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Business Standard

THE MARKETS ON WEDNESDAY		Chg#
Sensex	28,869.5▼	1,709.6
Nifty	8,468.8▼	498.3
Nifty futures*	8,433.7▼	35.1
Dollar	₹74.2	₹74.3**
Euro	₹81.5	₹81.8**
Brent crude ($/bbl)##	24.9##	27.4**
Gold (10 gm)###	₹40,375.0▲	₹649.0

*(Mar.) Premium on Nifty Spot; **Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBJA

ECONOMY & PUBLIC AFFAIRS P6
ADVANCE CORPORATE TAX MOP-UP DIPS OVER 10%

COMPANIES P7
IN MAKE-IN-INDIA PUSH, IAF TO BUY 83 NEW TEJAS

PUBLISHED SIMULTANEOUSLY FROM AHMEDABAD, BENGALURU, BHUBANESWAR, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI (ALSO PRINTED IN BHOPAL), NEW DELHI AND PUNE

SC TEARS INTO DoT, TELECOM FIRMS IN AGR DUES CASE

The Supreme Court on Wednesday once again came down heavily on the Department of Telecommunications (DoT), which had filed a petition seeking relief for telcos in paying the dues linked to adjusted gross revenue (AGR). The court shot down the DoT proposal that telecom companies might be permitted a 20-year staggered payment and exemption from penalties and interest in relation to the AGR dues.

A Bench of Justices Arun Mishra, S A Nazeer, and M R Shah refused to take up the Centre's plea for allowing telecom firms to pay the AGR dues in 20 years, saying the application would be taken up after two weeks. The court was also critical of the companies for trying to evade the payment, while pulling up the media for not reporting facts as they were. The court has asked telcos to pay the full dues as assessed by the DoT and has agreed to look at the manner of payment. The court has summoned the DoT officials responsible for allowing telcos self-assessment of dues. It said neither the DoT nor the telcos would be spared. MEGHA MANCHANDA

Turn to Page 12

IF AGR IS STAGGERED, BHARTI, VODA IDEA TO PAY ₹7,881 CR ANNUALLY P2

A THREE-PAGE **INSURANCE GAZETTE** IS BEING CARRIED ON PAGES 19-21

YES Bank gets ₹60k-cr line of credit from RBI

ANUP ROY
Mumbai, 18 March

The Reserve Bank of India (RBI) has extended a credit line of ₹60,000 crore to YES Bank to ensure that the bank is able to meet its obligations to depositors as it resumed its full-service operations on Wednesday, according to sources familiar with the development.

RBI Governor Shaktikanta Das on Monday had said the regulator was ready to offer liquidity if required.

"YES Bank has enough liquidity to meet any requirements. If required, the RBI will provide necessary liquidity support to it," he said.

"Never in the history of banks (in India) have depositors lost money. The point is, depositors' money is absolutely safe," Das had said in a conference, adding that the central bank's support should come as a "comforting factor for depositors".

However, this is a case of the RBI being the "lender of the last resort", and, in accordance with the terms of the arrangement, the bank will have to use its innovative liquid assets before it can touch the credit line, sources said. This is perhaps the first time that the RBI has come with such an arrangement. Turn to Page 12

LENDING SUPPORT

MARCH 5, 2020: RBI places YES Bank under moratorium, appoints SBI deputy MD Prashant Kumar as administrator

MARCH 6: RBI announces draft reconstruction scheme for YES Bank, asks banks to pick up equity

MARCH 13: Cabinet approves the scheme; SBI, ICICI Bank, HDFC, Axis, Kotak Mahindra, and Bandhan Bank pick up stake

MARCH 14: Kumar named MD and CEO of YES Bank

MARCH 16: RBI assures safety of YES Bank deposits, promises liquidity support if needed

