MARKET WATCH

FPIs WITHDRAW ₹37,976 CR

New Delhi: Foreign portfolio investors (FPIs) have withdrawn a whopping Rs 37,976 crore on a net basis from the Indian markets in March so far amid the coronavirus pandemic triggering fears of a global recession. **PTI**

TRACKING COVID-19
ONLINE MARKETPLACE

As more people stay home, internet cos employ strategies to cut social contact

PRANAV MUKUL
NEW DELHI, MARCH 15

AT A time when social distancing is increasingly being adopted, customer interface with delivery agents of consumer internet companies is turning into a new problem area.

To counter this, e-commerce and other such platforms are coming up with novel strategies to curtail social contact — platforms like Flipkart are mapping impacted areas to minimise exposure of their delivery agents, while online food-ordering apps like Zomato and Swiggy are offering contactless delivery options to cut the interface between the customer and the delivery agent. Online grocery company BigBasket has started asking its delivery partners to exchange currency notes through envelopes and plastic covers, which are changed at the end of every delivery slot.

Notwithstanding the gradual shift in consumer behaviour towards online purchases over the years, the sudden outbreak of COVID-19 has forced corporates to impose self-quarantines by advising employees to work from home. This, in addition to people going out less on account of clampdown on public spaces by authorities, has led to higher traffic on internet platforms.

"Specifically, for our supply chain and logistics network, we have organised awareness sessions across all our facilities on how our employees and partners can minimise their exposure by following simple precautionary measures. We are providing all our wishmasters (delivery agents) with sanitisers and other required equipment to use while they are on the go, and are keeping track of impacted areas to minimise their exposure. Wishmasters who are unwell are being advised to rest with all assurance of medical support," a Flipkart spokesperson said in response to a query sent by *The Indian Express*.

In line with their global counterparts, Indian food-delivery platforms are nudging their customers to utilise the contactless delivery options that are being provided. Gurgaon-headquartered Zomato is rolling out an update to its app through which customers can opt-in for the contactless delivery option, only in case they have made an online payment. In this, the delivery agent will keep the parcel on "a clean surface outside" the door of the customer, who will receive a picture of the delivered food item.

Swiggy is also offering the option. "... you may request the delivery partner to leave your package by the door (in case of online payment), in case you are feeling unwell or prefer so," the Bengaluru-based firm said in a mail to its customers.

BigBasket, in a statement, said, "Before proceeding for delivery, customer experience executives (CEEs) are being checked for any symptoms of being unwell and are being thermally scanned. Any CEE failing these checks is not allowed to proceed for delivery and is advised to return home for recuperation. All CEEs are being equipped with sanitisers and disposable gloves which are to be changed after every delivery to ensure minimisation of any exposure."

"All CEEs will maintain social distance at customer locations as a second-level preventive protocol," the grocer said.

Even as the spread of the virus is making more people stay at home, the extent to which it will go on will decide whether or not the process of a shift towards online utilities from traditional brick-and-mortar retail facilities will speed up. "It's early days to think about permanent behavioural changes. Companies have allowed work from home but if it continues for six months, then it will be a behavioural change," said Arvind Singhal, chairman and managing director of retail advisory firm Technopak.

DIFFERENT APPROACHES

- **Platforms like Flipkart are mapping impacted areas to minimise exposure of their delivery agents**
- **Zomato and Swiggy are offering contactless delivery options to cut the interface between the customer and the delivery agent**
- **BigBasket has started asking its delivery partners to exchange currency notes through envelopes and plastic covers, which are changed at the end of every delivery slot**

AVERAGE TIME TAKEN FOR 190 RESOLUTIONS AT 394 DAYS

Full review of IBC in pipeline as govt aims for faster resolutions

KARUNJIT SINGH
NEW DELHI, MARCH 15

THE GOVERNMENT is set to do a complete review of the insolvency law with a view to reduce the time taken for the corporate insolvency resolution process (CIRP), according to a senior government official. Non-adherence to timelines under the Insolvency and Bankruptcy Code (IBC) is an issue that has been repeatedly raised by lenders and the government has repeatedly sought to address it through amendments to the IBC.

The Code requires that the resolution process for a corporate debtor be completed within 330 days. In the 190 resolutions completed under the IBC till December 2019, the average time taken for resolution has been 394 days.

"The government is doing a complete review of the IBC (to reduce time taken for resolution). The leadership of the National Company Law Tribunals is also seized of the matter," said a senior government official, adding that the Centre expected to reduce the average number of days taken for resolutions.

The official added that the government would consider allowing the use of information utilities (IUs) to verify claims by creditors to allow faster admission of cases to the CIRP.

