices due primarily to a demand slump could play spoilsport. The decline in consumption of milk, eggs and chicken also could hit the agriculture gross value added (GVA).

The fall in chicken prices due to rumours related to coronavirus has affected the poultry feed demand resulting in continuous decline in maize prices, while tur and chana production set to increase in 2019-20 crop year (July-June). "The overall supply scenario is very good in all the major food crops as monsoon was also above normal in 2019. The major challenge for the government is to ensure MSPs," said VM Singh, convenor of All India Kisan Sangharsh coordination committee.

Q4 provisioning by banks may top ₹30,000 cr

Financial creditors have around ₹41,000-crore exposure in DHFL. Experts believe banks will have to continue making 15% more provision in March quarter for the mortgage lender as per master circular of RBI on prudential norms on income recognition, asset classification and provisioning pertaining to advances. Similarly in the cases like Suzlon where restructuring of ₹12,785-crore debt is underway, banks had decided to take additional provisioning of 20%. The banks were also trying to resolve Reliance Home Finance, which had total debt of ₹11,995 crore to financial creditors. Since, no success has been met in resolving home financier, banks have to make necessary provision in the March quarter. In the same fashion, lenders will have to make provision for accounts like Cox & Kings, Jain irrigation, Coffee Day Enterprises, Simplex Infra, CG Power, among others.

Altico Capital is one of the few accounts where banks are hopeful of resolving soon. Lenders are likely to vote on bids of SSG Capital and private equity firm Cerberus Capital on March 12. However, with only a few days remaining in March quarter, banks may need to continue providing for the NBFC account.

The only recovery for banks may be in the form of money coming from resolution of Bhushan Power & Steel and Reliance Communications. The NCLAT on February 18 paved the way for lenders to recover ₹19,700 crore from the chosen bidder JSW Steel by rejecting the ED's plea for right to attach the assets of Bhushan Power and Steel. The banks are expecting to receive money from JSW Steel in March. Similarly the committee of creditors (CoC) of Reliance Communications approved ₹23,000 crore total bid of UVARC and Reliance Jio for different assets of the company. However, NCLT is yet to give final approval for the same.

Swiggy serving more millennials than rival Zomato

Also, unlike Zomato which started as a restaurant listing business, Swiggy has always focused on food delivery. "The company (Swiggy) has always focused on food delivery and has been effective with on-ground execution," Pahwa said. However, post UberEats buy, Zomato is expected to have narrowed the gap with Swiggy in terms of order delivery, analysts say.

The competition between the two players will become even, Pahwa says. While the average order value on Swiggy ranged anywhere between ₹243-300 during October-December 2019, on Zomato it stood between ₹252-278, data from Kalagato showed.

What further gives Swiggy an advantage over Zomato is the fact that it operates only in India and is a delivery-first company, thereby allowing the firm to streamline its operations and concentrate on a single market while Zomato's operations are split across restaurant discovery, dine-out and food delivery in as many as 24 countries, said an industry observer.

According to the Google-BCG report, reach of food-tech apps has grown six times from 2017 to 2019 — this perhaps explains the surge in investor funding. In the five years ended 2019, the fund tally of the sector totalled nearly $2 billion. Last month, Swiggy raised $113 million led by existing backer Naspers, taking its total fundraise to $1.61 billion. In January, Info Edge, an investor in Zomato, informed exchanges that it will raise a fresh $150 million from Antfin Singapore Holding.

Online spending in the country is estimated to go up to $130-$150 billion by 2025 from an expected $40-$50 billion in 2020, the Google-BCG report showed. The sector is expected to touch $7.5-$8 billion by 2022 from an estimated $3.5-$4 billion in 2019, the report said.

Served hot

	Swiggy	Zomato
No. of orders delivered in December 2019	45-49 m	32-36 m
Delivers in over	450 cities	500 cities
FY19 losses	₹2,345.6 cr	₹570.52 cr
Funds raised so far / *Raised till date	$1.61 bn	$850 m

*(In January, Zomato received $50 m of the $150-m funding from Antfin Singapore Holding)
Source: Kalagato, Tofler

Sportswear, fitness items buck the slowdown trend

"Athleisure is a very powerful trend that is driving global fashion and this is happening in India, too. It has become a daily wear fashion choice," says Ankur Bisen, senior vice president (retail) at consulting firm Technopak Advisors.

While several western wear players are dabbling in athleisure, it is a big source of revenue for sports brands too. FILA India, for example, claims to get 45-50% of sales from lifestyle products. "The global trend of athleisure is working as a tailwind for us. People have started using more sneakers and joggers as compared to chinos and formal shoes," says Rakesh Singh Kathayat, chief operating officer, Cravatex Brands, which holds exclusive licensing rights for FILA in India.

According to Singh, FILA's sales grew by 70% in India in 2019. The growth was driven by the company's expansion in offline retail as well as increase in consumer demand. FILA India has been expanding its offline presence and is present in 24 exclusive brand outlets (EBOs) and 600 multi-brand outlets (MBOs). It has added 20 EBOs and 300 MBOs in the last one year itself. Furthermore, the increased demand from towns beyond metros and tier-1 cities aided by online channels is also fuelling growth.

"Initially, people went online for deals but now it has become more about convenience. Our average selling price on online channels has gone up by 20-22% in the last one year while on offline it has risen by 10-15%," says Ganguly of Puma India. Puma gets 28% of its sales from online channels, while FILA India sees 30% of its sales from them.

According to Dev Iyer, vice president, Flipkart Fashion, the company is seeing growth for its sportswear and athleisure products across the country.

The growing consciousness for fitness has led to growth across product categories including wearables and sports goods. Flipkart, for example, launched private label Adrenex last year to tap into this. The wearables market saw a growth of 168.3% in 2019, as per a recent IDC report, and a total of 14.9 million units were sold. Ayushman Chiranewala, marketing head, Fastrack, says wearables was one of its strongest performing segments in 2019.

Tackling virus: For most, no supply chain scare yet

Vijay Babu, VP, home appliances at LG Electronics India, said with the onset of summer the company is looking forward to introduce a new range of products in the categories of refrigerators and air-conditioners. "Regarding the supply chain for our products, we have sufficient stocks according to our current manufacturing reports. The peak season is in April which we are awaiting," Babu said. Babu added that he does not see any major impact on business.

Bishan Jain, director at Mumbai-based Goldmedal Electricals, said the company envisages the possibility of some impact on LED products if the situation in China fails to improve. The firm sources components for LED products from the country that is the epicentre of the virus that has claimed more than 3,000 lives worldwide. "We are closely monitoring the situation and looking at all possible alternatives and options. At this point, the effect on retail sales has been negligible. It is unlikely that prices of our products will increase just yet," Jain said. Goldmedal manufactures its own range of products including LED lights, wires, cables and home automation systems.

According to reports in international media, factories in China are gradually resuming work. China is a major supplier for both final products as well as the raw material used in domestic electronics industry. A paper by industry body CII said only a mere 10%-12% of the components used in mobile handset industry are sourced locally. As much as 88% is procured from countries outside India, with China being a key exporter.

Havells India said about 95% of the firm's sales are dependent on products manufactured out of its 12 factories in India. President Saurabh Goel said the company is in "a good position to ramp up production in the short period" should there be drop in supplies by other brands which are heavily dependent on imports.

Voltas, Whirlpool, Orient, Samsung and Bata did not respond to FE's queries.

To contain the spread of virus, corporates have called off events. Xiaomi said it will not be holding any on-ground launch programme throughout this month in India. The company had earlier said that the extended shutdown in China is likely to have an impact on its supply chain, thereby affecting quantum of component supplies. The firm did not provide any fresh comment on whether it would be increasing prices of products.

Although people have limited venturing out in crowded spaces, retailers are yet to feel the pinch. Anurag Katriar, president, National Restaurant Association of India (NRAI) said no major impact is visible on dine-in and delivery sales. However, the banqueting segment has taken a hit as international travel curbs have led to a spate of event cancellations.

Meanwhile, as consumers scurry for protective gears, online (B2B) platform for medical equipment Medikabazaar has seen about 15 times increase in sale of masks in the last two months against the period before the outbreak. Vivek Tiwari, founder and CEO, said the company has sold around half a million masks last month in the domestic market.

A significant proportion of medical stores in New Delhi including big departmental chains like Big Bazaar have run out of branded sanitisers.

The trade impact of coronavirus for India is estimated to be about $348 million, according to a recent UN report. The chemicals sector is expected to take the biggest hit of about $129 million, electrical machinery at $12 million and automotive at $34 million, among others.

'Little left for yield curve if more LTROs announced'

What is interesting to note is the fact that the spread between the short-term bond yields and the repo has come down so much that the attractiveness of borrowing via LTROs and investing in short-tenor bonds has come down.

Vijay Sharma, senior executive vice-president at PNB Gilts, believes with the economy continuing to remain in a severe slowdown, we do expect that the central bank may consider a second tranche of LTRO. "What remains to be seen is how much will the bond market participate in the news. The short-term yields have come down so much that there is hardly any juice left in such a trade where banks can borrow the LTRO money and invest in short-term securities to profit on the spread. One could see two different possibilities if the second tranche of LTRO happens. Either banks could lose interest in the LTROs in the absence of short-term bond trades or they would actually start using some of the funds borrowed for on-lending which is what the RBI wants. One would have to wait and watch," Sharma said.

Indeed, the LTROs have had a profound effect on the yield curve — something that interest rate cuts have not been able to deliver in the past. Experts believe that the central bank could look at options like a targeted LTRO where the funds lent to the banks have to be utilised for a set purpose, like onward lending to non-banking finance companies (NBFCs). On Monday, the RBI announced results of the fourth LTRO with a 3-year tenor. The central bank notified that it received bids worth ₹48,856 crore against the notified amount of ₹25,000 crore.

Furthermore, with the US Fed coming out with an emergency interest rate cut of 50 basis points, market participants believe that a monetary action may also be on the cards.

Ananth Narayan, professor-finance at SPJIMR explains that RBI Governor Shaktikanta Das has always been concerned about growth and financial stability and the MPC as well has continued on its strongly worded accommodative stance since October last year. "The LTRO has been very successful, and has brought down 2 year — 4 year GOI yields by 50-60 bps. Under the current circumstances, the RBI may consider expanding the LTRO program further. Likewise, given lower commodity prices and the possibility of a global demand shock, the MPC may look through current headline inflation, project lower future inflation and consider a policy rate cut of 25-35 bps in the next policy," Narayan said.

LNG falls 40% y-o-y, gas units still left high and dry

"Things would improve if we have more regasification terminals," he added.

Sales tax on LNG regasification is up to 22%.

Domestic gas price, which is linked to the weighted average price of four global benchmarks, is currently at $3.23/mBtu. Spot LNG prices have fallen from $3.11/mBtu to $1.93 mBtu.

Gas-based power is much costlier (ranging between ₹7/unit to even ₹12/unit) compared with ₹2.41-3.50/unit range discoms pay for other power sources, on a weighted average basis. Even with gas prices coming down, it is difficult for gas power stations to match the prevalent power tariffs. The problems for gas-based units have been accentuated with the the continuous drop in the price of solar and wind-based electricity, coupled with demand growth not being at par with the surge in addition of power generation capacity.

Gas consumption in the country is majorly dependent on imports, and cooking and transportation segments gets priority in terms of allocation of the fuel. About 167 mmscmd of natural gas was consumed in FY19, with 47% being imported. About 26% of gas consumed in the country was used by the power sector, but the share of power usage has been falling constantly, with only 17% supplied for electricity production in January, 2020.

"ONGC supplies gas to power plants at prices as high as $7.68/mBtu, from fuel sourced from off-shore deep-water basins, which makes it impossible to sell electricity at lower prices to discoms," a senior official from a gas-based power company told *FE*. "For gas based power to be affordable, it has to be priced at around ₹3/unit, and to achieve such pricing the cost gas at burner tip should not be more than $5.5-6/mBtu," the power ministry had earlier informed the parliamentary committee.

Owing to their ability to start and stop power generation faster than other conventional modes, gas power plants are more suitable for balancing the requirement of the grid, especially with the increasing penetration of intermittent solar and wind power. The parliamentary panel on energy had recommended to use gas-power plants as "peaking units", to be used during periods of rise in demand. The committee had earlier expressed its dismay on the petroleum ministry and lenders for not having any solution regarding stranded gas power plants.

SBI chairman Rajnish Kumar had admitted to the panel that lenders are "groping in the dark" on this issue and with no solution in sight, "we have to write off this investment".

I D F C
IDFC MUTUAL FUND

NOTICE

Declaration of Dividend:

Notice is hereby given that the Board of Directors of IDFC AMC Trustee Company Limited (Trustee to IDFC Mutual Fund) has approved the declaration of dividend under the Dividend option(s) of the following Scheme(s)/ Plan(s), subject to availability of *distributable surplus, with the Record Date as #Monday, March 16, 2020.

Scheme(s) Name	Plan(s)	Option	Quantum of Dividend* (Rs. per Unit)	NAV (in Rs.) Per Unit as on March 06, 2020
IDFC Large Cap Fund	Regular	Dividend	1.17	14.30
IDFC Large Cap Fund	Direct	Dividend	1.43	17.59
IDFC Core Equity Fund	Regular	Dividend	1.16	14.24
IDFC Core Equity Fund	Direct	Dividend	1.33	16.35
IDFC Focused Equity Fund	Regular	Dividend	1.01	12.49
IDFC Nifty Fund	Regular	Dividend	1.8851	22.9888
IDFC Nifty Fund	Direct	Dividend	1.8988	23.1559
IDFC Asset Allocation Fund of Fund - Aggressive Plan	Regular	Dividend	0.3353	16.5731
IDFC Asset Allocation Fund of Fund - Aggressive Plan	Direct	Dividend	0.3719	18.3447
IDFC Asset Allocation Fund of Fund - Conservative Plan	Regular	Dividend	0.3042	15.1487
IDFC Asset Allocation Fund of Fund - Conservative Plan	Direct	Dividend	0.3159	15.7333
IDFC Asset Allocation Fund of Fund - Moderate Plan	Regular	Dividend	0.3313	16.4338
IDFC Asset Allocation Fund of Fund - Moderate Plan	Direct	Dividend	0.3383	16.7832

Face Value per unit is Rs. 10/-.

* Dividend Distribution Tax & other statutory levies (if any) shall also be paid out of such distributable surplus. Considering the volatile nature of markets, Trustee reserves the right to restrict the quantum of dividend upto the per unit distributable surplus available on the Record Date in case of fall in market.

\# If in any case the Record Date falls on a non-business day, the immediately following business day shall be deemed to be the Record Date.

All investors whose names appear in the register of unit holders of the Scheme(s)/Plan(s)/Option(s) as on the close of the record date will be eligible to receive the dividend.

Pursuant to the payment of dividend, NAV of the Scheme(s)/Plan(s)/Option(s) will fall to the extent of payout and statutory levy (if any).

Date: March 10, 2020

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

HDFC MUTUAL FUND
BHAROSA APNO KA
MUTUAL FUNDS Sahi Hai

HDFC Asset Management Company Limited

A Joint Venture with Standard Life Investments
CIN: L65991MH1999PLC123027

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

NOTICE

NOTICE is hereby given that HDFC Trustee Company Limited, Trustee to HDFC Mutual Fund ("the Fund"), has approved the declaration of dividend as given below in **HDFC Balanced Advantage Fund**, an Open-ended Balanced Advantage Fund ("**the Scheme**") and fixed **Monday, March 16, 2020** (or the immediately following Business Day, if that day is not a Business Day) as the Record Date for the same:

Name of the Scheme / Plan / Option	Net Asset Value ("NAV") as on March 9, 2020 (₹ per unit)	Amount of Dividend# (₹ per unit)	Impact of Dividend Distribution on NAV (₹ per unit)	Face Value (₹ per unit)
HDFC Balanced Advantage Fund - Regular Plan - Dividend Option^ (Payout and Reinvestment)	22.444	0.310	0.350	10.00
HDFC Balanced Advantage Fund - Direct Plan - Dividend Option^ (Payout and Reinvestment)	24.036			

^ *Dividend option- Monthly Frequency*

\# The dividend will be subject to the availability of distributable surplus and may be lower, depending on the distributable surplus available on the Record Date.

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

Income distribution will be done / Dividend will be paid to those Unit holders / Beneficial Owners whose names appear in the Register of Unit holders maintained by the Fund / Statements of Beneficial Ownership maintained by the Depositories, as applicable, under the Dividend Option(s) of the aforesaid Scheme on the Record Date (including investors whose valid purchase / switch-in requests were received by the Fund till 3.00 p.m. in respect of the aforesaid Scheme, on the Record date, subject to realization of cheques / demand drafts). However, in respect of subscriptions for an amount equal to or more than ₹ 2 lakh (at Unit holders' PAN and holding pattern level), the Applicable NAV shall be based on realization of funds as per the provisions of SEBI Circular CIR/IMD/DF/21/2012 dated September 13, 2012 and No. CIR/IMD/DF/19/2010 dated November 26, 2010, as may be amended from time to time, on uniform cut-off timings for applicability of NAV.

With regard to Unit holders of the aforesaid Scheme who have opted for Reinvestment facility under the Dividend Option(s), the dividend due will be reinvested by allotting Units for the Income distribution / Dividend amount at the prevailing ex-dividend NAV per Unit on the Record Date.

Unit holders who have not opted for Dividend payout through electronic mode(s) are advised to opt for the same at the earliest due to the inherent benefits of such mode(s) such as convenience of direct credit of the proceeds into the bank account as also avoiding loss of payment instruments in transit or fraudulent encashment. Please update the IFSC and MICR Code in order to get payouts via electronic mode into the bank account.

Intimation of any change of address / bank details should be immediately forwarded to the Investor Service Centres of the Fund (for units held in non-demat form) / Depository Participant (for units held in demat form).

For **HDFC Asset Management Company Limited**

Place : Mumbai
Date : March 09, 2020

Sd/-
Chief Compliance Officer

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

RELIANCE NIPPON LIFE INSURANCE
A RELIANCE CAPITAL COMPANY

Public Notice

We're moving, but always there to care!

Dear Customer/Policyholder,

This is to inform all concerned that we have relocated our Registered Office (Distinctive Code 1) from H, Block, 1st Floor, Dhirubhai Ambani, Knowledge City, Navi Mumbai, Thane district, Maharashtra-400710 to Reliance Centre, 5th floor, Off Western Express Highway, Santacruz East, Mumbai, Mumbai-City district, Maharashtra-400055 w.e.f. 25th February 2020.

Some relationships go beyond any measured distance and we assure you of our best service through our offices, our employees, advisors and service partners who are distributed PAN India.

Alternatively, you can reach out to us at:

a. Call us between 9 am to 6 pm, Monday to Saturday on Toll Free number 1800 102 1010
b. Our email address: rnlife.customerservice@relianceada.com

In case of a service request, claim or complaint, you can write to **rnlife.headcustomercare@relianceada.com** or at address mentioned above.
Due to unavoidable circumstances, if your grievance remains unresolved even after 10 working days, you may write to our Grievance Officer, at **rnlife.gro@relianceada.com** or at the address mentioned above.

We value the faith you and your family have placed in us for all these years. We assure you, moving of our Registered Office will not change that equation. We would like to invite you to visit our new branch location to familiarise yourself and for any service request you may have.