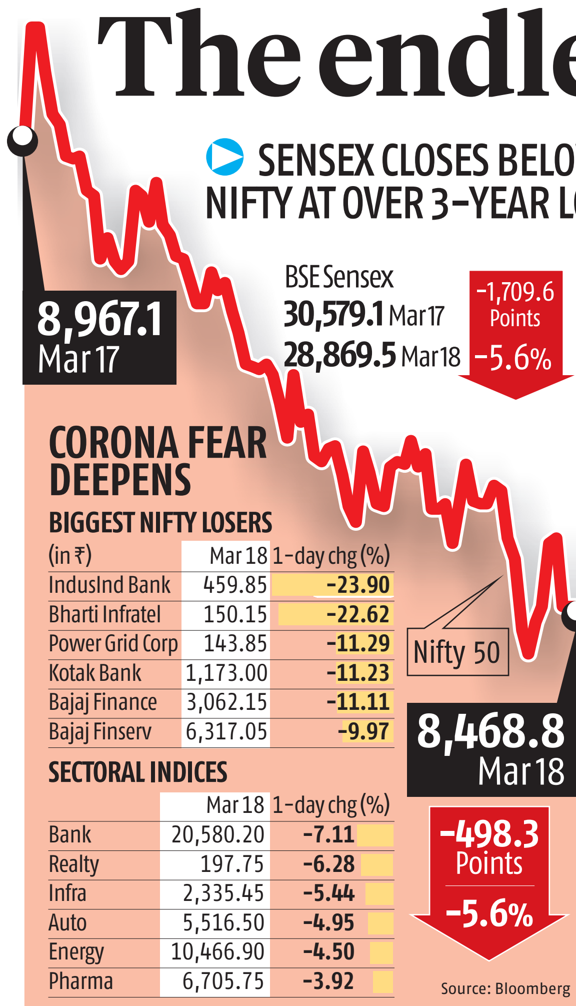
YES BANK COMES OUT OF MORATORIUM; ALL SERVICES AVAILABLE NOW P22

MADHU KAPUR SELLS BANK SHARES WORTH ₹160 CRORE P14

The endless descent

SENSEX CLOSES BELOW 30,000; NIFTY AT OVER 3-YEAR LOW

INVESTORS DUMP PVT SECTOR BANKING STOCKS



CORONA FEAR DEEPENS

BIGGEST NIFTY LOSERS

(in ₹)	Mar 18	1-day chg (%)
IndusInd Bank	459.85	-23.90
Bharti Infratel	150.15	-22.62
Power Grid Corp	143.85	-11.29
Kotak Bank	1,173.00	-11.23
Bajaj Finance	3,062.15	-11.11
Bajaj Finserv	6,317.05	-9.97

SECTORAL INDICES

	Mar 18	1-day chg (%)
Bank	20,580.20	-7.11
Realty	197.75	-6.28
Infra	2,335.45	-5.44
Auto	5,516.50	-4.95
Energy	10,466.90	-4.50
Pharma	6,705.75	-3.92

Source: Bloomberg

SUNDAR SETHURAMAN
Mumbai, 18 March

Stock markets around the world continued to buckle under the pressure of the coronavirus pandemic on Wednesday, even as central banks announced measures to limit the economic damage.

In India, the Sensex dropped 1,710 points, or 5.6 per cent, to end at 28,870, while the Nifty50 fell almost 500 points to 8,469. Both the benchmark indices are at levels last seen more than three years ago.

Financial stocks were at the forefront of the Wednesday's market fall. Investors dumped private sector banking stocks, which were the most sought-after just months ago, on worries of the economic fallout of the coronavirus crisis, and their exposure to troubled sectors like telecom.

Concerns about the spread of coronavirus continued to accelerate. As of Wednesday, 151 cases were reported in the country. Three people have been confirmed dead. However, some medical experts have disputed the government figures and said the actual numbers could be 10 times higher.

Nomura has slashed its year-end Nifty target to 11,030 from 13,070 earlier.

Turn to Page 12

RBI to purchase ₹10,000-cr govt bonds via OMO

The Reserve Bank of India (RBI) on Wednesday said it would buy ₹10,000 crore of bonds from the secondary market.

Wall Street pounded; Dow Jones sinks 9%

The Dow Jones Industrial Average was down about 1,900 points, or 9 per cent, to 19,260 points as of 11:40 pm IST, while the S&P 500 and the Nasdaq were down 9 per cent and 8 per cent.