The official further said that the government would also consider placing rules to require resolution professionals to provide more regular updates to the Insolvency and Bankruptcy Board of India (IBBI), the insolvency regulator, to monitor progress under the resolution process. The government is aiming to bring down average time take for resolutions by 60 days, the official said.

The government had earlier passed provisions in the IBC requiring tribunals to pass orders explaining why decision on an admission had been delayed in case such a decision is not made within 14 days. An IU is an organisation which collects and authenticates information regarding debts from stakeholders and makes this information available to all stakeholders.

Experts said the move would be able to improve admission times, if registration of a debt with an IU was made mandatory and filing of false information was penalised. Daizy Chawla, managing partner of law firm Singh and Associates, welcomed the government's efforts to speed up the resolution process but noted that "unless it is made mandatory that true and correct information be filed with information utilities by corporate debtor as well as creditors ... it will leave scope for challenging the information available at information utilities".

She also suggested that the government should provide binding guidelines of committees of creditors as well as resolution professionals to ensure that they work in a time-bound manner.

Another government official said that enhancing the capacity of the National Company Law Tribunals (NCLTs) was a key focus of the Corporate Affairs Ministry and that the government was considering setting up dedicated benches of the NCLT to deal with insolvency cases. Manoj Kumar, partner at law firm Corporate Professionals, said that a move towards dedicated benches of the NCLT to deal with insolvency cases would help speed up corporate insolvency cases.

EXPLAINED

E. Separate benches of NCLTs to speed up process

THE GOVERNMENT is seeking to speed up corporate insolvency through monitoring by the insolvency regulator IBBI and verification of claims through independent information utilities. It is also planning to set up separate benches of NCLTs for insolvency cases to reduce the average time for a resolution from 394 days to around 330 days.

₹8,415 crore worth of Yes Bank's AT-1 bonds written down

ENS ECONOMIC BUREAU
MUMBAI, MARCH 15

IN A major disappointment for Yes Bank's bondholders, the bank has said the entire Rs 8,415 crore worth Additional Tier -1 (AT-1) bonds have been written down to zero. The bank said these bonds would be written down completely as originally proposed in the draft reconstruction scheme of the bank.

Bondholders, led by Axis Trustee Services, had opposed the Reserve Bank of India's (RBI) draft reconstruction scheme for Yes Bank which originally announced that all AT-1 bonds would be written down. It had filed a petition in the Bombay High Court against the RBI and Yes Bank for recovery of their investment.

In a stock exchange filing, the bank said the perpetual subordinated Basel III compliant AT-1 bonds issued by the bank for Rs 3,000 crore on December 23, 2016 and AT-I bonds worth Rs 5,415 crore issued on October 18, 2017 "have been fully written down and stand extinguished with immediate effect".

AT-1 bonds are unsecured perpetual bonds — with no maturity — issued by banks to shore up their capital base to meet Basel III requirements.

"The AT-1 instruments will be fully converted/written-down permanently before amalgamation/ reconstitution in accordance with these rules," Yes Bank said.

"Given that Section 45 of the Banking Regulation Act, 1949 has been invoked by the RBI and the scheme has been notified, the bank is deemed to be non-viable or approaching non-viability and accordingly, the triggers for a write-down of certain Basel III AT-1 bonds issued by the bank have been triggered. Such AT-1 bonds would need to be fully written down permanently before any reconstruction of the bank is undertaken," it added.

Meanwhile, the private lender said that IDFC Bank will invest Rs 250 crore in its equity under the RBI scheme.

State Bank of India and six private banks had earlier committed capital infusion.

"Such AT-1 bonds would need to be fully written down permanently before any reconstruction of the bank is undertaken"

YES BANK

Gold imports decline 8.86% to $27 billion during Apr-Feb

Gold imports fell 8.86% to $27 billion during April-February period of the current fiscal, according to Commerce Ministry

12.5%
IMPORT DUTY ON GOLD, HIKED FROM 10% TO LOWER NEGATIVE IMPACT OF GOLD IMPORTS ON TRADE DEFICIT

4%
REDUCTION IN IMPORT DUTY SOUGHT BY GEMS AND JEWELLERY EXPORTERS

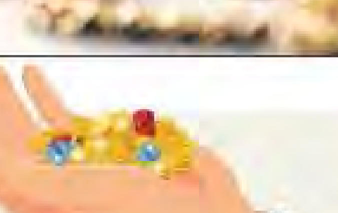
$143.12 billion
INDIA'S TRADE DEFICIT IN APRIL-FEBRUARY PERIOD OF CURRENT FINANCIAL YEAR, NARROWING FROM $173 BILLION IN CORRESPONDING PERIOD LAST FISCAL

$33.78 billion
EXPORTS OF GEMS AND JEWELLERY, IN VALUE TERMS, IN APRIL-FEBRUARY 2019-20, DECLINING 8.25% OVER LAST FISCAL