Reliance Nippon Life Insurance Company Limited. IRDAI Registration No: 121. Trade logo displayed above belongs to Anil Dhirubhai Ambani Ventures Private Limited & Nippon Life Insurance Company and used by Reliance Nippon Life Insurance Company Limited under license.
CIN: U66010MH2001PLC167089
Mktg/Public Notice3/Mar2020

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	GK Steel and Allied Industries Ltd
2.	Date of incorporation of corporate debtor	12-02-1986
3.	Authority under which corporate debtor is incorporated / registered	Registrar of Companies, Coimbatore
4.	Corporate identity number / limited liability identification number of corporate debtor	CIN: U27109TZ1986PLC001823
5.	Address of the registered office and principal office (if any) of corporate debtor	Regd.Office as per RoC records: 1077, Avinashi Road, Coimbatore - 641018
6.	Insolvency commencement date of the corporate debtor	20-12-2019
7.	Date of invitation of expression of interest	11-03-2020
8.	Eligibility for resolution applicants under section 25(2)(h) of the Code is available at:	Shall be obtained by sending mail to: karthigasri@hotmail.com
9.	Norms of ineligibility applicable under section 29A are available at:	Shall be obtained by sending mail to: karthigasri@hotmail.com
10.	Last date for receipt of expression of interest	26-03-2020
11.	Date of issue of provisional list of prospective resolution applicants	04-04-2020
12.	Last date for submission of objections to provisional list	09-04-2020
13.	Date of issue of final list of prospective resolution applicants	18-04-2020
14.	Date of issue of information memorandum, evaluation matrix and request for resolution plans to prospective resolution applicants	09-04-2020
15.	Manner of obtaining request for resolution plan, evaluation matrix, information memorandum and further information	Details can be obtained by emailing at karthigasri@hotmail.com
16.	Last date for submission of resolution plans	09-05-2020
17.	Manner of submitting resolution plans to resolution professional	In electronic mode to the mail id: karthigasri@hotmail.com
18.	Estimated date for submission of resolution plan to the Adjudicating Authority for approval	13-05-2020
19.	Name and registration number of the resolution professional	J. Karthiga IBBI/IPA-001/IP-P00752/ 2017-2018/ 11284
20.	Name, Address and e-email of the resolution professional, as registered with the Board	J. Karthiga Sri Nivas, No.1, Old No.1052, 41st Street, Korattur, Chennai-600080. karthigasri@hotmail.com
21.	Address and email to be used for correspondence with the resolution professional	J. Karthiga Sri Nivas, No.1, Old No.1052, 41st Street, Korattur, Chennai-600080. karthigasri@hotmail.com
22.	Further Details are available at or with	Details can be obtained by emailing at karthigasri@hotmail.com
23.	Date of publication of Form G	11-03-2020

DATE: 11-03-2020
PLACE: Chennai

J. Karthiga (Resolution Professional of G K Steel and Allied Industries Ltd.)
IBBI/IPA-001/IP-P00752/2017-2018/11284

Sudarshan Chemical Industries Limited

Regd. Office: 162 Wellesley Road, Pune 411 001
CIN: L24119PN1951PLC008409
Email: lsc@sudarshan.com Website: www.sudarshan.com
Tel.: +91 20 26226200 **Fax:** +91 20 26058222

Notice

Notice is hereby given that the following Share Certificate(s) of our Company has/have been reported to be lost/misplaced/stolen:

Share Certificate No.	No of Equity Shares	Distinctive Numbers	Name of the Registered Shareholder(s)
3149 15182	1000 1000	2167171-2168170 36780796-36781795	Rajalakshmi Ramamurthy M.N.Ramamurthy
1556 13589	230 230	1147116-1147345 35760741-35760970	Krishnakumar Vithaldas Chaudhary Mrs. Hemlata Krishnakumar Chaudhary

Share holder(s) of these Share(s) has/have applied to the Company for issue of Duplicate Share Certificate(s). Any person(s) who has/have any claim in respect of the above should lodge his/her/their claim at the Registered Office of the Company within 15 days from the date hereof. In the absence of any such claim, the Duplicate Share Certificate(s) will be issued to the abovementioned Shareholder(s) after the expiry of the stipulated time and no further claim shall be entertained thereafter. The public is hereby cautioned against dealing in any way with these Shares.

For Sudarshan Chemical Industries Limited

Date : 09.03.2020
Place : Pune

Mandar Velankar
DGM Legal and Company Secretary

FORM B
PUBLIC ANNOUNCEMENT

(Regulation 12 of the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016)
for the attention of the stakeholders of

M/s. MONOREX PRIVATE LTD

RELEVANT PARTICULARS

1.	Name of corporate debtor	**M/s. MONOREX PRIVATE LTD**
2.	Date of incorporation of corporate debtor	09/12/2011
3.	Authority under which corporate debtor is incorporated / registered	Registrar of Companies, Chennai
4.	Corporate Identity No. / Limited Liability Identification No. of corporate debtor	CIN-U17121TN2011PTC083498
5.	Address of the registered office and principal office (if any) of corporate debtor	Regd Office: 29, KNS Estate, Karpagambal Nagar, Mylapore, Chennai - 600 004.
6.	Date of closure of Insolvency Resolution Process	20/12/2019
7.	Liquidation Commencement Date of Corporate Debtor	09/03/2020 (NCLT, Chennai orders dated 18/02/2020 received by Liquidator on 09/03/2020)
8.	Name and Registration number of the insolvency professional acting as Liquidator	Devadoss Duraiswami Reddy IBBI/IPA-002/IP-N00440/2017-2018/11195
9.	Address and e-mail of the Liquidator as registered with the Board	233, Sarada Mill Road, Kamala Nagar, Sundarapuram, Coimbatore-641024 Email: devadossd@gmail.com Mobile No: 9890291110
10.	Address and e-mail to be used for correspondence with the Liquidator	Same as above. (Item 9.)
11.	Last date for submission of claims	09/04/2020

1.Notice is hereby given that the Hon'able National Company Law Tribunal, Chennai has ordered the commencement of Liquidation of **M/s. Monorex Private Ltd on 18/02/2020 (orders received on 09/03/2020).**

2.The stakeholders of M/s. Monorex Private Ltd are hereby called upon to submit their claims with proof on or before **09/04/2020** to the Liquidator at the address mentioned against item No. 10.

3.The financial creditors shall submit their claims with proof by electronic means only. All other creditors may submit the claims with proof in person, by post or by electronic means. Claim forms can be downloaded from the website: **https://ibbi.gov.in/home/downloads**

4.Submission of false or misleading proofs of claim shall attract penalties.

Devadoss Duraiswami Reddy
IBBI/IPA-002/IP-N00440/2017-18/11195
Liquidator for Monorex Private Ltd

Date : 10.03.2020
Place : Coimbatore

EXIT PRICE PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE EQUITY SHAREHOLDERS OF RAJPARIS CIVIL CONSTRUCTIONS LIMITED

RCC RAJPARIS QUALITY SINCE 1980

Rajparis Civil Constructions Limited (CIN: L45201TN1988PLC015289)

Registered Office: 30, Greams Lane, Thousand Lights, Chennai - 600 006, **Tel:** 044-28290566, **Corporate Office:** Century Plaza, 7th Floor, E, 560 - 562, Anna Salai, Chennai - 600018, **Tel:** 044-24330035, **Website:** www.rajparis.in, **Email:** keerthana@rajparis.in, **Contact Person:** Ms. Keerthana M, Company Secretary.

This Public Announcement ("PA") is being issued by Karvy Investor Services Limited (the "Manager to the Offer") on behalf of (1) Mr R Satchidanandam, (2) Mr R Jeya Kumar and(3) Mr K Veluchamy (herein after referred to as the "Acquirers")in respect of the proposed acquisition of fully-paid up equity shares and consequent delisting of Equity Shares of Rajparis Civil Constructions Limited (the "Company" or "RCCL") pursuant to the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (the "Regulations") (hereinafter referred to as the "Delisting Offer" / "Offer"). This Public Announcement is in continuation of and should be read in conjunction with the original PA dated February 12, 2020 (Wednesday) published on February 13, 2020 (Thursday) in the below mentioned newspapers and Letter of Offer dated February 15, 2020 (Saturday) despatched to all the public shareholders on February 17, 2020 (Monday):

Newspaper	Language	Editions
The Financial Express	English	All Editions
Jansatta	Hindi	All Editions
Lakshya Deep	Marathi	Mumbai Edition

and along with Letter of Offer dated February 15, 2020 (" Letter of Offer") which was sent to all the public shareholders of RCCL by Cameo Corporate Services Limited (the "Registrar to the Offer") whose names appeared on February 13, 2020 ("Specified Date") in the register of members of Rajparis Civil Constructions Limited.

The Acquirers hereby announce the results of the Delisting Offer made through Reverse Book-Building Process ("RBBP") using the electronic facility of BSE Limited ("BSE").

The Offer opened on February 26, 2020 (Wednesday) and closed on March 03, 2020 (Tuesday). The total bids tendered in the Offer were 40 constituting 9,40,400 equity shares at the following rates:

Number of Bids Received	Price (in Rs.)	Quantity	Cumulative Quantity
40	40.00	9,40,400	9,40,400

Discovered Price & Exit Price which is accepted by the Acquirers.

The total valid bids which are accepted in the Offer are 40 constituting 9,40,400 equity shares aggregating to 70.89% of the Offer Size. Also, the post-offer promoters' holding including the shares accepted in the Offer aggregates to 92.71% of the fully paid-up capital of RCCL. Therefore, the Offer is deemed to be successful in terms of Regulation 17 of the Regulations.

ACCEPTANCE OF EXIT PRICE AND DELISTING

The Acquirers have accepted the discovered price of Rs. 40.00 (Rupees Forty Only) per Equity Share i.e. ("Exit Price") established by the reverse book building process using the electronic facility of the BSE, in accordance with the SEBI Regulations (being the price at which the maximum number of Shares were tendered) and shall accept all the bids at the Exit Price and the shareholders of the Company who have validly tendered their Shares at the Exit Price will be paid the consideration at the Exit Price of Rs. 40.00 per Equity Share.

Since the Offer is, deemed to be successful in accordance with Regulation 17 of the Regulations the Acquirers will initiate necessary steps to delist the Shares of the Company from Metropolitan Stock Exchange of India Limited ("MSEI").

Payment of consideration to the Shareholders whose shares have been accepted under the Offer will be completed on BSE's Clearing Corporation as per the scheduled timeline of March 13, 2020.

OUTSTANDING SHARES AFTER DELISTING

The remaining shareholders of the Company post the delisting will be able to offer their shares to the Acquirers at the Exit Price during the period of one year following the date of delisting of the shares of the Company from the MSEI in accordance with the Regulations.

The terms used but not defined in this Public Announcement shall have the same meanings assigned to them in the original PA and the Letter of Offer. If the Shareholders have any query with regard to the Offer, they should consult the Manager to the Offer or the Registrar to the Offer (details appearing below).

MANAGER TO THE OFFER

KARVY INVESTMENT BANKING

KARVY INVESTOR SERVICES LIMITED
Plot No.31, 8th Floor, Karvy Millennium,
Nanakramguda, Financial District, Gachibowli
Hyderabad - 500 032,
Telangana, India.
Tel.: +91 40-23428774/33216840 to 33216844
Fax: +91 40-23374714/23311968
Email: cmg@karvy.com
Website: www.karvyinvestmentbanking.com
Contact Person: M.P. Naidu / K. Sushmitha
SEBI Registration No.: INM000008365

REGISTRAR TO THE OFFER:

CAMEO

CAMEO CORPORATE SERVICES LIMITED
Subramanian Building, No. 1, Club House Road, Chennai – 600 002
Tel: +91-44 - 2846 0390 (5 Lines)
Fax: +91-44 - 2846 0129
E-mail: investor@cameoindia.com
Contact Person: Ms. Sreepriya .K
Website: www.cameoindia.com
SEBI Registration No.: INR000003753
CIN: U67120TN1998PLC041613

For and on behalf of the Acquirers

Sd/-	Sd/-	Sd/-
R Satchidanandam	R Jeya Kumar	K Veluchamy

Date: March 10, 2020
Place:Chennai

Companies

WEDNESDAY, MARCH 11, 2020

RAY OF HOPE

Anand Mahindra, chairman, Mahindra Group @anandmahindra

And when will investors shift from a sense of frenzy and panic to recognition that low oil and low bond yields may serve as a kind of global stimulus — which could make this a historic stock buying opportunity?

CORONAVIRUS IMPACT

Long road to recovery for tourism, airline cos

ANWESHA GANGULY
Mumbai, March 10

Average drop in one-way fares in February-March

Route	March 2019	Feb 2020	March 2020	YoY %	MoM %
Delhi-Madrid	24,209	-	22,567	-6.78	
Mumbai-Singapore	26,000	16,000	8,727	-66.43	-45.46
Bengaluru-Dubai	10,932	12,212	7,666	-29.88	-37.23
Delhi-Dubai	16,897	13,325	7,783	-53.94	-41.59

(Fare in ₹) Source: Ixigo

THE GLOBAL OUTBREAK of the novel coronavirus (COVID-19) has dealt a massive blow to the Indian travel and tourism industry, particularly airlines. Since the coronavirus has started spreading, many countries have issued travel advisories on the worst affected geographies, including China, South Korea, Iran and Italy.

Some analysts fear 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 contained, the estimated revenue loss on passenger business alone could be as high as $113 billion. Global air travel demand growth in January was the slowest monthly increase since April 2010.

In India, airlines and tourism sector representatives have rushed to the government seeking financial support.

Average one way fares to routes including Mumbai-Singapore, Bangalore-Dubai and Delhi-Dubai have fallen between 41-46% month-on-month in March, data collated by the travel platform Ixigo showed. India's largest airline, IndiGO's fare for Mumbai-Singapore flights dropped to Rs 9,051 in March, compared with Rs 13,720 in February and Rs 10,303 during March 2019. Meanwhile, IndiGo's Delhi-Dubai fares fell 47.4% year-on-year (y-o-y) to Rs 9,072 in March 2020. In February, the fare on the same route was Rs 15,125. Air India and Vistara have seen a 26% y-o-y drop in sales (on billing-and-settlement-plan basis) on international routes in February, a senior airline executive told FE. "Selectively just for bookings to South East Asia and West Asia the impact is more severe, over 50%," the source said.

West Asian airlines have taken a significant hit. Dubai-based Emirates also saw a 17.4% y-o-y fall in fares on the Delhi-Dubai route to Rs 10,606 in March. "Around 80% of Emirates' network is on hold... we expect a revenue loss of around $4 billion. Their operating cost would go up by around 18% y-o-y in the following year," said Mark Martin, aviation consultant. Global air travel demand growth (measured in total revenue passenger kilometers) slowed to 2.4% year-on-year (y-o-y) in January 2020, compared with 4.6% y-o-y growth last January, said International Air Transport Association (IATA).

Travel and tourism generates 10.4% of the global GDP, and supports 319 million jobs worldwide, according to World Travel & Tourism Council. Industry players still do not have full visibility on the extent of damage the outbreak will cause. "While a sluggish economy, coupled with the COVID-19 scenario, has seen a dampening of travel sentiment, it is early days to assess impact or duration. We continue to closely monitor the situation and are in constant touch with government health authorities, tourism boards and our local partners on the ground" said Rajeev Kale, president and country head, Thomas Cook (India). "Collectively, the impact is roughly being seen at around $1.2 trillion, which goes towards hotels, airport services, tourism, and even retail," Martin said.

Even if the virus is contained, sentiment has been severely impacted by travel advisories issued around the globe, said Jyoti Mayal, president, Travel Agents Association of India (TAAI). "The entire tourism industry structure has come to a standstill. Not only that, there is a lot of apprehension on what the future holds. To return to normalcy, it will take at least a couple of months. The outbreak will take some time to subdue even if it is contained. It will take some time for people to have the confidence to travel again," Mayal said. Such is the panic that even hotels have refused to check-in to tourists from the worst affected countries, the Indian Association of Tour Operators (IATO) said.

Holiday operators are looking to the government for a bailout in the form of tax relief, loan and overdraft relaxations. "The holiday season for Indians is between April to June is when people travel abroad. Our members have paid huge advances to foreign suppliers and service providers. Not everyone is issuing refunds. The airlines are also not refunding tickets in totality. The customers are holding the travel agents accountable. It has become a challenge," Mayal told *FE*.

Meanwhile, bookings to some destinations in the Indian sub-continent remain steady as of now. "Destinations that are witnessing high demand for Summer 2020 include Andaman, Goa, Himachal Pradesh, Kashmir, Kerala and the North Eastern states. This is coupled with other destinations in the Indian subcontinent such as Bhutan, Sri Lanka, Myanmar and Nepal," Kale said. Tourists are also still actively booking their vacations in Maldives, Vietnam and Thailand, said Aloke Bajpai, co-founder and CEO, Ixigo. IATA has already approached governments seeking financial relief for the aviation sector. "IATA met the Indian government seeking a reduction in air navigation charges and other relief measures. Ultimately the impact of Coronavirus, the resultant loss in traffic and grounding of fleet, it will be very difficult if only airlines have to bear it," the source said. The Indian aviation ministry in reportedly considering providing financial relief to airlines.

Even when the outbreak is under control, road to recovery will be a long one. "If we manage to contain the virus, it will take the aviation industry between 24-36 months to recover their losses. This would mean no more aircraft acquisition from Boeing and Airbus. We are looking at possibly reduction of fleet as well," Martin said. As the situation develops, some players hope that the outbreak to slow down during the summer months, but when things will take a turn for the better is still anyone's guess. "I do not see any respite in the immediate future," Mayal said.

Cyberattacks on enterprises drop in India; individuals new target

SRINATH SRINIVASAN
Bengaluru, March 10

CORONAVIRUS HAS NOT only impacted trade globally, it is also directly impacting the amount of cyberattacks happening in India. New findings from Subex, a global telecom services and security provider based in Bengaluru, reveal that within a month, the number of critical attacks on IoT and cyberdeployments in India have come down by 2,100 to 29,900 in February from 32,000 in January.

Prayukth KV, CMO, IoT, Subex, said, "Coronavirus has been changing the priorities of the hackers. Every year, the number of attacks only rise. Especially as we approach the middle of the year, the attacks peak. This year, there has been a dip. A first in the last 18 months."

Subex monitors these deployments through its vast honeypot network across 62 cities globally (15 of which are in India). This network, comprising of 4,000 physical and virtual devices and 400 device architectures, varied connectivity flavours, receives over 3 million attacks on an average everyday.

There has been a shift in the nature of the attacks, according to Prayukth.

"The hackers have shifted their attention to tactics like phishing, attacking individual employee accounts with emails and social media posts. In a panic stricken environment, this is easier to do compared to attacking large enterprises with malware," explained Prayukth.

As per the latest data provided by him, in India, there were 98 new malware detected in January. But in February, it came down to 23. These malware take various forms. In January, the number of variants stood at 730, but in February, it has come down to 217. To further substantiate this behavioural change of the hackers, Prayukth pointed out that except for manufacturing sector, all the other sectors monitored by Subex's Indian honeypot network have seen a drastic fall in cyber attack.

He said that people easily fall for messages related to coronavirus because there is a lot of confusion and panic around the topic today. "Remote working further adds to the larger gameplan of the hackers. Personal devices of employees with all kinds of data, including work data come under attack," added Prayukth.