BRENT CRUDE SLIPS BELOW $25/BBL P22

CORONA EFFECT

PM to address nation today

Prime Minister Narendra Modi will address the nation on Thursday evening on the situation arising out of the coronavirus outbreak and the efforts to combat it, the Prime Minister's Office said on Wednesday. "PM Shri @narendramodi will address the nation on 19th March 2020 at 8 PM, during which he will talk about issues relating to COVID-19 and the efforts to combat it," the PMO tweeted. In another tweet, the PMO said Modi chaired a high-level meeting to review the ongoing efforts.

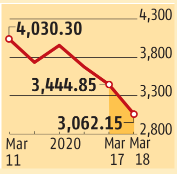
India cases jump to 151; Army reports its first P22

'Hoarding bug' spreads on lockdown fears P4

Small firms cash in on 'fear economy' P2

STOCKS IN THE NEWS

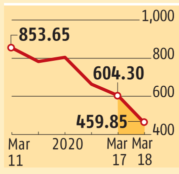
Bajaj Finance



Market cap fell below ₹2-trillion mark; down 36% in one month

₹3,062.15 CLOSE
▼ 11.11% DOWN*

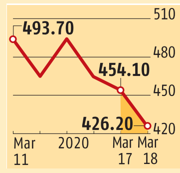
IndusInd Bank



Sharpest single-day fall since listing on Jan 29, 1998

₹459.85 CLOSE
▼ 23.90% DOWN*

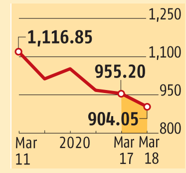
Bharti Airtel



SC refuses further relief on adjusted gross revenue dues

₹ 426.20 CLOSE
▼ 6.14% DOWN*

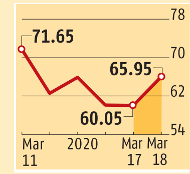
Larsen & Toubro



Approves first interim dividend of 500% or ₹10 per share for FY20

₹904.05 CLOSE
▼ 5.35% DOWN*

Oil & Natural Gas Corporation



Now most valuable state-owned oil & gas stock in terms of m-cap

₹ 65.95 CLOSE
▲ 9.83% UP*

* OVER PREVIOUS CLOSE

Domestic air traffic rises 9 per cent in February

Domestic air traffic rose 9 per cent in February on the back of low base, one additional day (29 days in February this year) and extra deployment of capacity in domestic market after withdrawal of China flights. Last month, domestic carriers flew 12.3 million passengers — a growth of 8.98 per cent over same month last year, the DGCA said. In January, traffic grew 2.2 per cent while full year growth on YoY basis in 2019 was 3.74 per cent. March is seeing muted demand and even domestic sectors have seen 15-20 per cent drop in bookings but the previous month saw high single-digit growth as airlines increased capacity on domestic routes. "There is a low base effect, too, apart from one additional day in February. Jet Airways, which closed down last April, began curtailing its network from January. Its market share reduced from 13.6 per cent to 11.4 per cent in February 2019 over January," said Parth Gala of Prabhudas Lilladher, a broking firm. BS REPORTER

Cannes Ad Fest postponed due to coronavirus

The Cannes Advertising Festival has been postponed due to the coronavirus outbreak. The festival, held every year in June, has been pushed to October, the organisers said on Wednesday. They also said they were monitoring the situation and were coordinating with the French authorities, since the outbreak was growing in France and rest of Europe. BS REPORTER

Karan Bajwa named Google Cloud India MD

Google on Wednesday said it had appointed former IBM executive, Karan Bajwa, MD of Google Cloud in India. He will be responsible for driving all revenue and go-to-market operations for Google Cloud's portfolio that includes Google Cloud Platform and G Suite, it said. Google Cloud's field sales, partner and engineering organisations in India will also report to him, it added. PTI

Rajiv Bajaj renamed MD, CEO of Bajaj Auto

Bajaj Auto on Wednesday said its board had approved the re-appointment of Rajiv Bajaj as MD & CEO of the firm. The approval was given in board meeting held on Tuesday. "Rajiv Bajaj, MD and CEO, whose five-year term expires on March 31, has been re-appointed for a period of five years with effect from April 1," the firm said. PTI