800-900 tonnes
AMOUNT OF GOLD, IN VOLUME TERMS, IMPORTED ANNUALLY BY INDIA; MAINLY CATERS TO DEMAND OF JEWELLERY INDUSTRY

NEGATIVE GROWTH SINCE DECEMBER 2019:
India, the largest importer of gold, has been recording negative growth since December last year in imports of the yellow metal

Source: Commerce Ministry/PTI



***$29.62 billion:** Imports of the yellow metal during April-February period of 2018-19*

***$32.8 billion:** Total imports of gold, in value terms, by India in entire 2018-19 fiscal*

Q4 results: Yes Bank's deposits decline by ₹71,991 cr since Sept

ENS ECONOMIC BUREAU
MUMBAI, MARCH 15

YES BANK'S deposit base has declined by Rs 71,991 crore since September 2019 till date, according to the quarterly results announced by the private sector lender on Saturday.

As of December 2019, the bank incurred a quarterly loss of Rs 18,564.25 crore and a period to date loss of Rs 19,097.78 crore.

Subsequent to this period, the lender's deposit base has seen a further reduction to Rs 137,506 crore.

The bank on Saturday reported a huge loss of Rs 18,564 crore for the quarter ended December 2019 — as against a profit of Rs 1,000.5 crore in the corresponding quarter of the last financial year — in the wake of a spurt in bad loans.

Gross non-performing assets of Yes Bank skyrocketed to Rs 40,709 crore in the December quarter from Rs 5,158 crore a year ago.

The bank on Saturday reported a huge loss of ₹18,564 crore for the quarter ended December 2019, as against a profit of ₹1,000.5 crore in the year-ago quarter

India's audit space cannot have 'one-size fits all' approach: Corporate Affairs Secy

PRESS TRUST OF INDIA
NEW DELHI, MARCH 15

ASSERTING THAT "one-size fits all" approach cannot be put in place for the complex audit industry, Corporate Affairs Secretary Injeti Srinivas has said the potential of conflict of interest needs to be addressed and made it clear that whoever is practising audit in India will have to be regulated under the country's regulations.

Amid persisting concerns that foreign audit companies might be circumventing the country's legal provisions, he further said there has to be a method where network firms are also registered with the ICAI, which is the frontline regulator.

"Today, ICAI is registering individual members but is not registering firms. So, there are gaps and those also need to be addressed," he told *PTI* in an interview. The ICAI is the apex body of chartered accountants. Overseas audit entities operate in the country through network firms model.

INTERVIEW WITH CHAIRMAN & MD, ESAF SMALL FINANCE BANK

'Quality of corporate governance in enforcing credit standards relevant'

K PAUL Thomas, chairman and managing director of Thrissur-based ESAF Small Finance Bank, spoke to GEORGE MATHEW on a host of issues relating to the banking sector and small finance banks. Excerpts:

How safe is the Indian banking system in the face of the recent problems associated with a leading private bank?

We believe the Indian banking system is one of the safest in the world. The safety arises out of the following factors ... competent regulation and supervision, enforcement of prudential risk norms and maintenance of adequate liquidity positions. These are very important.

Do you think there is a case for further tightening in credit standards?

We believe that the credit standards used by banks in India are excellent. However, what matters is as to how they are actually applied by individual banks. What may actually bear more relevance today is improving the quality of corporate governance in enforcing credit standards and other parameters.

Do you see further decline in interest rates as the RBI has pressed the pause button in its last two monetary policies?

I believe that reduction in interest rate will be a catalyst for economic growth. RBI (Reserve Bank of India) has been reducing the repo rate consistently over a period but pressed a pause in the last two monetary policies. I believe that introduction of initiatives like long term repo windows and exemptions in maintenance of CRR to specific sectors will translate into reduction of interest rates. We are already beginning to see the positive effects of this on the economy.

How do you manage the spread and risk as your bank's interest rates are higher when compared to the banking industry?

Most of the small finance banks have emerged out of microfinance moorings. The new role in the financial space has provided these institutions with access to low cost retail funds.

This new source has reduced the cost of funds to a larger extent. We are competitive both in deposit and advance segments. For lending, pricing is influenced by the sector to which it belongs — priority or non-priority — and the tenure of the loan ... short term or long term.

Do you think there's a case for the RBI to relax regulations for small finance banks?

It's been around three years since small finance banks (SFBs) started operations. The authorities must have been happy with the performance of the banks so far, which resulted in the decision of providing on-tap licensing for SFBs. Business trends and the need for specific changes are just emerging.

I believe that RBI will study them in detail and take appropriate measures.