This, he said, will become potential bots which can be controlled by hackers in the long run. "There will be no visible impact immediately. With time, hackers may even monitor every single operation that the employees do on their phones or other devices via the spyware/ malware running in the background," said Prayukth.

Interestingly, this trend has been fluctuating in Korea out of all the other countries monitored by the company. Currently, very little can be done to find the exact number of individual devices or accounts affected and to track all the malicious pieces of codes existing online.

INTERVIEW: UPASANA TAKU, co-founder & COO, Mobikwik

'Working with PSBs to serve their customers digitally'

*Mobikwik is identifying customers common to its own platform and some state-owned banks to plug a servicing gap, **Upasana Taku**, co-founder & COO, told **Shritama Bose**. The strategy will be to offer sachet-sized financial products, she added. Edited excerpts:*

You have been pivoting away from a pure-play payments business for some time now. What is the strategy for the year ahead?

The strategy is to continue to build the company in a sustainable and profitable fashion and make it ready for public retail investors eventually. It is not necessarily a pivot, but rather a smart shift, where we already had the users who continue to do payments on our platform and we realised that there is a huge gap in terms of the financial products that are available.

There are about 800 million people who bank with the government banks. There is nothing wrong with them, other than the fact that the investment that the public-sector banks (PSBs) have done in terms of technology, CRM (customer relationship management), etc are at best small investments. Therefore, they end up focusing on the upper middle class or the higher-income users within their user base. This large gap is one that nobody wants to plug, mainly because the cost of service and the way to make money is non-existent through a branch-based channel.

What products will you offer?

Since we are a digital player, our operating cost would be zero or close to zero. Therefore, we are happy to serve customers with a ₹2,000 or ₹20,000 or ₹2 lakh loan. Our payments business continues to grow 3-4x year-on-year on all metrics — revenues, users, merchants, number of transactions. With data analysis using several machine-learning models, we have created our own user profile, our own riskiness score for every user. Based on that data, we underwrite and provide small-ticket credit, which is our first product. This ranges between ₹2,000 and ₹2 lakh. Most of our loans are between ₹2,000 and ₹40,000. We have done about two million loans in the last 18 months. We hope to be able to cater to about 10-20 million of our users in the next few years in the credit piece. We have also launched insurance and wealth products. The strategy is to do sachet-sized products. In addition to regular insurance products, we also offer products like insurance for the contents of your home or shop or a cyber-fraud insurance.

So will you partner with PSBs or approach their customers yourselves?

It will be both. We have already identified some of these users on our platform. We have created three-four credit products. Separately, we have also started working with some of these PSBs where, as an example, one bank may have pre-approved 10 million users for loans. But, their typical messaging channel for the user is sending texts or calls. We figure out which users are common to the bank and our platform. Then we see what offers the bank has for them in terms of credit and we can enable that for them. Once the eligible user goes through the whole process and gets the loan, they will see that the loan was enabled by Mobikwik and, of course, we will earn a smart revenue from distribution.

What do you make of the zero-MDR regulation?

The stated aim of the move is to push digital payments, but it actually makes it harder to achieve that goal. If banks and fintechs are not able to make money from UPI or RuPay transactions, they will find other ways to recover the money. Somebody has to bear this cost because nobody will invest so much at scale for nothing. It is still not clear how to make money from this model and if there are multiple payment methods with differential charges, there will be more confusion.

How does it play out for wallets?

From a wallet's perspective, it is actually a positive. There are several ways of loading a wallet. On my cost side, I have to pay the bank or whoever is my processing partner. For a debit card transaction, that is capped, but on a credit card transaction I may have to pay as much as 2%. So when you load money into the wallet via UPI or a RuPay card, my cost is zero. Now when you pay a retailer with the wallet, they pay Mobikwik a wallet MDR. Since the wallet MDR is 1.5-1.8%, a credit card payment makes my cost more than my revenue. On the other hand, when you choose UPI or RuPay, my revenue becomes my net income.

Project tendering declines for 6th consecutive month in Feb

FE BUREAU
New Delhi, March 10

PROJECT TENDERING ACTIVITY in the country continued to worsen for the sixth consecutive month in a row during February this year. The tendering activity in terms of value fell 54% year-on-year (y-o-y) last month and 15% on a monthly basis. On year-to-date (YTD) basis, the FY20 tender value was down 42% y-o-y.

Key tenders released during February 2020 include the construction of tunnels, bridges, yards, formation, shaft, among others, in Uttarakhand; a water supply scheme in Uttar Pradesh (UP) and design and construction of 10 elevated stations in Mumbai.

Project awarding activity was a mixed bag during February. While awarding activity fell 14% y-o-y, it grew 22% on a month-on-month (m-o-m) basis.

Sectors which recorded a growth included irrigation (up 119% y-o-y), real estate (up 77%) and power equipment (up 1,000%), whereas the under performing sectors included roadways (down 45%), railways (down 62%), water supply (60%) and power distribution (down 67%).

The total value of tenders published in February declined 54% y-o-y and 15% m-o-m. Major declines were reported in roadways, irrigation, community services, real estate, power distribution and hospitals. Railways and water treatment were the only notable segments that reported growth.

Project tenders opened
(Value terms; ₹ cr)

Sector	February 2019	February 2020	Growth Y-o-Y (%)
Roadways	45,300	15,600	↓66
Irrigation	23,300	2,400	↓90
Railways	5,700	11,300	↑98
Community Services	13,000	6,300	↓52
Water Supply	8,200	7,100	↓13
Real Estate	8,800	3,900	↓56
Power Distribution	3,700	600	↓84
Hospitals	4,000	2,600	↓35
Water Treatment	700	1,100	↓57

Projects awarded
(Value terms; ₹ cr)

Sector	February 2019	February 2020	Growth Y-o-Y (%)
Roadways	5,600	3,100	↓45
Power Distribution	600	200	↓67
Power Equipment	100	1,100	↑1000
Railways	5,000	1,900	↓62
Real Estate	1,300	2,300	↑77
Process	200	400	↑100
Infrastructure	300	700	↑133
Water Supply	1,000	400	↓60
Irrigation	1,600	3,500	↑119

Source: Projects Today; Emkay Research

"We note that except for August 2019 (up 4% y-o-y), the tendering activity has declined consistently since April 2019, which suggests award activity too will remain weak for at least the next two quarters," Emkay Global Financial Services said in a report.

During February 2020, sectors reporting a decline in tendering activity included roadways (down 66% y-o-y), irrigation (down 90%), community services (down 52%), real estate (down 56%), power distribution (down 84%), hospitals (down 35%) and water supply (down 13%). On the other hand, railways (up 98%) and water treatment (up 57%) were the only sectors which recorded growth.

Major orders finalised last month include a ₹1,600 crore contract won by PNC Infratech for rehabilitation and upgrade of a NH stretch for Unnao-Lalganj section in UP, a ₹1,600 crore contract won by Mantena Constructions in JV with Gaja Engineering for construction of pressurised pipe system in Sagar district of MP and a ₹1,300 crore contract won by Ahluwalia Contracts for construction of AIIMS Jammu.

INTERVIEW: KOICHIRO HIRAO, managing director, Suzuki Motorcycle India

'Expect to end fiscal with decent growth in new products'

*Amidst overall slowdown in the Indian two-wheeler industry, Suzuki Motorcycle India was able to post and maintain decent growth over the months in the current fiscal, thanks to its products like Gixxer, Access which got upgraded with new features. The company not only expects to end the fiscal with a decent growth against the industry's expected degrowth but also looks to sustain the growth momentum with a slew of BS VI products line up. In an interview with **R Ravichandran** of FE, **Koichiro Hirao**, managing director, Suzuki Motorcycle India, said the company is confident that new products will propel its sales further and help post a double-digit growth next fiscal. Excerpts:*

How have been your performance so far this fiscal as against the industry?

Bucking the industry trend, Suzuki Motorcycle India has been probably one of few registering a decent growth in the current fiscal year amidst overall slowdown, particularly in the two-wheeler sector, with its well-balanced product portfolio customised to suit local demand. Cumulatively, Suzuki Motorcycle India sold 7,49,755 units for the period between April 2019-February 2020. Inching closer to the fiscal end, we are happy with our sustained growth momentum. February was an eventful month for us as we unveiled BS6 compliant product portfolio at the Auto Expo 2020 that received an encouraging response from customers.

What have been the reasons for you to register growth despite challenges?

The success of SMIPL's growth momentum is attributed to growing and expanding network, customised products and high engagement with the customer at the point of purchase. Go-to-market initiatives to create customer interest for our products along with marketing campaigns to fortify product relevance for our prospect customers. Last year, we entered the quarter-liter motorcycle segment with the launch of Gixxer 250 which has received overwhelming response from Indian consumers. Furthermore, we started 2020 with the launch of BS compliant Access125 and introduced BS6 compliant product ranges at the Auto Expo 2020. In February, we launched BS 6 complaint Burgman Street. We are confident that the new products launch will propel our sales growth in the Indian market further.

When do you see the actual demand pick up and the projection for next fiscal?

We have been doing well both in domestic and export markets. The new fiscal year holds newer challenges as the industry gets set to transition to BS-VI compliant products. We are focused on strengthening our motorcycle offering and continue to emphasise our growth strategy for the Indian market. Currently, the industry is going through a tough time due to various factors, let's be hopeful that demand for two-wheeler picks up gradually and the industry has a positive growth line by the year-end. While we cannot talk on the numbers at this point, however, we aim to close the fiscal with double digit growth.

Have you been impacted by the coronavirus?

Till now we have not been impacted by coronavirus and we are gearing up not to get impacted in future as well. However, it seems at large that the auto industry is getting hurt because a good number of auto components come from China.

Are you looking at expanding your capacities at your plants and investments, new products if any?

Our existing manufacturing plant at village Kherki Daula in Gurgaon, Haryana, has a production capacity of one million units per annum. Once we attain the maximum capacity, we will invest in ramping up the production. Currently, our focus is to fully utilise our existing capabilities. With regards to new product, we will be launching our BS6 product portfolio ahead of the regulation deadline.

ArcelorMittal keeps $6.5-bn greenfield project in K'taka 'under review'

SURYA SARATHI RAY
New Delhi, March 10

EVEN AS ARCELORMITTAL looks to enhance finished steel production capacity at AMNS India to more than double to 15 million tonne per annum (MTPA) through its joint venture partner Nippon Steel, it has kept its own $6.5-billion proposed greenfield steel and power project in Karanataka under review, indicating that the company would like to concentrate more on the Western market in the near-term than in the South.

The world's largest steelmaker had executed with the Karnataka government a lease-cum-sale agreement for 2,643 acre of land on December 26, 2018 for its proposed 6 MTPA steel plant with a captive 750 MW power plant, but its latest annual report said, "The project is currently under review". A mail sent to the company seeking clarification on the same elicited no answer. ArcelorMittal had in June 2020 entered into a MoU with the Karanataka government for the proposed investment.

ArcelorMittal, along with its partner Nippon Steel, completed the acquisition of the erstwhile Essar Steel (later changed its name to AMNS India) though the insolvency route in December, 2019 for ₹42,785 crore. ArcelorMittal holds 60% stake in the joint venture that acquired AMNS India while Nippon holds the remaining 40%. The resolution plan incudes ₹18,697 crore to be implemented in two stages over a period of six years.

"The first stage involves investments to increase the production of finished steel goods sustainability to 6.5 MTPA and includes completion of ongoing capital expenditure projects with respect to coke oven, second sinter plant, Paradeep pellet plant and Debuna beneficiation plant. The first stage also include investment in maintenance to restore current assets, the implementation of an environmental management plan and the implementation of ArcelorMittal's best practices on raw material sourcing," ArcelorMittal said in its annual report.

The second stage, it said, will involve investments to increase the production of finished steel goods from 6.5 MTPA to 8.5 MTPA by the end of 2024, including asset reconfiguration and the addition of coke oven, blast furnace and basic oven furnace. The company also aspires to increase AMNS India's finished steel production capacity to 12-15 MTPA through the addition of new iron and steel-making assets, aimed at benefitting from the anticipated growth of the Indian steel industry.

International

WEDNESDAY, MARCH 11, 2020

MARKETS CATCH COLD

Lloyd Blankfein, Former Goldman Sachs CEO

Fear can take mkt lower, but expect quick recovery when health threat recedes. Especially in US, underlying economy strong, banks well-capped, system not too leveraged. Unlike '08, will avoid systemic damage that could take years to work through...

DEMOCRATIC PRESIDENTIAL NOMINATION

Biden tops Sanders by double-digits

An opinion poll from the *Detroit Free Press* published on Monday found the former VP holding a 24-percentage-point lead over Bernie Sanders

REUTERS
Detroit, March 10

DEMOCRATIC PRESIDENTIAL CONTENDER Joe Biden, who is seeking to deliver a knockout blow to rival Bernie Sanders on Tuesday as six states vote, received another boost on Monday when former presidential hopeful Cory Booker endorsed his campaign.

The US senator from New Jersey, who ended his own White House bid in January, wrote on Twitter that Biden would "restore honor to the Oval Office."

Booker's endorsement — one day after another onetime candidate, Senator Kamala Harris of California, did likewise - means Biden has picked up the backing of two black former presidential contenders as he seeks the party's nomination to take on Republican President Donald Trump this fall.

Biden over the past nine days has powered to the front of the contest for the Democratic nomination to take on Republican President Donald Trump on November 3. A wave of endorsements by his former rivals has made him the clear standard-bearer for the Democratic Party's moderate wing, while Sanders represents the party's more liberal elements.

Bernie Sanders (left) and Joe Biden

Booker and Harris were planning to campaign with Biden on Monday in Michigan, the biggest prize in Tuesday's voting. A win in the Midwestern "rust belt" state could give the former vice president an insurmountable lead in the number of delegates needed to win the nomination at the party's July convention.

Sanders, a US senator from Vermont, may need a victory in Michigan to recapture momentum after Biden showed surprising strength in last week's Super Tuesday contests.

An opinion poll from the *Detroit Free Press* published on Monday found Biden holding a 24-percentage-point lead over Sanders among Democratic voters in Michigan.

Sanders will hold a rally on Monday in St. Louis in Missouri, which along, with Michigan, Mississippi, Washington state, Idaho and North Dakota, will hold contests on Tuesday.

He will then return to Michigan, where he is due to join a round table on the coronavirus with public health experts in Detroit. Michigan officials on Friday said they would take steps, including having clerks repeatedly sanitise voting booths, to alleviate risks of infection spreading at polling places.

Washington state, which has seen the largest US cluster of coronavirus, conducts its primary election by mail.

Biden will make stops in the Michigan cities of Grand Rapids and Flint before holding a rally alongside Harris and Booker in Detroit, where the majority of the population is black.

The event will give Biden an enviable visual on the eve of an election for the second straight week. Last Monday, Biden made appearances with former rivals Pete Buttigieg, Amy Klobuchar and Beto O'Rourke, just hours before polls opened on Super Tuesday.

One of the most talked-about moments of Harris' campaign was her blistering attack on Biden during a June presidential debate. She called his remarks about working with segregationist senators hurtful and questioned Biden's 1970s opposition to school busing.

Still, black voters have backed Biden overwhelmingly, and propelled him to big victories in South Carolina's February 29 presidential primary and on Super Tuesday last week. They will be crucial in Michigan, where they comprise almost 14% of the population. Sanders, who drew huge crowds to weekend campaign events across the state, scored a surprise upset in Michigan 4 years ago in the Democratic primary against eventual nominee Hillary Clinton.

Chinese company can recognise faces behind coronavirus masks

REUTERS
Beijing, March 10

A CHINESE COMPANY says it has developed the country's first facial recognition technology that can identify people when they are wearing a mask, as most are these days because of the coronavirus, and help in the fight against the disease.

China employs some of the world's most sophisticated systems of electronic surveillance, including facial recognition.

But the coronavirus, which emerged in Hubei province late last year, has resulted in almost everyone wearing a surgical mask outdoors in the hope of warding off the virus - posing a particular problem for surveillance.

Now Hanwang, which also goes by the English name Hanvon, said it has come up technology that can successfully recognise people even when they are wearing masks.

"If connected to a temperature sensor, it can measure body temperature while identifying the person's name, and then the system would process the result, say, if it detects a temperature over 38 degrees," Hanwang Vice President Huang Lei told Reuters in an interview.

The Beijing-based firm said a team of 20 staff used core technology developed over the past 10 years, a sample database of about 6 million unmasked faces and a much smaller database of masked faces, to develop the technology.

The team began work on the system in January, as the coronavirus outbreak gathered pace, and began rolling it out to the market after just a month.

It sells two main types of products that use the technology. One performs "single channel" recognition that is best used at, for example, entrances to office buildings.

The other, more powerful, product is a "multi-channel" recognition system that uses "multiple surveillance cameras".

Japan politician sorry for auctioning masks

A JAPANESE POLITICIAN apologised Monday after he made $86,000 auctioning face masks online as the country deals with a shortage during the new coronavirus outbreak.

Hiroyuki Morota, a member of the Shizuoka prefecture assembly and owner of an import firm, defended his decision in a televised press conference but conceded that the move was ill-timed.

Morota said he auctioned packages of masks, some containing 2,000 pieces, via the internet dozens of times over a one-month period, netting 8.88 million yen ($86,000).

Pimco's Fels says worst is to come with recession forecast in H1

BLOOMBERG
March 10

THE US AND Europe face the "distinct possibility" of a technical recession in the first half as the coronavirus outbreak dampens demand and supply and drives investors to safe havens, according to Pimco's Joachim Fels.

"The worst for the economy is still to come over the next several months," Fels, global chief economic adviser at Pacific Investment Management Company, wrote in a note to clients, which also cited concerns including a slump in China's manufacturing and a weaker market for travel-related services.

Global markets are girding for another roller coaster week, as the virus continues to spread and an oil-price war adds to market uncertainty. US stocks fell back into correction territory and Treasury rates hit an all-time low in the past week.

Baptism by fire for British economy's new guardians

BLOOMBERG
London, March 10

THE TWO NEW leaders of the British economy need to hit the ground running and in lockstep.

Chancellor of the exchequer Rishi Sunak is less than a month into the job. Andrew Bailey doesn't even become Bank of England governor until next week. But both are being thrown straight into a battle to protect the economy.

The coronavirus threat has already meant emergency meetings, warnings of economic pain and hints of crisis-era policy measures. Sunak, 39, has had to retool his Budget on Wednesday to focus on the virus response, something that may include joint action with the BOE.

Possible steps include purely fiscal ones like increasing spending on the health service and support for businesses. The Treasury and Bank of England could unite to guarantee bank lending, or the latter could even announce an emergency interest-rate cut. A successful joint operation could be a model for other governments and central banks.

They "face a baptism of fire as they take up their new roles," said Elizabeth Martins, senior economist at HSBC. "While both might have intended to proceed with caution, the global outbreak of COVID-19 and the consequences for markets mean now is not the time to hold back."

Across the world, the outbreak has shut factories, stores and offices, and forced entire regions into lockdown. Troubled UK airline Flybe collapsed last week. Overnight, Germany eased rules on companies applying for aid to offset wages when they are forced to temporarily halt work.

Andrew Bailey (left) and Rishi Sunak

But Monday saw markets in a panic, with European equities and US futures plunging. Oil prices crashed, and the yields on UK benchmark bonds fell below zero for the first time.