Yatra.com waives flight cancellation charges till Mar 31

Yatra.com has waived all flight cancellation charges until March 31 due to COVID-19 crisis. "We are offering full refunds to customers. This is an unprecedented situation and our call volumes have increased by over 8 to 10 times from normal levels," said Dhruv Shringi, cofounder of Yatra.com. BS REPORTER

Small players cash in on 'fear economy'

As COVID-19 scare spreads, indigenous makers of masks, thermo scanners and sanitizers seize the day

PAVAN LALL
Mumbai, 18 March

The 'sin economy' trade thrives on tobacco, liquor and gambling, and 'good times economy' posits the same for celebrations, festivities and dining. But as the coronavirus epidemic spreads across India, marketplaces are seeing large and small players scrambling to cash in on what can be labelled as the 'fear economy.'

CORONAVIRUS PANDEMIC

This mainly includes respiratory and surgical masks, sanitizers and sterile wipes. Also, small and big medical players, making thermal temperature gauging devices, are sensing an opportunity and jumping to capitalise on them.

Household hand-sanitizers have historically been made by players like UK-based Reckitt Benckiser, the maker of Dettol, and industrial-grade versions like Sterillium are made by German firm Raman and Weil.

In today's market, however, one sees a flurry of new brands across medical stores as well as online. One example is Fearless, made by Fearless Pharma, run by Sajjan Raj Kurup, who got into the business recently with a suite of disinfectants.

"Raw materials are not available and we are not being able to make what we want because it is a volume procurement game," he said. "In the future, we may be looking at setting up a small unit as opposed to contract manufacturing." He goes on to say that people are scrambling to order ethanol. Contract suppliers say they are not sleeping for five days because so many small contract manufacturers want ethanol and other chemicals to quickly push their versions of sanitizers.

THE ORIGINALS
Sterillium sanitizer | 3M respirator masks | Fluke anti-touch thermometers

Sterillium, which is the gold standard and the most efficacious hand cleanser, is out of stock. Dr Shahavir Nooryezdan, a Mumbai doctor who also runs a medical device venture, said that as with sanitizers there were various levels of efficacy.

"The bottom line is that you need 70 per cent Isopropyl alcohol and with some of the stuff that is being sold on Amazon and small stores, there's no guarantee you get that," he said.

"The gel-based hand cleansers are largely glycerine and don't even come close to killing bacteria and virus."

Business Standard called up one dealer of thermal non-touch thermometers who indicated that only orders of greater than 25 would be taken and it would take a week to deliver. The prices he said were also higher. Devices that normally retailed for ₹2,000 were being sold for ₹9,000.

There are several brands of infra-red non-contact thermometers that include Chinese ones and local labels like Puja Engineering. But US-based Fluke Corporations' products are the best known ones.

A cheaper infra red thermometer is for sale online by a company called Shreenika. Its other products include sunglasses and insoles for shoes.

Industrial giant 3M makes the best respiratory masks that range from surgical protection to more sophisticated models that filter out particulate matter in different sizes. Of course, in many shops, their masks are out of stock. Now, even garment makers are switching to masks made out of fabric that are designed and look close to those of medical grade equipment.

Color Fuel, a Delhi-based maker of women's dresses and kurtas, has started making surgical masks that are disposable daily and masks which retail for around ₹10 or ₹15 a piece.

"Price is going up with demand," said Sadique Siddiqui, director of the firmy. "The real demand in the industry is being inflated by WhatsApp and the social media and that's why raw material prices are going crazy. This mask could have even come for ₹5."

There are scores of other choices available on Amazon. One is a mask made by Winsome that claims that it's great for "virus protection, air pollution and personal health" and comes for ₹300 for two. Winsome's core business is polyester duffel bags, nylon bags and even leather belts. As Nooreyazdan says there is a propensity in times like these to be able to buy raw materials and mark up products by as much as 100 per cent or more but this is a regulated industry.

Any concerned citizen ought to start practicing hygiene by washing their hands properly and be aware of the brands that are certified. They must realise that medical devices require decades of testing and quality control to do what they claim.