You're focusing on the microfinance segment in a big way. How do you manage your delinquency levels?

Connects on the ground and strong community relationships have helped us create a healthy portfolio. We believe our business correspondents' constant engagement with our microfinance customers leads to a lower risk of delinquencies.

If your delinquency levels are low, why charge high interest rates from borrowers?

The interest rates on our microfinance loans are fixed. Interest rates on new microfinance loans with a tenure of less than three years are fixed based on our marginal cost of funds based lending rate (MCLR), which is approved by our assets liability committee on a monthly basis.

How are you planning to bring down the promoter holding as required by the RBI's regulations?

We have not taken any concrete decision in this regard as of now. The promoters' stake has to be bought down as per the RBI guidelines.

"Most of the small finance banks have emerged out of microfinance moorings. The new role in the financial space has provided these institutions with access to low cost retail funds"

K PAUL THOMAS

BRIEFLY

NCLAT adjourns all hearings in Mar

New Delhi: Taking precautionary measures amid coronavirus outbreak, the National Company Law Appellate Tribunal (NCLAT) has adjourned all its scheduled hearings in March. However, urgent matters, which require immediate attention could be mentioned before the acting Chairperson Justice Bansi Lal Bhat, a notice by the appellate tribunal said. **PTI**

Saudi Aramco's 2019 profit plunges 21%

Dubai: Saudi Aramco on Sunday said it plans to cut capital spending in the wake of the coronavirus outbreak, and also posted a 21 per cent plunge in profit for 2019. The decline in net profit for last year means that it fell short of analysts' forecasts for the period that culminated in the share sale. **REUTERS**

DISINVESTMENT

Private container companies raise concerns over planned sale of railway land to Concor

AVISHEK G DASTIDAR
NEW DELHI, MARCH 15

THE DISINVESTMENT process of Container Corporation of India (Concor) has hit a roadblock with the Railway Ministry valuing the cost of its land leased to the mega-PSU at Rs 16,500 crore and private container companies objecting to any move by the government to "sell" the land to Concor at subsidised rates, raising multiple red flags to the plans.

The latest round of top-level deliberations within the Ministry, which happened end of February, has found that the 44 land parcels translating to some 220 hectare of land across India, that the Railways had given to Concor — mostly at a subsidised lease rates since it was its own PSU — to operate its container business, are valued currently at Rs 16,500 crore if the national transporter is to sell that to the PSU.

A majority of the value is from the Inland Container Depot Tughlakabad in Delhi, which accounts for 30 per cent of Concor's business and is on a railway land.

The amount, based on market rates, is a setback to the disinvestment process since Concor cannot shell out that kind of money to buy the land. Even if it raises the money from outside, then the loan on its books would wipe out its profitability and turn all calculations of its valuation upside down, driving away prospective investors, sources said. The market valuation of the company is around Rs 35,000 crore and it turned profit of around Rs 1,200 crore last year.

The Ministry's own valuation process has not found any justification to value the land at lower than this amount, sources said. Any move to lower the value of the railway land would not be in sync with established norms, sources told *The Indian Express*.

Getting a wind of things, the Association of Private Terminal Operators (APTO) — which represents the 15-odd private container operating companies in India that compete with each other and with Concor — has written to the Prime Minister's Office, the Cabinet Secretary, Department of Investment & Public Asset Management and the Railway ministry, in objection to the move.

The government — through Railways — has 54 per cent stake in Concor, of which it wants to sell out some 30.8 per cent along with management control to a private player, effectively turning the country's largest container operator, which controls over 80 per cent market share, into a private entity. The Cabinet Committee on Economic Affairs took the formal decision in November last year.

In a letter to the top echelons of government, the APTO has said that as per the government policy in 2006 by which the sector was opened up to private sector, private players were to get "level-playing field" along with Concor. The latest move, its says, is not in consonance with that policy.

"We have written to the government saying private players should be given a chance to bid for the land if the land is valued at lower than market rates. This is the policy. You cannot give an unfair advantage to Concor especially when it is slated to be in private hands," said Sanjay Marwa, president, APTO. "If a player in the sector is given such unfair advantage in terms of land rates, it queers the pitch for other players in the sector."

Concor has not officially commented on the matter. "We have no comments. This is a matter being dealt with the various departments of the government," said an official of Concor. Concor is a Schedule A Maharatna company, one of the most profitable among PSUs, and was historically considered a crown jewel among PSUs owned by Indian Railways.

44 LAND PARCELS VALUED AT ₹16,500 CRORE

- **44 land parcels that the Railways had given to Concor to operate its container business are valued at ₹16,500 crore if the Railways is to sell them to PSU**
- **Private container companies have objected to any move by the government to "sell" the land to Concor at subsidised rates, raising red flags to the plans**

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