Even before the full scale of the virus became apparent, economists were forecasting UK growth of just 1% this year, which would be the worst performance in more than a decade. Also rumbling in the background are Britain's trade negotiations with the European Union, still a source of huge uncertainty.

Sunak will present his Budget facing the most serious threat to the economy since the financial crisis a decade ago.

Juul Labs sought to court state prosecutors as teen vaping surged

ASSOCIATED PRESS
Washington, March 10

JUUL LABS, THE nation's largest electronic-cigarette company, donated tens of thousands of dollars to the campaigns of state attorneys general in an effort to build relationships with these powerful officials and potentially head off legal challenges over how it promoted and sold its vaping products.

But the company's approach hasn't stopped officials from taking action.

Thirty-nine states announced late last month that they will investigate whether Juul's early viral marketing efforts illegally targeted teens and made misleading claims about the nicotine levels in its devices.

Health officials have declared underage vaping an epidemic, largely driven by the discrete, high-nicotine, fruity flavoured pods that Juul sold until late last year.

"Juul really created this crisis," said Dr. Scott Gottlieb, the former Food and Drug Administration commissioner. "Juul created the pool of nicotine-addicted teens and I think they popularized the idea of vaping among kids."

The Food and Drug Administration and Congress are probing whether Juul's early promotions deliberately appealed to minors, including the use of online influencers, "launch parties," and product giveaways.

Yet Juul may face an even bigger threat from the nation's state attorneys general, who previously used their collective power to force changes in the way Big Tobacco companies do business.

In an emailed response to written questions, a Juul spokesman declined to say how many state attorneys general company representatives have met with. Juul, the spokesman said, is working to earn "the trust of society," by working with various government officials.

The company says its outreach to attorneys general was aimed at collaborating with them on key issues, including combating underage use.

Documents obtained by The Associated Press through open records requests shed new light on the unusual connection Juul forged with Iowa's Tom Miller, the longest serving state attorney general in US history. The records show that Miller served as a behind-the-scenes adviser, helping the company respond to media requests and inquiries from government officials. Miller did not receive campaign contributions from Juul.

The documents also provide new details about former state attorneys general who were hired by the company, including Massachusetts' Martha Coakley, who became a key messenger as Juul made the case that it was working to keep its products away from minors while simultaneously pitching its technology as an anti-smoking tool for adults.

Juul's outreach included thousands of dollars in campaign contributions to individual state attorneys general, five of whom later met with the company's representatives, according to the records. The company also donated $50,000 each to the Republican and Democratic fundraising committees that support the election of attorneys general candidates.

SMOKING GUN

- Thirty-nine US states announced late last month that they will investigate whether Juul's early viral marketing efforts
- Officials have declared underage vaping an epidemic, largely driven by discrete, high-nicotine, fruity flavoured pods
- company says its outreach to attorneys general was aimed at collaborating with them on key issues

SELECTIONS FROM

The Economist

FINANCE AND ECONOMICS
HOW TO REVIVE THE WORLD ECONOMY

A recession is unlikely but not impossible

Covid-19 infects the world economy

IF THE FINAL week of February saw financial markets jolted awake to the dangers of a covid-19 pandemic, the first week of March has seen policymakers leaping into action. The realisation that global GDP will probably shrink for part of this year, and the looming risk of a financial panic and credit-crunch, has led central banks to slash interest rates at a pace last seen in the financial crisis of 2007-09.

On March 3rd the Federal Reserve lowered its policy rate by 0.5 percentage points, two weeks before its scheduled monetary-policy meeting. Central banks in Australia, Canada and Indonesia have also cut rates. The European Central Bank and the Bank of England are expected to follow. If the money-markets are right, more Fed cuts are in store. A composite measure of the global monetary-policy rate, compiled by Morgan Stanley, a bank, is expected to fall to 0.73% by June, from 1% at the start of the year and 2% at the start of 2019.

Yet there is an uneasy feeling that a flurry of rate cuts may not be the solution to this downturn. In part that reflects the fact that they are already so low. A golden rule of crisis-fighting is that in order to be credible you should always have more ammunition available. In 2008-10 the global composite policy rate fell by three percentage points. Today, outside America, rich-world interest rates are close to, at, or below zero. Even the Fed has limited scope to cut much further—one reason, perhaps, why share prices failed to revive in the hours after its latest move.

The tension also stems from the peculiarity of the shock that the economy faces—one that involves demand, supply and confidence effects. The duration of the disruption mainly depends on the severity of the outbreak and the public-health measures undertaken to contain it. Given those uncertainties, policymakers know that while interest-rate cuts are an option, they also need fiscal and financial measures to help business and individuals withstand a temporary but excruciating cash crunch.

One way the virus hurts the economy is by disrupting the supply of labour, goods and services. People fall ill. Schools close, forcing parents to stay at home. Quarantines might force workplaces to shut entirely. This is accompanied by sizeable demand effects. Some are unavoidable: sick people go out less and buy fewer goods. Public-health measures, too, restrict economic activity. Putting more money into consumers' hands will do little to offset this drag, unlike your garden-variety downturn. Activity will resume only once the outbreak runs its course.

Then there are nasty spillovers. Both companies and households will face a cash crunch. Consider a sample of 2,000-odd listed American firms. Imagine that their revenues dried up for three months but that they had to continue to pay their fixed costs, because they expected a sharp recovery. A quarter would not have enough spare cash to tide them over, and would have to try to borrow or retrench. Some might go bust. Researchers at the Bank for International Settlements, a club of central banks, find that over 12% of firms in the rich world generate too little income to cover their interest payments.

Many workers do not have big safety buffers either. They risk losing their incomes and their jobs while still having to make mortgage repayments and buy essential goods.

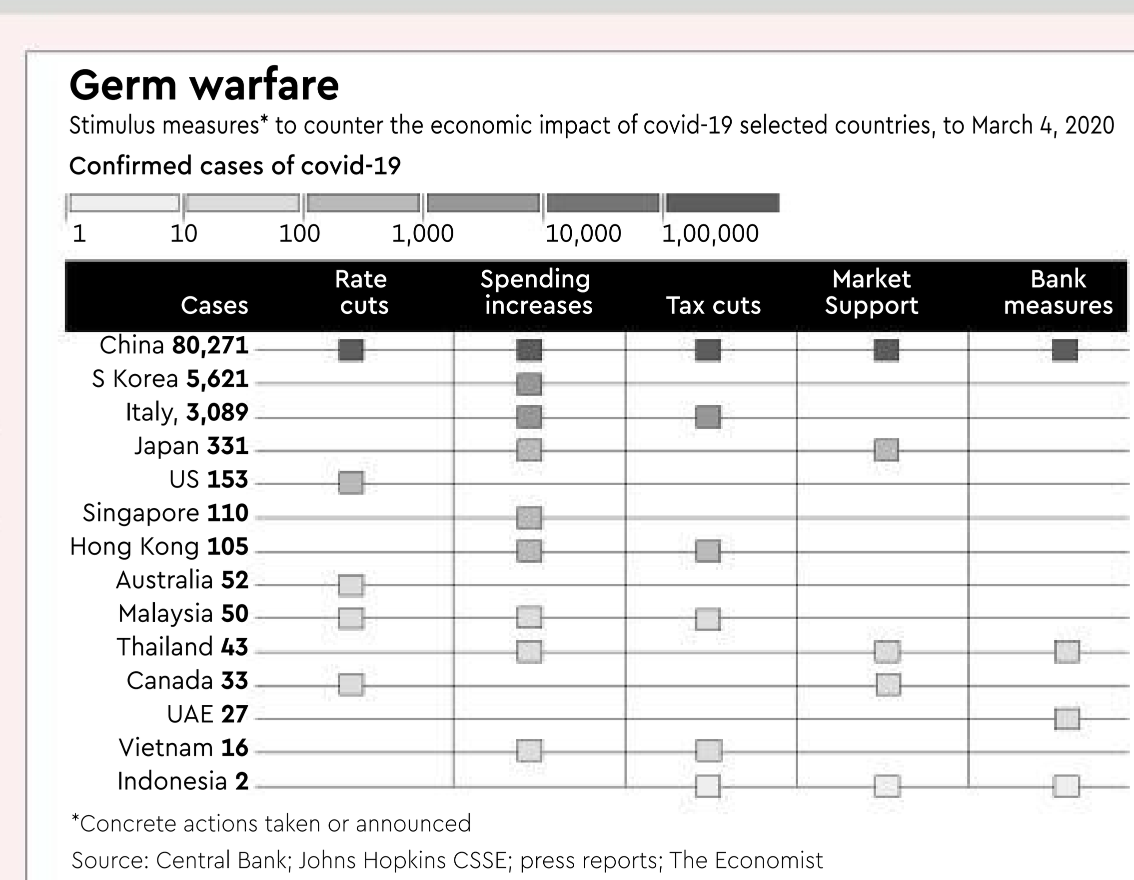
More than one in ten American adults would be unable to meet a $400 unexpected expense, equivalent to about two days' work at average earnings, according to a survey by the Federal Reserve. Fearing a hit to their pockets, people could start to hoard cash rather than spend, further worsening firms' positions.

Modelling the resulting hit to economic activity is no easy task. In China, which is a month ahead of the rest of the world in terms of the outbreak, a survey of purchasing managers shows that manufacturing output in February sank to its lowest levels since factory bosses were first surveyed in 2004. It seems likely that GDP will contract in the first quarter for the first time since the death of Mao Zedong in 1976.

Forecasters are pencilling in sharp falls in output elsewhere (see chart 1). Goldman Sachs, a bank, reckons global GDP will shrink at an annualised rate of 2.5% in the first quarter. With luck the slump will end once the virus stops spreading. But even if that happens the speed and size of the economic bounce-back also depends on the extent to which those costly spillovers are avoided.

That is why central bankers and finance ministries are turning to more targeted interventions (see chart 2). These fall into three broad categories: policies to ensure that credit flows smoothly through banks and money markets; measures to help companies bear fixed costs, such as rent and tax bills; and measures to protect workers by subsidising wage costs.

Start with credit flows. Central banks and financial regulators have tried to ensure that markets do not seize up, but instead continue to provide funds to those who need them. On March 2nd the Bank of Japan conducted ¥500bn ($4.6bn) of repo operations to ensure enough liquidity in the system. The People's Bank of China has offered 800bn yuan ($115bn, or 0.8% of GDP) in credit to banks so long as they use it to make loans to companies badly hit by the virus. Banks have been asked to go easy on firms whose loans are coming due.



Governments are also helping firms with their costs, the second kind of intervention. Singapore plans corporate-tax breaks, and rental and tax rebates for commercial property.

Korea will give cash to small firms struggling to pay wages. Italy will offer tax credits to firms that experience a 25% drop in turnover. In China the government has told state landlords to cut rents and given private-sector landlords subsidies to follow suit.

The final set of measures is meant to protect workers by preventing lay-offs and keeping incomes stable. China's government has enacted a temporary cut to social-security contributions. Japan will subsidise wages of people who are forced to take time off to care for children or for sick relatives.

Singapore has announced cash grants for employers of affected workers.

Today these policies are being sporadically announced, and their implementation is uncertain. As the virus spreads, expect more interest-rate cuts—but also the systematic deployment of a more complex cocktail of economic remedies.

Opinion

WEDNESDAY, MARCH 11, 2020

BANKING ON LIES

Union minister of state (Finance) Anurag Thakur

"A few people are creating an atmosphere of fear and speaking lies (on the Yes Bank issue) for politics, and by doing this, they are causing harm to the country and its people"

Finding a cure for L-1-itis critical if India is to progress

To begin with, amend Constitution to free PSUs from L-1; compare benefits of L-1 with losses due to delays it causes

NITI AAYOG VICE-CHAIRMAN Rajiv Kumar has done well to talk of preparing a draft proposal to suggest an alternative to the current lowest-bidder, or L-1 norm that India uses to decide on what to buy, across all government departments, universities, and even PSUs. As Kumar said at the event 'Goodbye L-1', the current system has "tied the hands and feet" of government agencies. Kumar referred to a concept paper by the Central Vigilance Commission (CVC) which, it appears, proposed alternative strategies for choosing which firm to place an order with—these include Quality-Based Selection, Quality-cum-Least-Cost, Life Cycle Cost, Swiss Challenge, etc. In itself, each is a good idea. For instance, a government department could first lay down quality specifications, and only after bidders meet these will their financial bids be looked at. Looking at life cycle costs is, similarly, critical. In a typical printer example, firms make their money on cartridges, and may not be averse to giving the printer at a substantial discount. Each one, though, at the end of the day, is still the L-1 model, even if suitably modified. Nor is L-1 to be discarded in its entirety; there is no private sector organisation in the world that does not do some form of benchmarking of costs after controlling for quality.

The trick, as Kumar said, is to "make a bigger coalition and create public opinion", broaden the "discussion (to) how following alternative norms is beneficial and there will be no increase in cost". No one doubts that it is important to procure at the right price, but how do you determine the right price? If a firm procures something, like telecom equipment, say, at an inflated price, everything else being equal, it cannot supply mobile phone services based on that expensive equipment at competitive rates. Someone who bought the equipment—BTS, mobile phone towers, etc—at a lower price will supply the mobile services cheaper. So, since most PSUs operate in competitive markets, change the Constitution to remove them from the ambit of L-1 to begin with. The axiom the government needs to adopt is that if a firm supplies services in competitive markets, it must be buying products at competitive rates. Judge the firm's purchase policies by whether it is competitive.

Two, keep in mind that time is money. If the L-1 procedure takes time, it is a bad procedure. To cite a decades-old example, BSNL lost its edge in the rural mobile telephony market because the courts ordered it to re-tender several times due to allegations by one party or another. The solution has to be for the government to constantly look at opportunity cost. Is it more important to get good masks for health workers battling with Coronavirus or to worry about whether the L-1 bidder won? The answer is clear in the case of the Corona emergency, but this thought should guide all government decision-making—indeed, even the review of it. Ideally, any attempt to replace L-1 has to begin with detailed analysis—and widespread publicity—of the costs of the delays that L-1 results in; chances are, if decisions are taken quickly, the costs of even the wrong ones will be outweighed by the benefits of taking decisions with as little delay as possible. In practical terms, if there is no evidence of a *quid pro quo*, no decisions should even be challenged, or put to the L-1 test. For decisions with very large financial implications—like the Rafale deal—this will be tougher since, at the end of the day, there is no such thing as a true apples-with-apples comparison. But, the experience of that, more than anything else, should convince the government that L-1 as a strategy is outdated and irrelevant.

The shame is UP's

HC rightly chastises its anti-CAA "naming & shaming"

IT WAS ONLY a matter of time that the Uttar Pradesh government's move to 'name and shame' those it blames for the vandalism during the December 2019 anti-CAA-NRC protests in the state—by erecting hoardings featuring their photos and addresses—invited strictures from the court. On Monday, the Allahabad High Court (HC), ordered the removal of the hoardings and tore into the state, saying "action of the State... is nothing but an unwarranted interference in privacy of people". Indeed, it was never clear why the UP government decided to publicise the information of people accused of vandalism, who had been asked to pay up damages or face seizure and liquidation of their property. The hoardings featured, among others, social activist Sadaf Jafar, and former IPS officer SR Darapuri. While the HC has chiefly relied on violation of privacy, the issue is also one of lack of adherence to any manner of due process before naming and shaming individuals.

The UP government relied on a set of directions from the Supreme Court (SC) in 2009 on levying damages on vandals. The HC maintained that while the recovery of damages itself was not in question, there is no legal provision for the state to "encroach privacy of a person" in the manner it did. The HC also spoke of how the Criminal Procedure Code allows the publication of details of an accused only when this aids the apprehension of a fugitive. Citing the SC's *Puttaswamy* judgment, which laid down the "legitimate aim" test for any action of the state that violates an individual's right to privacy, the HC rightly termed UP's action a violation since the people the state government blames were "in no manner... fugitive." Against the state's submission that the action was meant to be a deterrent, the HC invoked the test of proportionality, remarking on the fact that the state failed to satisfactorily answer why it chose to publish the details of the anti-CAA-NRC protesters accused of vandalism while there were lakhs of people in the state who were accused of far more serious crimes whose details weren't put before the public. To be sure, there is a fair case to be made for 'naming and shaming'. Indeed, this, many argue, could help curb willful default of loan repayments, and tax evasion. But, even if this is to be done, it can't be at the whim of the authorities—default/evasion has to be proven before details are made public. In the present instance, UP seems to have acted on the basis of videos of the protests. While there is the danger of the videos presenting only one side of the narrative, it is also not clear if the state has done everything that conclusively establishes the identity of the protesters—for instance, video forensics.

If the HC saw the action as "undemocratic functioning of government agencies" and a "colorable exercise of powers by the Executive", the state government has only itself to blame, given the way it has handled anti-CAA-NRC protests. Against the backdrop of polarisation on CAA-NRC, the publishing of details of the protesters, including Darapuri and Jafar, who have insisted on keeping the protests democratic, the state government's action was reckless, given how it endangered the safety and security of the protests. The HC stricture should help the state government rethink its engagement with the protest and the discontent.

LungsGivingOut

Study shows tropical forests' ability to act as carbon sinks is falling drastically

MORE BAD NEWS on the climate front, and thus, more reason to step up the pressure on the likes of Donald Trump, Scott Morrison, Jair Bolsanaro to act urgently—a new study shows that the ability of tropical forests to soak up carbon emissions is falling. They will soon no longer be 'carbon sinks', and this portends an accelerated climate crisis. Indeed, the Amazonian rainforests could soon become a source of emission, given the Bolsanaro-supported logging and degradation for farming. This means the room for emissions could shrink drastically, which, in effect, means that developing and least developed nations could find it incredibly difficult—in fact, impossible—to lift their people out of poverty through growth, which largely remains hydrocarbon-energy fuelled today.

The study, with inputs from nearly 100 scientific institutions, says that the amount of carbon absorbed by the world's intact tropical forests has fallen by a third from the 1990s—thanks to higher temperatures, droughts, and deforestation. This threat will only grow exponentially, with deteriorating effects of climate change, and increased exploitation, turning tropical forests into a carbon source by the 2060s. It is now, more than ever, important to call out talk of forests offsetting climate change—in the 1990s, these forests sucked out 17% of the emissions from human activity against the current 6%—often forwarded to scale back climate action goals. Climate scientists' fears of "tipping points" that doom the Earth to apocalyptic global heating may already be getting realised.

BUDGET TARGETS

DESPITE THE GOVT WINDOW DRESSING NUMBERS, IT IS EXPECTED TO EXCEED FY20'S FISCAL DEFICIT TARGET. REFORMS ARE URGENTLY NEEDED TO IMPROVE THE BUDGET'S FINANCIAL HEALTH

Fiscal slippage: The denial syndrome

UTTAM GUPTA

Policy Analyst

www.uttamgupta.com. *Views are personal*

IN THE UNION Budget for FY21, finance minister Nirmala Sitharaman revised the fiscal deficit (FD) for FY20 to 3.8% of GDP—up from the budget estimate (BE) of 3.3%. In absolute terms, the RE is ₹7.66 lakh crore, against a BE of ₹7 lakh crore.

Sitharaman explained away the slippage by invoking the recommendations of the NK Singh committee on review of the Fiscal Responsibility and Budget Management (FRBM) Act, which permits breach of the target in case of "far reaching structural reforms with unanticipated fiscal implications". The justification is untenable as, during the year, there was no reform measure that can be put in the category of 'far reaching structural reforms'.