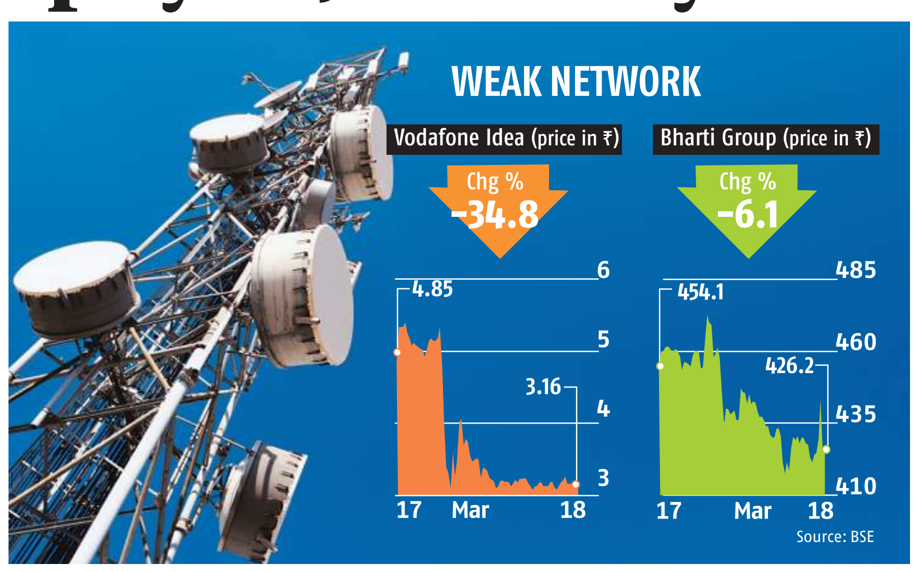
If AGR is staggered, Airtel, Voda to pay ₹7,881 cr a year

SURAJEET DAS GUPTA
New Delhi, 18 March

Under a payment scheme staggered over 20 years, Bharti Airtel and Vodafone Idea together have to pay around ₹7,881 crore annually (the latter around ₹5,235 crore) towards their AGR dues.

Analysts say the figure comes from the Department of Telecommunication's proposal for a staggered payment scheme with an interest rate of 8 per cent per annum.

The reasonable outflow is despite the fact that the total AGR dues calculation is based on the demand made by the DoT which is far higher than the submissions of the telecom companies.



It is also based on the balance payment of AGR dues which they have to make after adjusting their recent payouts, made on the basis of their calculation of the AGR dues they owe the government.

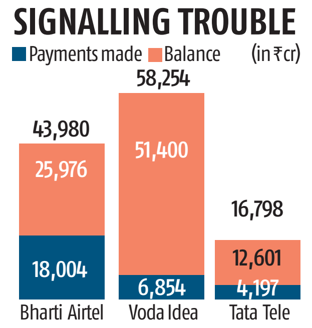
Bharti Airtel, for instance, has already paid ₹18,000 crore of its AGR dues. The 8 per cent interest tag is far lower than the average applicable interest rate of around 13.9 per cent as specified in the licence conditions rate from April 2003 to April 2019. It has been pegged to the State Bank of India's banks' Prime Lending Rate and later on to the Marginal Cost of Fund Based Lending Rate and ranges from as high as 16.75 per cent to as low as 11.80 per cent.

As a result of the lower interest rate for the instalments, the savings for the two players alone will be to the tune of over ₹3,800 crore annually. Their total saving on interest for the entire period of 20 years is estimated to be over ₹76,000 crore.

However, the calculation is based on the average interest rate of 13.9 per cent; if it was compared to April 2019 (12. 20 per cent), it would surely come down. Yet the fact remains that the amount that the two telcos have to pay annually as AGR dues is less than half the ₹18,024 crore they pay every year for deferred spectrum payments.

And thanks to the two-year moratorium offered by the government recently, this will go up to ₹23,918 crore a year, three times more than what they will have to pay every year for the AGR dues. Yet, seen from another perspective, the burden is still substantial.

SIGNALLING TROUBLE



Source: Industry and analyst estimates

For instance, based on industry data, Vodafone-Idea pays around ₹ 4,440 crore per annum as licence fee and Spectrum Usage Charge (SUC). The over ₹5,235 crore it has to fork out for AGR dues will be over and above this amount, making the total it pays out ₹10,000 crore per annum. Moreover, with revenues increasing, both the licence fee and SUC will only increase.