The government could slip further even from the revised (albeit higher) figure. According to official data released on February 28, 2020, the FD during the first 10 months up to January 2020 was ₹9.85 lakh crore, or 128.5% of the RE. Both tax and non-tax revenue collections are trailing.

In the FY20 budget, the FM had estimated gross tax receipts (GTR) to be ₹24.6 lakh crore, of which about ₹16 lakh crore was to accrue to the Centre. The RE for GTR is already down to ₹21.6 lakh crore, the corresponding accrual to the Centre being ₹14 lakh crore. Even this drastically reduced number is nowhere in sight.

During the 10 months up to January 2020, GTR is ₹15.3 lakh crore. After transfer of ₹5.3 lakh crore to states as 'Devolution of Share of Taxes', the Centre will be left with only ₹10 lakh crore. Garnering ₹2 lakh crore in February and March each—needed to reach the RE of ₹14 lakh crore—is well nigh impossible. Going by the trend, shortfall of at least ₹2 lakh crore is inevitable.

Meanwhile, in a desperate bid to make up, the government has launched Vivad se Vishwas (VsV). Under the scheme, which will run till June 30, 2020, beneficiaries can pay disputed tax arrears, without interest and penalty, before March 31, 2020. If the beneficiary pays the amount after March 31, 2020, but before June 30, 2020, they will be need to pay 10% extra. In case the tax dispute is over penalty, interest or fee, the settlement amount payable is 25% of the dues if paid before March 31, 2020. According to the Parliamentary Standing Committee on Finance, there are close to 5 lakh cases involving demand under litigation of about ₹9.96 lakh crore.

Under a similar scheme—the Sabka Vishwas Scheme (SVS)—on unresolved disputes relating to excise and service tax (under the erstwhile dispensation prior to GST) launched on September 1, 2019, the government had garnered ₹38,000 crore, or 15% of the amount under dispute. Therein, nearly 95% of taxpayers came forward because they were given waivers up to 70% of the demand in certain cases. In sharp contrast, under VsV, the litigants are required to pay the entire amount under dispute. Hence, they won't avail of it.

With regard to proceeds from disinvestment (a major item of non-tax proceeds), in July 2019, Sitharaman had budgeted for ₹1.05 lakh crore. Against this, the RE is ₹40,000 crore short, or ₹65,000 crore, and collection up to January 2020 is only ₹18,000 crore. It is highly unlikely that the shortfall—₹47,000 crore—will be made up during the remaining two months. Together with shortfall in tax collection, we are looking at an additional deficit of about ₹2.5 lakh crore, which will add 1.2% to the RE of 3.8%.

The reported FD does not capture the deferred subsidy payments (DSPs), i.e., payments that are due in a given year, but are deferred to the succeeding year (courtesy, a flawed accounting method which recognises payments when made). For FY20, DSPs for food, fertiliser, and fuel subsidies are ₹1.1 lakh crore, ₹70,000 crore, and ₹30,000 crore, respectively. This adds up to ₹2.1 lakh crore. The FY21 budget acknowledges these in an annexure, but does not reflect them in numbers. This causes a further 1% slippage.

For FY20, deferred subsidy payments for food, fertiliser, and fuel subsidies add up to ₹210,000 crore, causing a slippage of 1% in the fiscal deficit

The figures also don't include extra-budgetary resources (EBRs)—a euphemism for borrowings by agencies and PSUs such as the National Highways Authority of India (NHAI), made on behalf of the sovereign government—though these are recognised. On inclusion, EBRs will further escalate the FD.

For FY21, Sitharaman estimated the FD at 3.5%, against the 3% required under the FRBM Act. This is based on a GTR of ₹2,423,000 ,crore which is more or less the same as the BE for FY20. The corresponding accrual to Centre is about ₹15.75 lakh crore—₹1.75 lakh crore higher than the FY20 RE of ₹14 lakh crore. When compared with the likely actual for FY20—about ₹1,200,000 crore—the government is looking for an increase of ₹3.75 lakh crore, or 31%!

On the other hand, allocation for subsidies is much lower than what is required, the two key items where under-provisioning is large being food subsidy (₹1.03 lakh crore) and fertiliser subsidy (₹80,000 crore).

The target for proceeds of divestment, at ₹2.1 lakh crore, is also unrealistic. More so, when one considers the impending slowdown in the global economy—accentuated by the Coronavirus outbreak—and the Indian economy being projected to remain sluggish having dimmed chances of 'strategic sale' in particular.

As a consequence, even FY21 will end up with deficit of at least 6%, against the 3.5% projected in the budget.

It would appear that the government, having decided on a target, takes recourse to all sorts of tactics—inflated tax revenue projection, DSPs, EBRs, dividend payments by PSUs, etc—to somehow achieve it. This practice should be shunned. It needs to focus on 'expenditure reforms' to bring about sustainable reduction in spending, especially in major subsidies. There is also a dire need for reforms in the tax systems. Studies show that only a fraction of high income earners pay tax. This anomaly must be corrected.

While dealing with honest tax payers in a fair and transparent manner (and even reward them), the government should deal with evaders sternly, ensuring that the latter don't use loopholes in the law to evade the taxman. Even more crucial, the courts should give their orders on tax disputes in a fast track mode (₹996,000 crore locked in direct tax disputes says it all).

Sans these reforms, any amount of window dressing of numbers, or remaining in denial mode, will do nothing to improve the financial health of the Union Budget.

The oil price war is becoming a debt war

While everyone is a loser at current Brent prices, should a prolonged price war set in, the relative abilities of Saudi Arabia, Russia, and the US to endure pain has to be analysed

DAVID FICKLING

Bloomberg

IN A WAR of attrition, the winner isn't the force with overwhelming power, but the one with the greatest capacity to sustain damage.

The current price war in the oil market is little different. Brent crude fell the most since the 1991 Gulf War Monday, dropping 31% in a matter of seconds, after Friday's OPEC+ meeting broke up in disarray, and Saudi Arabia slashed its crude prices and promised a surge in output.

That decision to open the spigots may seem contradictory from a country that just days ago was trying to coax Russia to join a 1.5 million barrels-a-day production cut. What's happening, though, is really just a change of tactics. While previously Saudi Arabia hoped to maintain its position and revenues in the oil market by encouraging cooperation between major players, it is now betting that its best prospect is to do the opposite: Engage in a game of chicken with Moscow and the US independent oil industry, and count on being the last player standing.

If done right, this approach can be devastatingly effective. The current crisis looks like nothing so much as Saudi Arabia's decision to flood the oil market in 1985 after years of restraint. That event, as we've written, ultimately helped precipitate the fall of the Soviet Union.

Each of the major players has advantages and disadvantages right now. No one can produce oil as cheaply as Saudi Arabia: It takes just $2.8 to get a barrel out of an existing Saudi Arabian Oil Co. field, compared with about $16 for Exxon Mobil Corp, and more than $20 for Rosneft PJSC.

Overheads in this industry can be significant, though. That is particularly the case with Aramco, which isn't just an oil company, but an institution almost indistinguishable from the Saudi state itself.

Once you consider the dependence of the Saudi economy on oil production, the best complete measure of Aramco's overheads is probably the price at which the country's budget breaks even—and that is a whopping $83.6 a barrel, which we haven't seen in more than five years. Russia's fiscal breakeven is around half that at $42 a barrel, and after sharp improvements in recent years, commercial producers in America's Permian basin are around the same level.

Of course, at current prices, everyone's losing. Brent dropped as low as $31 a barrel Monday, and should a prolonged price war set in, it could go lower still. That is where we have to start thinking about all three players' ability to endure pain.

After all, running a budget deficit isn't the end of the world—indeed, it is the normal condition for most countries. Credit markets can easily see a solid business through a patch of low prices as long as lenders expect things to recover, and the general risk-averse backdrop means that governments in particular can borrow cheaply.

The yield on Saudi Arabian government bonds maturing in April 2030 is currently 2.38%, and in spite of US sanctions, Russian 10-year bond yields touched a record low of 2.56% last week. Thanks to the slump in Libor, investment-grade energy debt in the US is also quite cheap, with option-adjusted spreads implying a rate of about 2.95% at present—but spreads for the junk debt that has financed so much of America's shale boom have surged, adding up to about 10.6%.

With everyone pumping below their breakeven costs, the winners and losers in this fight are likely to be decided by capital markets, rather than commodity markets.

That probably leaves US producers most vulnerable in the near term. While oil-price hedges and investment-grade balance sheets can provide a cushion for low prices, shareholders have been falling out of love with crude producers for a while. In this environment, they are unlikely to show much patience for the likes of Exxon Mobil and Chevron Corp getting into trench warfare with the Russian and Saudi governments, and life will be even tougher for smaller producers with weaker balance sheets.

The bigger problem for Saudi Arabia is that even a withdrawal of shale production will leave the fragile truce it has enjoyed with Russia in tatters, just as the prospect of a plateau and peak in oil demand looms ever closer.

Riyadh's race-to-the-bottom strategy only worked in 1985 because it was the lowest-cost producer. Now, its bloated budget means that it is one of the highest-cost, and shakiest players. It remains embroiled in a costly and brutal military quagmire in Yemen, and on Friday, arrested senior royals on the grounds they were plotting a coup.

More than four years after Prince Mohammed Bin Salman began the economic reforms that were intended to diversify the economy's dependence on crude, the prospect of prices ever returning to fiscal breakeven levels looks even more remote. Even Saudi Aramco shares are now trading below their offer price.

Countries embarking on wars often expect they'll be over in a few months, only to discover their opponents were stronger than they thought. Should this turn into a prolonged fight, Moscow is unlikely to be the first player to fold.

This column does not necessarily reflect the opinion of the editorial board or Bloomberg LP and its owners

LETTERS TO THE EDITOR

Yes Bank incident

SBI's decision to bail out the beleaguered Yes Bank by means of capital infusion will help the hapless depositors. Knots of depositors desperately queued up in front of Yes Bank branches in the aftermath of the bank's collapse that showed up the fragility of the financial sector. Depositors needed to show proof of medical, educational and obligatory expenses if they were to withdraw more than ₹50,000. Deposits above ₹5 lakh do not have insurance cover. However, RBI has reassured customers that their deposits are safe. Meanwhile, urgent action should be taken to recover the dues from the borrowers. The flipside is that there is a link between private commercial banks and crony capitalism. Poor credit decisions and 'shadow banking' carried out on fictitious accounts are not unconnected to political funding. It is also an open secret that kickbacks are paid and received when loans are granted. It has become a practice for companies and dummy companies to borrow loans and then plead 'stress' or 'bankruptcy', leaving the government no option but to save the private commercial banks 'from falling off the cliff'. In effect, this means that the money deposited in the banks (private and state-run) goes to fatten the filthy rich. The rightness of using public resources to bail our failed private banks and putting additional burden on taxpayers is debatable. The mantra is, 'incur losses to benefit the politically-connected big whales and then "nationalise" them and put the burden on the nation'. Siphoning off crores of rupees from banks has become normal. As is its wont, the Modi government tries to shift the blame for the decline in Yes Bank's financial position on Manmohan Singh government, but says not a word on the four-fold expansion of the loan from ₹55,000 in 2014 to ₹241,000 in 2019. The Finance Ministry and the RBI must explain why they let Yes Bank slide.

— G David Milton, Maruthancode

●Write to us at feletters@expressindia.com

Regd. No. TN/CPMG/722/2000 R.N.I. Reg. No. 37821/80 Printed and published by HS Gadhadar on behalf of The Indian Express Private Limited. Published at New No.37/26, (Old No. 23 & 24/26), 8th Floor, Sreyas Chamiers Towers,Chamiers Road, Teynampet, Chennai - 600 018. Phone: (044)6679 1000; Fax: (044) 6679 1031. Printed at V.S. Printograph Private Limited, No. 142, L & T Road, Burma Colony, Perungudi, Chennai - 600096.
Chairman of the Board: Viveck Goenka, Managing Editor: Sunil Jain, Deputy Managing Editor: Shobhana Subramanian* (*Responsible for selection of news under the PRB Act)

ILLUSTRATION: ROHNIT PHORE

CEOs should be aware of the potential opportunities

COVID-19 is foisting changes on business that could be beneficial

IN FEBRUARY 2014 a strike on the London Underground offered management theorists a lesson in resilience and adaptation. Because the shutdown closed some but not all Tube lines, frustrated Londoners were forced to rethink their commutes to and from work. Researchers at Oxford and Cambridge universities subsequently found that around 5% of passengers stuck to their new itineraries even after normal service resumed. The long-term economic gains of one in 20 travellers adopting new and improved ways to get to work turned out to be greater than the short-term costs of the disruption.

The global COVID-19 outbreak presents a far greater challenge to the corporate world than striking transport workers. Profit warnings are spreading nearly as fast as the disease. Analysts at Goldman Sachs, a bank, estimate that earnings growth for firms in the S&P 500 index could grind to a halt. Gauges of business activity, such as purchasing managers' indices, have cratered in Asia and are expected to weaken elsewhere as the coronavirus crosses more borders. Consumers are spending money on little except sanitary wipes, face masks and tins of Campbell's Soup. Fears of a pandemic have wiped $7 trillion off the market value of listed firms worldwide in the past fortnight.

Some companies will, like most of London's commuters, revert to autopilot once the threat recedes. But for others the interruption will have a lasting effect, accelerating trends in business organisation that were already underway. Two are particularly important. The next few months are set to be a giant experiment in whether new technologies can allow successful mass remote working for employees, speeding up the reinvention of the office. And for firms already worried about rickety supply chains amid a trade war, the virus gives another reason to reconfigure them.

Take employees first. Companies have had to ask themselves whether to let employees travel, attend conferences or even come into the office. In all three cases the answer is increasingly "no". Many big firms, including Amazon and JPMorgan Chase, have banned all non-essential excursions. Airlines and hotels are reporting steep falls in bookings. Corporate Travel Management, a listed Australian firm that organises business jaunts, has warned the impact could last up to six months. It has slashed its earnings forecast for the year by up to 16.5%. A survey by the Global Business Travel Association, an industry body, found that business travel, which costs companies over $1 trillion a year (and emits roughly as much carbon as Ukraine in flights alone), could fall by over a third while the epidemic rages.

Large corporate events are being called off. The oil industry's biggest annual jamboree in Houston and the Geneva motor show will not take place this month. Google and Facebook have given the term "teleconferencing" a whole new meaning by moving a few of their big shindigs partly or wholly online. With Milan and Paris fashion weeks curtailed, Armani streamed its autumn/winter show from behind closed doors. This is bad news for events firms such as Informa, whose share price is down by a fifth since the start of February, especially at a time when many high-profile industry powwows are already losing their lustre.

The coronavirus will not make business travel or lean global supply chains disappear. But the crisis offers a chance to try-out new ways of doing things and question the wisdom of old habits. CEOs should not be immune to the opportunity

At the same time more companies are learning to love telecommuting. On March 3, JPMorgan Chase told thousands of its bankers in America to work from home as it tests its contingency plans. Twitter has asked its 5,000 employees to do likewise. Sony went so far as to shut some of its European offices altogether, just in case. The affected workers are nonetheless expected to toil remotely.

As well as highlighting how bloated some travel budgets are, virus contingency plans may also reveal how inefficiently office space is used. Big British and American firms pay on average $5,000 per employee in annual rental costs. Just 40-50% of desks are actually used during working hours—often not very well. Last year two in five respondents to a survey of 600,000 desk-jockeys by Leesman, a data provider, said their office prevented them from working productively. If their managers now find that productivity does indeed rise—or at least doesn't dip—as staff self-isolate at home, the case for teleworking may look irresistible. Investors are betting it will. In the past month the share prices of Slack, a corporate-messaging platform, and Zoom, which makes video-conferencing software, have shot up by 18% and 35%, respectively.

The second way in which companies are rethinking their business has to do with supply chains. Since the 1980s these have become more complex and global, with large firms now dependent on thousands of suppliers. The embrace of lean manufacturing and just-in-time delivery of components, pioneered by Toyota in the 1970s, has made production more efficient but more vulnerable to disruption, as companies stockpile fewer and fewer necessary materials. The median firm in the S&P 500 carries only 66 days of inventory, and some have far smaller buffers than even that—Apple has just nine days, according to data from Bloomberg.

When natural disasters strike, big companies usually get by, shifting production temporarily from afflicted areas to those that are not. But unlike a flood, an earthquake or even the Sino-American trade war, all of which companies have some experience in planning for, COVID-19 could affect all of a firm's actual and potential subcontractors simultaneously. In such a scenario carrying bigger inventories and having suppliers at home may no longer look wasteful. It may come to be seen as necessary.

Immune response

The coronavirus will not make business travel or lean global supply chains disappear. Chinese factories are cranking up again and high-flyers will, in all likelihood, be back in airport lounges soon enough. But the crisis offers a chance to experiment with new ways of doing things—and to question the wisdom of old habits. Chief executives should not be immune to the opportunity.

THE ECONOMIST

The future of blockchain

MADHUSUDAN SHEKAR

The author is head, Solutions Architecture, Startups, Amazon Internet Services

How blockchain is enabling newer, more efficient ways of doing business

AS THE WORLD becomes more interconnected, opportunities for companies and individuals to interact and transact across borders, time zones and channels grow quickly. To make sure these run smoothly, proactive management—to ensure minimisation of cost, lowering of risk, and elimination of inefficiencies—is needed. Distributed ledger technology such as blockchain helps simplify transactions and conduct efficient, secure interactions with multiple independent parties around the globe, without a third-party intermediary. These transactions can vary from sending anything from farm data to banking and contract transactions.

Blockchain works by establishing a peer-to-peer network where each participant maintains a database—a ledger—of all the network's transactions. Compiled into "blocks", transactions are then linked together using cryptographic hashes forming a "chain". The cryptographically-connected blocks create an underlying data layer that provides a common, unified view of information for parties who can access the data. This gives organisations a new way of establishing trusted business networks. Building a scalable blockchain network with existing technologies is complex to set up and hard to manage. To create a blockchain network, each network member needs to manually provision hardware, install software, create and manage certificates for access control, and configure networking components. Once the network is running, you need to monitor the infrastructure and adapt to changes, such as an increase in transaction requests, or new members joining or leaving the network.

Blockchain is addressing customer pain-points and enabling new ways of doing business.

Use case 1: Farmers collect large volumes of data during planting and harvesting. Licensed data—it qualifies as intellectual property of a farmer such as which crops to plant or how many seedlings—can be anonymised, sold to third parties and offer agricultural industry real-time insights on farms across the world. But farmers are unsure how to monetise this crop data. Farmobile addresses these challenges through a blockchain-based exchange built on AWS. The solution empowers farmers to licence data to approved buyers and includes account set-up, creation, confirmation, execution of the offer, and delivery of the digital asset. They can sell single-use licences while keeping their farm's identity anonymous. Farmers have full visibility into the identities of potential data buyers, such as agronomists, equipment producers and retailers, and are free to decline offers.

Use case 2: Moving resources through the oil and gas supply chain involves many stakeholders, including landowners, governments, oil and gas company operators, surveyors, and financial institutions. One critical step occurs between those mining the oil and royalty owners on whose land the oil is mined. Checking royalty transaction payments is a lengthy, manual process where stakeholders must agree to contract terms upfront. However, those terms are often interpreted differently on either side, leading to disputes. GuildOne believed companies needed more efficient, secure and cost-effective ways to execute royalty contract transactions. It developed a solution through which contract terms are capable of being replicated, and consensus agreed using blockchain. To build its royalty ledger and to meet the stringent privacy and security needs of its stakeholders, GuildOne chose R3's Corda—a blockchain platform built for business and longevity—on AWS. Believing that the security capabilities gained would be vital in enabling rapid adoption of the royalty ledger solution in the oil and gas industry.

Blockchain solutions are transforming the way companies and individuals do business, locally and globally, by simplifying transactions and increasing their efficiency. Those looking to take advantage of the technology should partner with cloud providers capable of scaling up while delivering cybersecurity controls and standards to protect from external attacks. Cloud providers can make it easy to create and manage blockchain networks, and build applications where multiple parties can execute trustworthy transactions.

The right step requires caution

Monitoring the progress of the country needs appropriate methodologies, robustness of parameters, and right data

DAVENDRA VERMA

The author is former director general, CSO, MoSPI, GoI

THE GOVERNMENT HAS decided to monitor the progress of the country on 32 indices relating to economy, industry, development and governance, annually produced by different international organisations/NGOs, and has assigned these indices to different ministries and the NITI Aayog. The Ministry of Statistics and Programme Implementation (MoSPI), which has technical expertise and the required technical know-how, has not been assigned any indices. The associated parameters of these indices have also been assigned to different ministries and NITI Aayog. The Ministry of Commerce and Industry got the maximum 152 parameters, followed by the Ministry of Home Affairs (81), and the MoSPI got only two parameters.

This step makes ministries accountable to various indices that were hitherto nobodies babies, and many indices, especially by non-UN organisations/NGOs, have undermined India's image by showing lower ranks. Now, the assigned government department will keep a track and ensure updated information on the parameters. But the worrisome news is that many indices legitimised for monitoring the progress of the country are not based on sound statistical methodology, or are based on perception-based surveys with a very small sample size.

The appropriate course would have been to first get these indices examined by the MoSPI for the soundness of their methodologies, robustness of parameters, and data quality and source, before adoption. Many of these indices are based on data from surveys by Gallup or similar organisations, with a very small sample size of about 3,000 even for a billion-plus country like India, and with nobody in the government normally having any idea about their sampling strategy and design calls for a cautious adoption.

Let us take the example of the Multidimensional Poverty Index (MPI). In the MoSPI brainstorming session on February 17, 2020, the general consensus was there are serious issues with the selection of indicators and data used. The National Family Health Survey (NFHS) is not meant for MPI calculation and it would always overestimate MPI for India due to design effect. In existing methodology, all households with stunted or underweight children will be classified as nutrition-deprived even though their mothers have normal BMI or are overweight. This is because as per NFHS-4, mothers with normal BMI have 38.2% stunted children and overweight mothers have 27.1% stunted children. Similar is the case with underweight children. Research indicates that the difference in height between individuals is influenced more by genetic factors than environmental factors including nutrition. Studies show both maternal and paternal stature contribute to child height. Stunting in children is a crude proxy for overall socio-economic underdevelopment and intergenerational constraint of maternal undersize, but it has paradoxically come to be perceived as a proxy for nutritional inadequacy. Other determinants with broadly similar effect sizes are water, sanitation and hygiene; nutrition counselling; maternal characteristics; curative and preventive healthcare; household and community resources; literacy; income; women empowerment; safety nets; and genes. Thus, it would be erroneous to equate stunting in under-five children with nutrition deprivation, particularly at the population level.

There is also a measurement issue. Stunting among children is estimated as two standard deviations (SD) below the median height-for-age derived from the WHO child growth standards. However, the population estimate of stunting is very sensitive to the dispersion of height distribution in the population survey to which the standard is applied. The cause of increased dispersion could be a combination of low precision in measurement, although biological factors cannot be ruled out. A dispersion-sensitive measure such as stunting could be overestimated by increased dispersion, leading to uncertainty in this estimate. Thus, there is a clear case for further examination of MPI methodology before adoption.

The Global Hunger Index (GHI), which has been adopted and assigned to the Ministry of Women and Child Development, is being examined by a committee constituted by the Ministry of Health and Family Welfare. In GHI, none of the parameters used measures hunger. Apparently, the International Food Policy Research Institute/Concern Worldwide Welthungerhilfe opted for the word 'hunger'—even though GHI does not measure hunger—to attract attention. In fact, one indicator, namely PUN (Prevalence of Undernourishment), measures undernutrition: two indicators, namely Child Wasting and Child Stunting, are measures of child growth; and under-five mortality is more a measure of health than nutrition. Further, three out of the four indicators used in GHI pertain to under-five children. Thus, GHI is predominantly a measure derived from the indicators of under-five children. It is not appropriate to call GHI as Hunger Index. It is a misnomer. In the calculation of GHI, the standardisation of indicator values by dividing with a slightly higher value is statistically flawed and will affect the weights of the parameters in the index. The threshold's set are very much on the higher side. This could be due to the reference period 1988 to 2013. Basing these thresholds on old levels of three decades ago does not seem to be realistic. Ideally, these thresholds should be based on the latest data of the last three years. The statistically-flawed standardisation does not entail values of the transformed (standardised) indicators to fall between 0 and 100.

There is also another type of index like the Global Slavery Index by Australia's Walk Free Foundation, which has both definition and measurement issues. One of the components of this index is forced marriage. If one takes a look at the questions asked to determine forced marriage, which have no consideration to local culture and customs, most marriages in India would be classified as forced. In 2017, the ILO, on behalf of this organisation, prepared a report on modern slavery that included results of survey in India on forced marriage. It was adversely commented and the labour ministry was requested to take up the matter with the ILO to ensure that such surveys adhere to the official guidelines issued by the MoSPI in 2012. In case of this index, the definition of modern slavery also requires further discussions before adoption.

In conclusion, many indices in the list of 32 may not pass the litmus test on statistical examination of sound methodology, robust indicators and appropriate data. Thus, all indices that are statistical in nature may be referred to a committee constituted for the purpose by the MoSPI for examination and advice. The role of the MoSPI may be enhanced in this exercise as other ministries, and the NITI Aayog, may not have the required statistical capacity and wherewithal to handle this task.

Personal Finance

WEDNESDAY, MARCH 11, 2020

ON GOLD PRICES
Phillip Futures

Gold is looking to be one of the most attractive assets to own now as short term interest rates fall to near zero and most equity earnings are also expected to fall

● SMART INVESTING

Five ways to reduce investment risk

On the basis of needs and the goals of investment, individuals must assess their risk tolerance, time available to meet the objectives and ability to replace capital erosion

SETHURATHNAM RAVI

INVESTMENT NEEDS OF an individual are driven by various goals and objectives varying from self/ child education, children's marriage, retirement needs, creating a fund for down payment for buying a house, travel funds, emergency fund, etc. Basis the needs and the goals of investment, individuals assess their risk tolerance appetite, time available to meet the objectives and ability to replace capital erosion. Investment decisions are guided by the traditional investment principle of risk-return trade off that relates high risk with high returns.

Current markets offer various investment products catering to the investment needs ranging from fixed deposits, debt securities, equities, mutual funds specialising in debt, equity or hybrid, SIPs, ETF, Gold, real estate, currency and so on carrying different kinds of risk associated with them, of which certain are controllable and certain are not. There is market risk that is fluctuation of returns caused by macroeconomic factors and political risk which arise because of change in government's policy changes, which are not controllable.

Then there is price risk, which is decline in value of the investment instrument resulting in loss of capital, inflation risk causing corrosion in purchasing power. There are also other risks such as risks on account of fluctuation in interest, default risk (non-payment of principal and interest of debt), volatility risk i.e., daily/ frequent fluctuation in prices, concentration risk which is on account of investing in a single type/ sector/theme of asset, currency risk in case of portfolio of investment includes investments in markets abroad/ in forex instruments.

Some of the tools at the disposal of an individual that he/she must consider to mitigate different investment risk includes:


ILLUSTRATION: SHYAM KUMAR PRASAD

Due diligence

It is essential that before any call on investing, research should be carried out. For example, It is pertinent that before investing in a stock one checks earning growth, PE ratio, debt load, management team and then compare it with other stocks in the same industry on key parameters. Stocks with high PE ratios, unstable management and inconsistent profitability and revenue growth could be eliminated.

Capital allocation

Out of the total capital available for investment, assign amounts in different class of investment such as debt, equity or mix of both depending on growth requirements of capital. In case an individual starts investment at an early age, then investing in equities offering higher returns over long duration of investment would mitigate volatility and inflation risk. On the other hand, debt instruments like bonds have high inflation risk over time and are susceptible to interest fluctuations.

Portfolio diversification

This entails selection of various investments products, exposure to equity belonging to different sectors, mix of various options available for instrument. As a strategy, there could be a possibility of lower returns but would result in alleviating risk of substantial capital loss.

Monitoring portfolio

It is essential at periodic intervals. For instance, at times of lower interest, price of debt securities moves up and could provide an opportunity for switch in the portfolio. In case an individual cannot manage the monitoring, it is advisable to shift to Mutual Funds to protect the capital. One needs to evaluate the currency risk i.e., in case of sectors such as IT and pharma, opportunities arise when rupee is weak and in case of capital goods & power sector, strong rupee improves investment prospects.

Blue-chip stocks

In order to ease loss of capital and avoid liquidity risk, it is ideal to stay invested in bellwether stock or fund. Investors should watch out for credit rating of debt securities and could invest in better rated securities to avoid default risk.

The quantum of money invested, period of investment, return and growth, expenses associated with it and risk tolerance impact our achievement of investment goals. All types of investment products/ securities carry some or the other risk. One must consider the risk appetite which is determined basis the wealth/ net worth as well as risk capital in hand before deciding on any investment. One should be careful that investment decisions should not jeopardise the lifestyle.

The writer is former chairman, Bombay Stock Exchange, and founder and managing partner at Ravi Rajan & Co. LLP

● TAX TALK

KAPIL RANA

Claim tax deduction for GST paid on insurance premium

UNDER SECTION 80C and 80D of the Income Tax Act, 1961, taxpayers are allowed to claim tax benefit on premiums paid for life insurance and health insurance plans. This helps to promote the habit of investing in an insurance policy among people. While most people are aware of the tax benefit on premiums paid for insurance, they are unfamiliar with a similar benefit for GST paid on insurance premiums. In other words, taxpayers can avail tax benefit on insurance premiums as a whole, including the GST paid as per the policy.

Before buying an insurance policy, it is important to compare prices across various policies. On top of the cost-specific elements of insurance premium such as mortality amount, the insured person also needs to pay Goods and Services Tax (GST). The applicable GST rate will depend on the type of insurance policy that you have chosen.

Benefiting from tax exemption on GST

A person who avails services from a supplier is liable to pay GST along with the actual value of the service. A taxpayer can claim tax benefits under Section 80C and 80D on the entire amount paid as premium for the continuation of an insurance policy. Since the policy would cease to be active without the payment of GST, a taxpayer can automatically claim the entire amount, including GST as tax deduction under insurance policies. Make sure that you keep the documents related to premium payment, showing both GST and premium paid towards your insurance policy as a valid proof.

Category	GST rate (%)	Applicability
Term plan	18	On entire premium
ULIP	18	On premium amount minus investment amount
Health insurance	18	On entire premium amount
Endowment plan	18	On 25% of the total premium for first year and on 12.5% of the total premium for subsequent years
Add-on Riders	18	On entire premium amount
Single-premium annuity policy	18	On 10% of total premium

The amount paid as GST qualifies for tax exemption subject to the limit available for investment under a particular section. For instance, let's consider a person A has a life insurance plan with an annual premium of ₹10,000 to which a GST of ₹1,800 is levied. Hence, the total premium comes to ₹11,800, which can be claimed as tax deduction under Section 80C for premium paid towards an insurance policy. Similarly, if a person B has a health insurance policy with an annual premium of ₹8,000, he will pay GST of ₹1,440. The total premium comes to ₹9,440, which can be claimed as a tax deduction under Section 80D.

As the policy would cease to be active without the payment of GST, a taxpayer can automatically claim the entire amount, including GST as tax deduction under insurance policies. Keep the documents related to premium.

In spite of increasing the overall price of insurance policies, GST has increased the competition among insurance companies. In order to attract new buyers, insurers are taking various steps such as lowering prices by minimizing expenses pertaining to policy and other similar factors that add up to the total cost of the policy. Moreover, to stand out from other competitors, insurance providers might start adopting technological advancements to simplify the process of purchasing insurance policies or filing of claims.

Altogether, the implementation of GST has been beneficial for buyers, who limited their criteria to pricing while making the decision to buy an insurance policy. The proper use of technology can allow an insurance buyer to pick the right insurance plans, be it health or term insurance plan that offers protection to your loved ones against any unprecedented events.

The writer is chairman & founder, HostBooks Limited

● YOUR QUERIES


Chaitali Dutta

Pay off expensive personal loans

• I have a personal loan for which I am paying interest of around 18%. I have got some money as my fixed deposits have matured. Should I repay the loan?

—Suraj Gurumurthy

Absolutely. Please pay off as much as possible. It is an expensive loan to keep. Ideally, create an emergency fund to take care of unplanned expenses so that high-interest personal loans or loan on credit card may be avoided.

• I have about ₹ 50 lakh for a house which I want to buy. The cost of the house is around ₹35 lakh. Should I still take some loan so that I have some money with me?

—S R Animesh

There are a few other criterions which we need to keep in mind. Your age is a large deciding factor. If in the age group of 30-45: take a loan; if in the age group of 45-55, you may take selectively; above 55 years I would suggest not to go for the loan. Secondly, the source of income. If it is consultancy or business income, you may want to take a loan to avail the benefit of 80C and 24B.

• I have an ongoing car loan. My wife, who is also working, want to buy a car. Can I take another loan or should my wife take the loan?

—Sanjay Rana

Ideally, she should take a loan if the car is in her name. The car loan eligibility will be based on her income levels and the cost of the car.

• I had prepaid my home loan before going abroad for a year. I did not collect any paper from the bank and my original sale deed as they said it will take a month. I have returned to India to collect the paper. However, the bank says I have to pay around ₹50,000 as interest pending. What is this and what should I do?

—Ajay Shah

I hope at the time of prepayment you had paid not only the amount outstanding but also the current month's interest up to the date on which the funds come into the loan account. In case you had given the cheque for only the outstanding loan, then the interest is payable. Usually, while pre-closure of loan, you need to inform the bank in writing that you desire to close to the loan prematurely. Now, the payable interest has to be cleared and request them in writing to give you all your original papers, interest certificate of last financial year as well as this financial year, No Dues certificate.

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

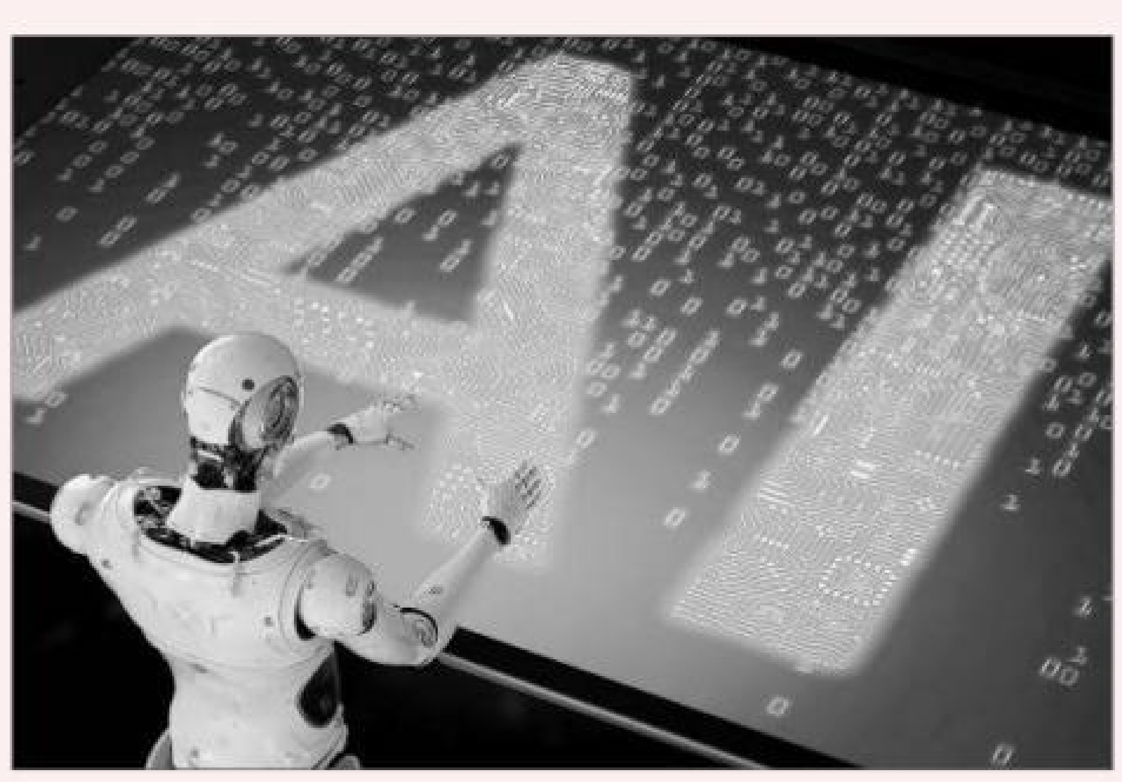
eFE

● DEEPTECH CLUB

DeepTech startups look to overcome funding challenges

The longer gestation period and higher investments in R&D tend to make investors more cautious

RIYA SETHI



IN RECENT YEARS, startups have caught the imagination of India's business circles with a few of them even going on to become unicorns. But beyond the aggregator models or SaaS-based enterprises, lies the DeepTech startup ecosystem where that kind of success has been elusive. But DeepTech is also perhaps the final frontier of technology—Artificial Intelligence, Internet of Things, Blockchain, machine learning, cybersecurity, augmented and virtual reality, natural language processing coming together to lead to significant scientific breakthroughs.

Sensing the hurdles prevailing in the DeepTech space, Nasscom had formed the DeepTech Club to enable networking, tech and business mentoring, market access, partnership and investment opportunities for startups. The association recently conducted the third edition of its DeepTech Club in Bengaluru. Some of the DeepTech startups that attended the confluence were Agrima Infotech, Wesense.ai, AutoGenerate.ai, Merak, Senseforth, and Medtra. The confluence kick-started with a 90-minute DeepTech strategy roundtable which was then followed by over 700 pre-matched one-on-one meetings wherein startups got a chance to pitch their ideas to enterprises and investors. Some of the investors that were present at the event were 100x VC, Ah! Ventures, Arali Ventures, Blume Ventures, Lets Venture, Qualcomm Ventures and pi Ventures.

Atul Batra, chair, Nasscom Product Council, said, "The need of the hour is a large DeepTech talent pool and incubation in the country, all catalysed by industry and government. Most DeepTech companies are B2B and building an enterprise business is a longer-term proposition."

The longer gestation period and high investments in R&D demands more risk and patient capital which tends to make investors more cautious about investing their money in such business models. "The appetite for risk capital is much lower in India versus the US," said Batra.