At the industry level, if all telcos (even those which have shut shop or are in the National Company Law Tribunal) had to pay their AGR dues, the government will receive over ₹14, 250 crore annually for 20 years.

This figure is much lower than the ₹21,000 crore the government would receive if the interest rate on the instalments was pegged at 13.9 per cent. But practically speaking, it will be able to get AGR dues mainly only from companies which are still in operation and this comes to ₹9,183 crore annually.

Jet Airways gets 90-day extension for resolution

SUBRATA PANDA
Mumbai, 18 March

The National Company Law Tribunal (NCLT) has granted a 90-day extension to Jet Airways' corporate insolvency resolution process (CIRP).

The earlier 270-day CIRP period was, under the rules, to end on March 15. A 90-day extension is legally allowed.

The Resolution Professional's counsel argued the lenders would get better value for their assets if these were sold in the CIRP period via a formal resolution plan, instead of the liquidation value also, some entities had shown interest and not withdrawn; a fair chance should be given to revive the airline company.

This is an exceptional case of extension beyond the 330-day limit under the insolvency and bankruptcy code.

Ashish Pyasi, associate partner at Dhir and Dhir Associates, said this was well within the parameters laid down by the Supreme Court in the matter of Essar Steel.

Last week, the committee of creditors (CoC) had decided to ask for extension to the CIRP. A plan to revive the company was still to be finalised, while none of those in the fray had backed out. The grounded airline did not get a proposal for revival until the final date for sending a resolution plan on March 9. According to sources, three entities are still in the fray.

These are Russia-based Far East Development Fund, Delhi-based Prudent ARC and South America-based Synergy Group. Prudent ARC had sought more time to raise funds from investors but failed to muster a plan. Synergy had issues regarding airport slots in India and abroad. And, some reservations about past liabilities of the airline.

The sources said there would not be a new call for bids. If anyone shows interest, the CoC would consider it. This was the second occasion the lenders called for a resolution plan; the first round of bidding did not yield much. The deadline for prospective suitors was extended repeatedly. The total claim amount of the creditors is ₹36,090 crore, of which ₹14,640 crore was admitted as on October 20. Jet had shut its operations in April 2019 and was taken to the insolvency court two months after by its lenders.

Currently, Jet has 12 aircraft — three Boeing 737s, six Boeing 777s and three Airbus A330s, (including one leased to Air Serbia).

Air India crew union calls pay cut illegal

ANEESH PHADNIS
Mumbai, 18 March

Air India on Wednesday implemented a series of cost-saving measures, including reduction in allowances and fuel reimbursement for officers. However, the move is being resisted by its cabin crew — All India Cabin Crew Association (AICCA) — who have called the move discriminatory and illegal.

Around the world, airlines are responding to COVID-19 crisis with sharp reduction in capacity, pay cuts and layoffs. Air India, too, has decided on cost-saving measures that include withdrawal of entertainment allowance of executive pilots, 30-40 per cent cut in subsistence allowance paid to cabin crew on their foreign layovers and 10 per cent reduction in fuel reimbursement for all officers. In his letter, Air India's Executive Director (Finance) S K Singh said the steps were being taken in view of financial position of the firm.

AICCA has called the reduction in allowances discriminatory and illegal. "This unilateral change in service conditions and reduction in emoluments are also violations of industrial law of workmen cabin crew," AICCA General Secretary Sanjay Lazar wrote in an email. Lazar said cabin crew had been denied 25 per cent of their emoluments for past five years and the issue is pending before the Supreme Court. Air India is duty bound to maintain status quo and demanded the withdrawal of pay cut order, he added.

As Indians stay indoors, they are binge-watching OTT shows

Viewership on OTT platforms has gone up by 20% in the past few days as corporates have allowed employees to work from home

SOHINI DAS
Mumbai, 18 March

As many Indians are working from home amid the viral outbreak, there has been a clear spike in viewership across several over-the-top (OTT) platforms in the past few days. Most platforms have observed a 20 per cent rise in viewership, especially in metros like Delhi, Mumbai and Bengaluru.