Entrepreneurs echo this view about investor apprehensions and expectations. Ashok Balasundaram, co-founder, Dave.AI, said, "Deep-tech requires a long period of technology development before we can have a working product. The space needs deep investment which means we are looking for investors who have both the patience and the vision to understand the long incubation period. Most institutional investors want to see a business problem being solved or even some revenue before they think of investing."

Dave.AI is an AI platform that uses patent-pending deep neural networks and an online learning genetic algorithm to unearth multi-dimensional affinities between prospects, products and customers.

"As it takes a lot of R&D to commercialise and productify our innovation, we need VCs who are a little patient and understand the domain," said Kunwar Raj, co-founder and CEO, inVOID. "Another challenge that we face is the never-ending proof-of-concept (POC). A lot of corporates and larger companies have become more accepting towards experimenting with DeepTech and AI, however, the conversion and POC cycles are extremely long."

inVOID has built an AI-driven KYC platform for streamlining and automating user onboarding and identity verification operations. The startup was a part of Cohort 3 of Nasscom Confluence.

Given that big businesses would also benefit from DeepTech innovations, Nasscom hopes that these established firms would offer help to the fledging startups. "Besides VCs, India businesses also need to start to invest in DeepTech startups. Without enough infusion of DeepTech based products and solutions, businesses across every industry vertical risk being disrupted within the next few years. Investment from businesses is yet to take off despite the fact that both DeepTech startups and businesses need each other equally," said Batra. "It will be hard for a traditional business to organically disrupt itself with the latest DeepTech so they need to partner, invest, collaborate with the entrepreneurial ecosystem."

● AVSAR

Tagging talent to businesses

A young next-gen HR service provider, it has a diverse clientele and is now eying pan-India expansion

SUDHIR CHOWDHARY

THE AVSAR JOURNEY took off with its inception in December 2016, in Bengaluru. To start with, the beginnings were humble with a team of 12 members, and, four clients. But that changed rapidly. "The last five years have seen a rapid growth for the HR tech industry and the technology for this space continues to develop and evolve. Employers today are looking for access to technology solutions that will address every need of the employees," says CEO and founder, Navneet Singh.

Cut to present. Avsar has emerged as a a young, yet fast-growing, next-gen HR services provider catering to a plethora of verticals in the recruitment ecosystem. It is present in over 180 locations across 24 states and caters to over 150 clients; the diverse clientele includes biggies such as Walmart, Flipkart, GooglePay, Paytm, Makemytrip India, Cars24.com, Amazon, Swiggy, and Livpure, etc.

"The idea behind starting Avsar was simple: Tag talents to businesses," says Singh. "We observed how there was a severe gap between the superlative pool of talent and existing market opportunities, and we wanted to address this by being the point of convergence here. "At present, we are handling the payroll of 10,000-plus individuals and have achieved the target revenue of ₹200 crore."

> We observed how there was a severe gap between the superlative pool of talent and existing market opportunities, and we wanted to address this by being the point of convergence here.
>
> **— NAVNEET SINGH, CEO & FOUNDER, AVSAR**

According to Singh, the HR industry will increasingly leverage AI/ML technologies to identify data opportunities as well as to improve internal workflow, etc. HR personnel would be seen deploying and increasing their usage of blind-hiring technology to remove unconscious bias from entire hiring process. Other influential and more prevalent factors in the space would be employee engagement software, agile workforce, flexible working options, emergence of Gen Z in the workforce, and more emphasis on employer branding, among others.

"Technology in any business' operations is a growing necessity," says Singh. "For instance, recruitment tools and HRM software act as our central platforms. And these have modules that allow employees to access payroll services, benefits management, and performance management. Integration of AI in HRMS, integration of WhatsApp in on-boarding tools, chatbots, ESS (Employee Self Service) are some of our strategic and tactical plans."

Singh signs off: "We wish to expand our operations across all the states of India in the coming financial year."

Tesla's Germany fast-track plant even cuts through red tape

BRIAN PARKIN & STEFAN NICOLA
Berlin, March 10

ELON MUSK'S PLAN to turn a remote wooded lot in Germany into the home of a state-of-the-art car factory in less than two years sent an unequivocal message to local authorities: make it happen or lose it.

Eager to host Tesla Inc.'s first European plant near Berlin -- a potential 4 billion-euro ($4.5 billion) development -- German officials assured the electric-car maker's chief executive officer fast-track navigation through the country's notorious bureaucracy. In recent years, onerous regulations have held up projects from a large train station in Stuttgart to Berlin's first new airport since the end of the Cold War.

Administrative red tape can drag out the process of securing building permission to as long as four years. Even a permit for something as simple as a mobile-phone mast can take two years. Handling complex bureaucracy costs a typical small- or medium-sized hotel business about 2.5% of annual sales and can threaten their survival, according to the DIHK industry group.

That makes Tesla's ambitious deadline a critical test case of Germany's ability to adapt just as the powerhouse economy sputters. And even the California carmaker's German rivals are cheering it on.

"Bureaucratic hurdles shouldn't decide the race between Tesla and Volkswagen, but the question who builds better cars," Herbert Diess, chief executive officer of the German auto giant, said in a post on LinkedIn. "That kind of healthy competition makes Germany better and more innovative."

When complete, the factory will employ up to 12,000 people and churn out as many as 500,000 vehicles annually. Tesla is moving into Germany's heartland to vie with VW, BMW AG and Daimler's Mercedes-Benz as the country targets a massive increase in electric-car sales. Tesla got a taste of the risks when a court last month stopped work to clear the site in Gruenheide, a rural community east of Berlin. The hiccup, though short-lived, sent shock waves through the capital, where Tesla's factory has boosted confidence in Germany's ability to attract international investment.

The near miss, which could have delayed the factory by months, prompted Economy Minister Peter Altmaier to pledge legislation to reduce red tape, and on Friday, he proposed setting up mobile planning task forces to expedite key projects. Important investments like Tesla's "only have a chance if we make decisions on time," Altmaier said.

Amid mapping out strategy to combat fallout from the coronavirus, Germany's ruling coalition found time during a seven-hour meeting on Sunday night for reducing red tape. Chancellor Angela Merkel's government agreed to introduce new legislation by this summer to accelerate planning procedures to encourage investment.

German business is watching Tesla's project closely, hoping the high profile will help remove hurdles holding up hundreds of projects, from 5G wireless equipment to rail tracks and upgrades to the aging power grid. "Germany just can't and won't let this project snag on bureaucracy and litigation," said Hubertus Bardt, managing director of the IW Cologne economic institute. "Too much investment reputation is staked on it."

Work resumed in late February on clearing pine trees on the 740-acre plot in the state of Brandenburg. Tesla is under pressure to finish the process before birds start nesting later this month. Missing the deadline could delay construction until the fall.

The carmaker wants the plant to be ready by mid-2021, when electric-car demand is likely to be bolstered by tighter emissions regulations taking full effect. Meeting the deadline requires quick approval for a highway connection and power-grid access. **— BLOOMBERG**

● HEADWIND

Coronavirus turbulence tests airline industry's cash 'fortress'

JUSTIN BACHMAN
Dallas, March 10

BACK IN SEPTEMBER 2017, Doug Parker, the chief executive of American Airlines Group, predicted clear financial skies ahead for the world's largest carrier.

"I don't think we're ever going to lose money again," Parker said during an investor gathering at Dallas-Fort Worth International Airport. "We have an industry that's going to be profitable in good and bad times." His counterpart at Delta Air Lines, Ed Bastian, expressed similar optimism.

Airlines, like most major companies, game out extreme financial shocks so they can be prepared for the worst. A few years after Parker's comment, the industry is beginning to test the accuracy of those drills against the coronavirus epidemic, one of the "black swans" that figure in their wargaming, along with terrorist attacks and regional conflicts.

What US carriers first saw as largely Asia's problem has quickly spread to America. Faulty virus tests and weeks of delay by the Centers for Disease Control & Prevention have left Americans uncertain as to the pathogen's scope. Now they are starting to shun domestic air travel because planes, deservedly or not, have become medically suspect.

Airline stocks have been hit especially hard by the market's virus-induced correction, which on Monday triggered a trading halt. US carriers are starting to cut schedules and may adopt cash-saving measures as more people stay grounded. Oil prices, laid low by the disease's spread and now cratering thanks to Saudi Arabia's price war, may be a short-term bright spot.

E-security gates at Hong Kong International Airport in Hong Kong on March 5 BLOOMBERG

United Airlines Holdings last week announced capacity cuts given the demand falloff. After doing the same, JetBlue Airways on Monday withdrew its earnings guidance for the year, citing the epidemic. Southwest Airlines said virus fears will slash first-quarter revenue by as much as $300 million, and that it may suspend some flights.

Airlines are bearing the brunt of a Sept. 11-style customer panic, Southwest Chief Executive Officer Gary Kelly said, calling the demand shock a "gut punch" to the industry. The deepest blow has come from business travelers, with many companies prohibiting travel while conferences and trade shows are cancelled or postponed. Corporate demand will contract by 30% in March and April, Cowen & Co. analysts forecast. Covid-19 fears have also begun to appear in airport hotel occupancy data, with an almost 4% decline the week of Feb. 24-March 2, lodging research firm STR said. The largest declines were at airports with the biggest volume of international traffic, such as Chicago, New York and San Francisco. "The million dollar question," Cowen analyst Helane Becker wrote in a March 6 client note, "is when will travel trends return to normal?"

With Asia carriers already in trouble following the Wuhan, China, outbreak, last week seemed like Europe's turn. The U.K.'s largest regional airline was put under administration while Deutsche Lufthansa AG said it was prepared to cut as much as 50% of its capacity, and on Sunday began seeking government support. Norwegian Air Shuttle ASA cut flights and Italy's Alitalia SpA, already in creditor protection, faces spiking infection rates at home. But against this widening calamity, there is some good news for the U.S. airline industry. Since the financial crisis more than a decade ago, the industry has been deeply transformed: Executives have built up their defenses with strong balance sheets, reorganised business models and new tools to help ride out tough times.

These measures include a broad industry shift from aircraft leasing to ownership, which limits rent payments and makes it easier to park unneeded planes; billions of dollars in reserves; more valuable loyalty programs to generate larger amounts of cash; and the ability to borrow at cheaper terms owing to robust balance sheets and low interest rates. The airlines have also become much more sophisticated about revenue-management, with precise forecasts and data about customer behaviour. **—BLOOMBERG**

London hotel owner defies panic, plans $1.3-bn sale

THE SELLER OF London's Westbury Hotel is betting its prime location in the glitzy Mayfair district will lure buyers even as the coronavirus epidemic batters the tourism industry.

Westbury owner Cola Holdings is pitching the portfolio of three adjoining properties as a once-in-a-generation chance to buy a prime safe-haven asset in one of the capital's choicest areas. The firm also has planning approval to extend and partially redevelop the hotel, enhancing its value to potential bidders, according to an emailed statement from broker Savills. "Given its position, if anyone was ever going to be fixated on one deal, this is going to be it," said Anthony Selwyn, co-head of global retail at Savills, which has been appointed to seek bids for the properties. "All of the buyers we are talking to know the location, they know the buildings well, so the virus itself is not really interrupting our process." **— BLOOMBERG**

SoftBank-backed Improbable's effort to revolutionise gaming segment is struggling

AMY THOMSON
March 10

WORLDS ADRIFT WAS supposed to be a multiplayer game like no other: think Minecraft meets Second Life. Released to some users in 2018, the virtual world promised to take immersive gaming to another level by using a new technology from SoftBank-backed wunderkind, Improbable Worlds Ltd. Players would build ships to explore a universe of floating islands created by other participants. Then last May its creator, Bossa Studios, said it was pulling the plug. "We fell way short of what the game's original vision was," Bossa co-founder Henrique Olifiers explained in a YouTube video. "What we have live today is probably perhaps 20% of the game that we wanted to launch, and it shows."

Worlds Adrift is one of at least three games using Improbable technology that were pulled last year—a setback for Improbable, which promised to revolutionize gaming by helping developers create complex worlds that rival the real one. There are many reasons games can fail, but two people familiar with the situation say Improbable is struggling in part because it surprised developers with frequent updates that forced game studios to spend more time fixing code than perfecting their products.

Founded about seven years ago by Cambridge University students, Improbable is unprofitable and has only one game running on its platform. Since 2018, the company has lost its


Improbable chief executive officer Herman Narula

CFO, chief legal officer, vice president of people operations and chief creative officer, according to their LinkedIn profiles. One high-level person who left said co-founder and CEO Herman Narula didn't give executives autonomy to make their own decisions, from hiring to choosing which projects to pursue. Several people who worked with Improbable and requested anonymity to avoid hurting careers in the insular gaming industry, also said Narula alienated game developers with his temper—shouting orders and complaints on the phone and in meetings.

Improbable has since lured a former Disney executive to become the new CFO, is working with several other studios and is starting to develop its own games. Company spokesman Daniel Griffiths said that it's not unusual for game developers to decide against a commercial launch after a trial period. Additionally, he said, studios could decide when to implement updates and were allowed to use an older version of the platform for a period of time. The company offered assistance and kept developers updated of changes in its forums and through emails, Griffiths said. He called accusations of shouting and micromanaging "hearsay" and pointed to Narula's approval rating on the Glassdoor job review site, which was at about 83% when this article was published, and said most reviewers on the site would recommend working at Improbable to a friend.

As for employee attrition, Griffiths said the firm's voluntary turnover rate is in line with the tech industry, which is high. A report from LinkedIn put employee churn for tech at 13.2%, the highest of all the industries it surveyed. Improbable has an internal tool that lets employees offer anonymous feedback as part of efforts to manage its culture, he said.

The London-based start-up's travails are just the latest setback for SoftBank Group Corp.'s Vision Fund, which in 2017 led an investing group that plowed $502 million into Improbable. Along with Narula, SoftBank is one of two Improbable shareholders that have significant control, with a stake of 25% to 50%, according to Companies House, the UK registrar of companies. While some of SoftBank's bets have paid off, such as its 2018 sale of a majority stake in Flipkart Online Services. to Walmart for $16 billion, several of the Japanese investor's companies have run into difficulties recently. WeWork pulled its IPO, robot pizza maker Zume Pizza announced it was cutting hundreds of jobs in January, and Oyo Hotels is eliminating thousands of staff and losing money after an aggressive expansion. SoftBank didn't give a comment. **—BLOOMBERG**

Robots step in as cheap labour dries up in Eastern Europe

REUTERS
Koszarhegy (Hungary), Mar 10

ISTVAN SIMON'S FACTORY in western Hungary churns out more than a million plastic parts a day but on a busy morning in one of its large production halls there is only the sound of machines clicking and whirring. Workers have all but disappeared.

Similar transformations are underway on production lines across the European Union's eastern wing as surging wage bills undermine the region's reputation as a cheap production base. Factory owners from Hungary to the Czech Republic and Poland find themselves with little choice but to invest in the automation of their manufacturing processes if they want to remain competitive.

Manufacturing in the region has boomed since the EU expanded eastwards in the mid 2000s, with companies such as automakers Audi and Daimler opening local production lines and spawning supplier ecosystems, but more recently strong economic growth has led to a shortage of workers and rising wages.

"We can see human labour being replaced with machinery and artificial intelligence," Hungarian union leader Zoltan Laszlo said. "Not just in the car sector ... but also in the steel and machinery industries.

"Such investments can already be seen in these sectors, leading to job losses. You need to glue numerous tiny slivers together and all of a sudden you get the big picture."

Employment figures are one indication the region's industry may be at a turning point.

While Hungary's economy grew nearly 5% last year and manufacturing investments rose at the fastest pace in three years, the sector shed nearly 23,000 jobs, ending a six-year run of annual employment growth. Czech data showed a year-on-year loss of almost a thousand manufacturing jobs in the third quarter of 2019, suggesting employment in the sector could have declined for the first time since 2013 over the full year.

"There are no operators in this hall right now," said Peter Simon, chief executive of Simon Plastics, as he overlooked a line of machines making plugs for car parts, a key product line at the company founded by Istvan, his father, 35 years ago.

Ethiopian report on 737 Max crash blames Boeing

SIMON MARKS & ABDI LATIF DAHIR
Addis Ababa (Ethiopia), March 10

ETHIOPIAN INVESTIGATORS HAVE concluded in a new analysis that the March 2019 crash of an Ethiopian Airlines flight was caused by design flaws in the Boeing 737 Max plane and not by the performance of the airline or its pilots, adding to the scrutiny of the jet model that has been involved in two recent deadly crashes.

An interim report released on Monday by the Ethiopian Aircraft Accident Investigation Bureau comes almost exactly a year after Ethiopian Airlines Flight 302 went down shortly after departing Addis Ababa, killing all 157 people onboard. The crash occurred five months after a similar Max owned by Lion Air of Indonesia crashed minutes after takeoff, killing 189 people.

Although several factors have been cited in the two crashes, malfunctions related to automated software known as MCAS were listed as key in both accidents.

The two crashes thrust Boeing into the biggest crisis in its history, leading to the ouster of its chief executive, Dennis A. Muilenburg, and drawing government scrutiny over the design, development and certification of the 737 Max. The subsequent global grounding of the 737 Max, Boeing's most popular passenger jet, and the halting of its production are projected to cost the company $18 billion.

Boeing did not immediately respond to a request for comment on Monday.

The Ethiopian investigators' assessment differs from Indonesia's final investigation report on the Lion Air crash. The Indonesian report cited a number of factors, including aircraft design, the flight crew's response and a lack documentation on the plane's flight and maintenance history.

In Ethiopia's case, investigators found that the aircraft had "a valid certificate of airworthiness," had no known technical problems before departure, and had weight and balance "within the operating limits."

But they said faulty sensor readings and automatic commands that did not appear "on the flight crew operation manual" had left the crew unable to control the plane, resulting in the fatal crash. The report also said that Boeing's reliance on a single sensor for the 737 Max "made it vulnerable to undesired activation." The interim assessment corresponds with a preliminary report that Ethiopia released last April, in which investigators said that the pilots had "repeatedly performed all the procedures provided" by Boeing to bypass the automated system. **—BLOOMBERG**

Twitter's tag on Trump tweet suffers glitch

AMY THOMSON
London, March 10

TWITTER MARKED A video posted by US President Donald Trump's team as manipulated content under its new media policy. But the tag doesn't show up for all users.

Dan Scavino, the White House director of social media, posted a video clip on Sunday that appeared to show Democratic candidate Joe Biden saying, "We can only re-elect Donald Trump."

The quote was cut from a speech Biden made at a Missouri campaign rally last week where he said: "If you want a nominee who will bring the party together, who will run for positive progressive vision for the future — not turn this primary into a campaign of negative attacks because that will only re-elect Donald Trump if we go that route — if you want that, join us."

But Twitter's tag on the video only shows up in the timeline view, not in the tweet detail. That means that users pulling up the individual tweet won't see the warning. A spokesperson said Twitter is working on a fix for the issue.

The spokesperson for Twitter confirmed that the tweet had been marked based on its synthetic and manipulated media policy. In a tweet, Scavino contested that the video was manipulated.

Twitter announced the policy to warn about misleading clips in February, in an attempt to target deepfakes as well as other kinds of "substantially edited" photos and videos. **—BLOOMBERG**

The 'London Patient,' cured of HIV, steps out of shadows, reveals his identity

APOORVA MANDAVILLI
March 10

A YEAR AFTER the "London Patient" was introduced to the world as only the second person to be cured of HIV, he is stepping out of the shadows to reveal his identity: He is Adam Castillejo.

Six feet tall and sturdy, with long, dark hair and an easy smile, Castillejo, 40, exudes good health and cheer. But his journey to the cure has been arduous and agonising, involving nearly a decade of grueling treatments and moments of pure despair. He wrestled with whether and when to go public, given the attention and scrutiny that might follow. Ultimately, he said, he realised that his story carried a powerful message of optimism.

"This is a unique position to be in, a unique and very humbling position," he said. "I want to be an ambassador of hope."

Last March, scientists announced that Castillejo, then identified only as the "London Patient," had been cured of HIV after receiving a bone-marrow transplant for his lymphoma. The donor carried a mutation that impeded the ability of HIV to enter cells, so the transplant essentially replaced Castillejo's immune system with one resistant to the virus. The approach, though effective in his case, was intended to cure his cancer and is not a practical option for the widespread curing of HIV because of the risks involved.

Only one other individual

MIRACLE COMING TRUE

- Last March, it was announced that Castillejo, then identified only as the "London Patient," had been cured of HIV
- He had received a bone-marrow transplant for his lymphoma
- The donor carried a mutation that impeded the ability of HIV to enter cells
- The transplant replaced Castillejo's immune system with one resistant to the virus

with HIV — Timothy Ray Brown, the so-called Berlin Patient, in 2008 — has been successfully cured, and there have been many failed attempts. In fact, Castillejo's doctors could not be sure last spring that he was truly rid of HIV, and they tiptoed around the word "cure," instead referring to it as a "remission."

Still, the news grabbed the world's attention, even that of President Trump. And by confirming that a cure is possible, it galvanised researchers.

"It's really important that it wasn't a one-off, it wasn't a fluke," said Richard Jefferys, a director at Treatment Action Group, an advocacy organisation. "That's been an important step for the field."

For Castillejo, the experience was surreal. He watched as millions of people reacted to the news of his cure and speculated about his identity. "I was watching TV, and it's, like, 'OK, they're talking about me,'" he said. "It was very strange, a very weird place to be." But he remained resolute in his decision to remain private until a few weeks ago. For one, his doctors are more certain now that he is virus-free. "We think this is a cure now, because it's been another year and we've done a few more tests," said his virologist, Dr. Ravindra Gupta of the University of Cambridge.

Castillejo also tested his own readiness in small ways. He set up a separate email address and telephone number for his life as "L.P.," as he refers to himself, and opened a Twitter account. He began talking weekly with Mr. Brown, the only other person who could truly understand what he had been through. In December, Castillejo prepared a statement to be read aloud by a producer on *BBC Radio 4*.

After talking through his decision with his doctors, friends and mother, he decided the time was right to tell his story. "I don't want people to think, 'Oh, you've been chosen,'" he said. "No, it just happened. I was in the right place, probably at the right time, when it happened." Castillejo grew up in Caracas, Venezuela. His father was of Spanish and Dutch descent — which later turned out to be crucial — and served as a pilot for an ecotourism company. Castillejo speaks reverently of his father, who died 20 years ago, and bears a strong resemblance to him. **—NYT**

Punjab National Bank

SAMD Department, Circle Office, Sayeed Plaza, Lakdi-ka-pul, Saifabad, Hyderabad 500004

POSSESSION NOTICE (For Immovable Property)

WHEREAS, the undersigned being the Authorized Officer of **Punjab National Bank, Branch : Balanagar, Hyderabad** under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and in exercise of the powers conferred under Section 13 (12) read with Rule 9 of the Security Interest (Enforcement) Rules, 2002 issued **Demand Notice dated 01-08-2019 calling upon the borrower – M/s N-Rich Agri Care Represented by Shri Venigalla Siva Prasad(Partner), Smt V.Jyothi (Partner), Smt Venigalla Sujana (Partner), & Shri A. Madhava Rao (Partner) (A/c No. 4737008700000253) to repay the amount mentioned in the notice being Rs. 39,94,768.50p- (Rupees Thirty Nine lakhs ninety four thousand seven hundred sixty eight and paisa fifty only) on 31-07-2019** plus interest w.e.f 01-07-2019 + costs, charges, expenses etc., thereon within 60 days from the date of receipt of the said notice. The borrower having failed to repay the amount, notice is hereby given to the borrower/ guarantors/mortgagors and the public in general that the undersigned has taken possession of the properties described herein below in exercise of powers conferred on him under section 13(4) of the said Act read with Rule 9 of the said rules on this **09th Day of March, 2020.**

The borrower/guarantors/mortgagors in particular and the public in general are hereby cautioned not to deal with the properties and any dealings with the properties will be subject to the charge of **Punjab National Bank, Bala Nagar Branch, Hyderabad for an amount of Rs.39,94,768.50p- (Rupees Thirty Nine lakhs ninety four thousand seven hundred sixty eight and paisa fifty only) as on 31-07-2019** plus interest, costs and expenses thereon from 01-07-2019 less amounts already paid after demand notice.

DESCRIPTION OF IMMOVABLE PROPERTY

EM of IP all that part and parcel of residential open land admeasuring 240.00Sq.Yards or 200.671 Sq. Mtrs in R.S.No174, situated at Flat No. 107, Gollapudi Village & Gram Panchayat area, Ibrahimpatnam Sub Registry, Krishna Dist, Andhra Pradesh belongs to Sri Venigalla Rama Rao—Guarantor and **bounded by: East:** 33".00 ft width Bazaar 36.00sq .ft, **South:** Land belongs to Flat No.106 60.00 Sq.ft, **West:** Land belongs to Flat No. 104 36.00Sq.ft, **North:** Property belongs to Flat No. 108 60.00 Sq.ft.

Date: 09.03.2020
Place: Vijayawada

Sd/- Authorized Officer
Punjab National Bank

ANDHRA BANK

(A Govt. of India Undertaking)
METTUGUDA BRANCH, D.No. 101, Sai Plaza, Mettuguda, Secunderabad-500017, Ph : 040-27822058

NOTICE TO THE BORROWER INFORMING ABOUT SALE (30 DAYS NOTICE) {RULE 6(2) / 8(6) OF SECURITY INTEREST (ENFORCEMENT) RULES 2002}

From : D Paulson, Authorized Officer, Andhra Bank, Tarnaka Branch under ACT 54 OF 2002.

To : **Borrower**: **1) M/s Vamsi Enterprises, C/o Munagala Vamsi Rani,** D. No. 3-4-769, 2nd Floor, Y.R.S. Residency, Kachiguda.

Sub: Sale of Property belonging to you for realization of amount due to Andhra Bank under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (Act 54 of 2002.)

Whereas you have defaulted to pay the amount due from you inspite of demand made by me / Bank through **Demand Notice** U/s 13 (2) Dated **05-09-2019.**

I, in exercise of the powers conferred under the above Act, **took Possession** of the below mentioned Property on **06-01-2020** .

Even after **taking Possession** of the Property, you have not paid the amount due from you to **Andhra Bank, Tarnaka Branch.** As such, it has become necessary to sell the below mentioned Property above the Reserve Price of **Rs.14,12,000/- (Rupees Fourteen Lakhs Twelve Thousand only)** by inviting tenders/ by Public auction/e-auction/by private treaty (strike off inapplicable portion) after 30 days from the date of this notice.

The date and time of Auction and the details of the Service Provider shall be informed through a Sale Notice which shall be issued separately, and the Property would be sold to the person who offers highest price.

Since, the Property may be sold by Private Sale also or obtaining quotations from the persons also, subject to terms and conditions acceptable to the Bank. If you have any such proposal of selling the Properties to any person by private sale or by getting quotation, the same may be communicated to me within 30 days from date of receipt of this letter/Notice.

Failing which it will be construed that you have no such proposal and I will proceed forthwith, with sale of Property by inviting Tenders/Public Auction/ E-auction/ Private treaty.

Please take notice that if you pay the amount due as specified in the **Demand Notice Dated 05-09-2019** with subsequent interest thereon along with cost and expenses incurred by the Bank till date before the date of publication of notice for Public Auction or inviting quotations or tender from public or private treaty for transfer by way of lease,assignment or sale of Secured Assets,no further action shall be taken for sale of the Property mentioned in the Schedule.

SCHEDULE OF THE IMMOVABLE PROPERTY

All that part and parcel of the property consisting of Urban Land admeasuring approximately 1815 Sq.ft situated at Plot No. 387 admeasuring 201.67 Sq.Yards in Survey No.140, 141 and 149 of Sri Priya Nagar situated at Kundanpally Village, Godumakunta Village, Gramapanchayath Keesara Mandal, R.R District and **Bounded by : East** : 40 Feet Wide Road, **West :** Plot No. 391 and 392, **North :** Plot No. 388, **South :** Plot No. 386.

Date : 02-03-2020
Place : HYDERABAD

Sd/- (D. Paulson) Authorized Officer & Chief Manager
Andhra Bank, METTUGUDA Branch, Secunderabad.

PUBLIC NOTICE

Tmt. R. Valliammai, W/o. Thiru. Ramasamy residing at Door No.3, V.N.S. Garden, Arulananda Nagar, Thanjavur, is offering her residential property measuring an extent of 9370 sq.ft. bearing Plot No.15 as per patta now bearing Survey No.236/228 and 236/229 (formerly comprised in Survey No.236/56, 236/59 and 236/60), situated at Jeyachandran Nagar, Jelandianpettai Village, Tambaram Taluk, Kancheepuram District (618 sq.ft. of undivided share) Flat No.300 in the 3rd floor of the building named as "R.K.P. NEST". A build up area about 1048 sq.ft. on the above land with usual common pathways, staircase and other rights etc.for the loan to be availed by M/s. MEENAKSHI FOOD, represented by its Proprietrix Tmt. R.Valliammai from our Corporation. It is stated that the related duplicate –original sale Deed Document No.3984/2011, dated 20.05.2011 is missing. If anybody has objection,kindly inform the same in writing within 15 days from this date.

BRANCH MANAGER,
Tamilnadu Industrial Invesment Corporation Ltd.,
No.2854, NGK Apartment,
Nanjikkottai Road, Thanajvur
Phone No.04362-230465, 04362-274230

Funding Success...
DIPR/ 401 /Display/2020

THE TAMILNADU INDUSTRIAL INVESTMENT CORPORATION LIMITED

(Government of Tamilnadu Undertaking)
4/22, Sri Lakshmi Complex,Omalur Main Road, Swarnapuri, Salem-636 004
Phone: 0427-2440444, 4042054, Mail: bmsalem@tiic.org Web: www.tiic.org

Funding Success...

The Assets of the following concern taken possession under Section 29 of State Financial Corporations Act, 1951 will be sold by Public Auction "AS IS WHERE IS" by our Branch as given below:

Borrower(s) / Guarantor(s)	Amount due (Interest charged upto 29.02.2020)	Description of the property	Upset Price **(Rs. in lakhs)**	Earnest Money Deposit (EMD) **(Rs. in lakhs)**	Minimum Incremental Amount **(Rs.)**
M/s. Sri Murugappa Minerals, 1/261, M.K.Apartments, Krishnammal Nagar, Saradha College Opposite, Salem – 636 016	**Rs.65,56,211/-**	**Collateral:** Land and building at SF.NO.169/8L, Door No.75, Belur Village, Vazhapadi Taluk, Salem District, measuring at 2579 Sq.ft Owned by TmtP. Senthilkumari, Proprietrix.	**98.62**	**5.00**	**10,000 /-**

Date of inspection of property	Last date for submission of Bid form, KYC documents & payment of EMD	Date / time of Auction
Date:**26.03.2020** Between **11.00 am to 5.00 pm**	Date: **10.04.2020** Time: **Before 4.00 pm**	Date :**13.04.2020** Time : From **11.00 am to 1.00 pm**

1. Date of inspection of property is 26.03.2020 between 11.00 am to 5.00 pm and the last date of Earnest Money Deposit (EMD) shall be 10.04.2020 by 4.00 pm. 2. The sale / auction will be conducted on 13.04.2020 from 11.00 am to 1.00 pm by the undersigned through e-Auction platform www.c1india.com 3. Extension of time of the e-Auction from the last bid is 5 minutes each and the extension is unlimited times (if bid received in the last 5 minutes). 4. Further interest will be charged as applicable, as per the loan agreement on the amount outstanding and incidental expenses, costs, etc. is due and payable till its realization. 5. The bid amount shall be more than upset price. 6. EMD shall be payable through DD in favour of the TIIC Ltd., payable at Salem and shall be submitted at Salem Branch Office. The interested bidders shall submit the EMD along with the bid participation form / KYC Documents etc., before the date and time specified above. 7. The bidders are advised to go through the detailed terms and conditions of e-Auction available in the www.c1india.com before submitting their bids and taking part in the e-Auction. 8. The prospective qualified bidders may avail online training on e-Auction from 'M/s C1 India Private Ltd.',prior to the date of e-auction and can contact through address Plot No.301, 1st Floor, UdyogVihar Phase 2, Gurgaon, Haryana – 122 015, India, Phone No.9840446485, email enquiry@c1india.com . Neither the Authorized Officer / TIIC Ltd., nor 'M/s C1 India Private Ltd.,' shall be liable for any internet network problem and the interested bidders to ensure that they are technically well equipped for participating in the e-auction event. 9. The Earnest Money Deposit (EMD) of the successful bidder shall be retained towards part sale consideration and the EMD of the unsuccessful bidders shall be refunded. EMD shall not bear any interest. The successful bidder shall have to deposit 25% of the sale price, adjusting the EMD already paid before the close of the office hours of the next working day after the conclusion of the e-Auction. The balance 75% of the sale price shall be paid on or before 30th day of sale confirmation or within such extended period as agreed upon in writing by and sale at the discretion of the TIIC Ltd., In case of default in payment by the successful bidder, the amount already deposited by the offerer shall be liable to be forfeited and the property shall be put to re-auction and the defaulting borrower / bidder shall have no claim / right in respect of the amount / property. 10. The TIIC Ltd., is not responsible for any liabilities upon the property which is not in the knowledge of the TIIC Ltd., 11. Every bidder of the e-Auction shall submit the attested copies of KYC Documents consisting of a) PAN Card b) Address proof c) ID Proof

Original documents shall be produced for verification.
For further details, contact the Branch Manager, Salem.

Place: Salem,
Date: 10.03.2020.

DIPR/ 403 /DISPLAY/2020

Branch Manager
The TIIC Ltd., Salem

THE TAMILNADU INDUSTRIAL INVESTMENT CORPORATION LTD.

(A Government of Tamilnadu Undertaking)
4/22, Sri Lakshmi Complex, Omalur Main Road, Swarnapuri, Salem – 636 004.
Phone: 0427 – 244 0444, 4042054. Mail: bmsalem@tiic.org Web: www.tiic.org

Funding Success...

Notice of intended sale under Rule 6(2) & 8 (6) of The Security Interest (Enforcement) Rules 2002 under The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

The undersigned intends to sell through online e –Auction the below mentioned properties in "AS IS WHERE IS and WHATEVER THERE IS" condition which are mortgaged to The Tamilnadu Industrial Investment Corporation Ltd., (TIIC) by the below mentioned borrower / mortgager and taken possession by the undersigned under **SARFAESI** Act as the said borrower/mortgager failed to repay the loan/s despite the Demand Notice issued under the **SARFAESI** Act.

Borrower(s) / Guarantor(s)	Amount due (Interest charged upto 29.02.2020)	Description of the property	Upset Price	Earnest Money Deposit (EMD)	Minimum Incremental Amount **(Rs.)**
M/s. Sri Palaniandavar Chemicals T.S.No.4/9 SIDCO Industrial Estate, Mettur Dam, Salem – 636 402.	Rs. **47,14,119/-**	Collateral: Factory land and Building in Old Town S.No.6, New Town S.No.6/1, Plot No.13/3, Block No.13, Ward No.D, SIDCO Industrial Estate, Mettur Town, Salem Dist., measuring at 15952.46 sq.ft (37 cents) Owned by :Thiru P.Bharahi & Tmt.B.Sakila (Partners of associate concern viz. M/s. Sri Palaniandavar Industries, an associate concern of the subject concern)	**151.52 lakhs**	**5.00 lakhs**	**Rs.10,000/-**

Date of inspection of property	Last date for submission of Bid form, KYC documents & payment of EMD	Date / Time of Auction
Date:**27.03.2020** Between **11.00 am to 5.00 pm**	Date: **13.04.2020** Time: **Before 4.00 pm**	Date :**15.04.2020** Time : From **11.00 am to 1.00 pm**

1. Date of inspection of property is 27.03.2020 between 11.00 am to 5.00 pm and the last date of Earnest Money Deposit (EMD) shall be 13.04.2020 by 4.00 pm. 2. The sale / auction will start on 15.04.2020 from 11.00am to 1.00 pm by the undersigned through e-Auction platform www.c1india.com 3. Extension of time of the e-Auction from the last bid is 5 minutes each and the extension is unlimited times (if bid received in the last 5 minutes). 4. Further interest will be charged as applicable, as per the loan agreement on the amount outstanding and incidental expenses, costs, etc. is due and payable till its realization. 5. The bid amount shall be more than upset price. 6. EMD shall be payable through DD in favour of the TIIC Ltd., payable at Salem and shall be submitted at Salem Branch Office. The interested bidders shall submit the EMD along with the bid participation form / KYC Documents etc, before the date and time specified above. 7. This may also be treated as notice under sec.8(6) of security interest(Enforcement) rules 2002 to the borrower/s and guarantor/s of the above said, also the holding of rules e-auction sale from the above mentioned date, if their outstanding dues are not paid in full within 30 days. 8. The bidders are advised to go through the detailed terms and conditions of e-Auction available in the www.c1india.com before submitting their bids and taking part in the e-Auction. 9. The prospective qualified bidders may avail online training on e-Auction from 'M/s C1 India Private Ltd.,' prior to the date of e-auction and can contact through address Plot No.301, 1st Floor, UdyogVihar Phase 2, Gurgaon, Haryana – 122 015, India . Phone No.9840446485,emailenquiry@c1india.com. Neither the Authorized Officer / TIIC Ltd., nor M/s C1 India Private Ltd. shall be liable for any internet network problem and the interested bidders to ensure that they are technically well equipped for participating in the e-auction event. 10. The Earnest Money Deposit (EMD) of the successful bidder shall be retained towards part sale consideration and the EMD of the unsuccessful bidders shall be refunded. EMD shall not bear any interest. The successful bidder shall have to deposit 25% of the sale price, adjusting the EMD already paid before the close of the office hours of the next working day after the conclusion of the e-Auction. The balance 75% of the sale price shall be paid on or before 15th day of sale confirmation or within such extended period as agreed upon in writing by and sale at the discretion of the TIIC Ltd., In case of default in payment by the successful bidder, the amount already deposited by the offerer shall be liable to be forfeited and the property shall be put to re-auction and the defaulting borrower / bidder shall have no claim / right in respect of the amount / property. 11. The TIIC Ltd., is not responsible for any liabilities upon the property which is not in the knowledge of the TIIC Ltd., 12. Every bidder of the e-Auction shall submit the attested copies of KYC Documents consisting of a) PAN Card b) Address proof c) ID Proof.

Original documents shall be produced for verification. For further details Contact the Branch Manager, Salem.

Place: Salem
Date: 11.03.2020

DIPR/402/DISPLAY/2020

Branch Manager,
The TIIC Ltd., Salem.