Now, people have more time to spend watching video content online. "The usual watch time in mornings used to be while travelling, and therefore on phones. Now, we are witnessing a surge in content being watched on television," said a senior official of an Indian OTT platform.

Zee5, for example, has seen a significant jump in the consumption on connected devices, its spokesperson said. "This could be attributed to people working from home in the past week," the spokesperson said. Zee5 has seen consumption spike across key metros, with audiences consuming content in a variety of languages.

Neeraj Roy, founder and chief executive officer, Hungama Digital Media, said, "In order to ensure their safety, most corporates have either already allowed their employees to work from home or are in the process of doing so. We have seen over 20 per cent jump in streaming numbers on Hungama Play between March 1 and March 16. These numbers are expected to rise as Indians start practising social distancing and turn to the digital medium to make up for lack of social interactions."

Roy threw in some insights. Besides an increase in streaming numbers, Hungama has also noticed a shift in the peak consumption hours. "Consumption in the morning is generally high between 8 am and 10.30 am. This is now extended until 11.30 am," he said. With office commute coming to a halt, the same time is now being utilised for content catch-up. Similarly, the evening peak consumption period now starts at 6 pm, as opposed to 8 pm, and remains high until midnight. "We have also observed a rise in video consumption between 1 pm and 3 pm, which are normally lunch hours," Roy said.

WATCH THIS!

- **Viewership growth has been witnessed in metros** — Delhi, Mumbai and Bengaluru
- **Zee5, for example, has seen a significant jump** in the consumption on connected devices
- **With office commute coming to a halt, the same time** is now being utilised for content catch-up
- **Platforms also expect new viewers to join in, and are hopeful that once normalcy** is restored they will continue to consume videos online

So far, the viewership growth has been witnessed in metros — Delhi, Mumbai and Bengaluru — where people spend more hours in commute compared to smaller cities. However, OTT platforms expect the smaller cities, too, catch up on the trend, as social distancing becomes a norm for the next one month at least.

Viacom18's OTT platform Voot launched its subscription-led platform Voot Select in the beginning of this month. It came armed with a slew of original series content to encourage the viewer to switch from the advertising-led video on demand (AVoD) to subscription platform (SVoD).

Ferzad Palia, head of Voot Select, youth, music and english entertainment of Viacom18, said they had seen a significant demand for subscription among users driven by both the new content on offer and also the additional spare time that people now had. "What we would have expected to do in terms of number of subscribers in 60 days, we have already done in the first 10 days," Palia said.

Meanwhile, production for television series (episodes) and films have also stopped. Channels usually carry a library of three to four episodes of any serial. With shooting stopped, fresh television content (for serials) would slow down and broadcasters would be forced to air old episodes. This may further drive the demand for OTT content, felt some of the players. Another India OTT platform, which did not wish to be quoted said they had seen a rise in people watching older episodes of programmes. "There has been a 15-20 per cent rise in OTT viewing, given people now have little choice," said a senior official.

Platforms also expect that new viewers will join in during this period, and once normalcy is restored, they will continue to consume videos online.

Are advertisers queuing up?

A few categories like food and online delivery services have seen some traction. Some big-ticket events like IPL get deferred due to virus outbreak. It is the biggest platform for advertisers and ad spends are likely to be moved to digital and OTT platforms.

"However, since India has just moved to social distancing, it'll take some time to see a visible increase in ad spends. A few categories that already seem to have amped up their advertising efforts on OTT platforms include food and online delivery services, personal care and hygiene products. Going further, we expect to see an increase in the ad spends of FMCG, pharma, health and life insurance, besides medical care services," Roy added.

5 large hospitals dedicated to COVID-19 on cards

SOHINI DAS, GIREESH BABU & SAMREEN AHMAD
Mumbai/Chennai/Bengaluru, 18 March

Coronavirus cases in India continue to grow and the rapid screening method is likely to only increase the number of suspect COVID-19-positive cases in the country. India is yet to enter stage 3 (or community transmission) of the pandemic, but the government is gearing up for all possible adversities.

Sources said the government was looking to have large, at least four or five, dedicated COVID-19 hospitals in the country.

The CEO of a large private hospital chain said the groundwork was on to identify properties that could be transformed into satellite hospitals (smaller centres). They could be defunct or upcoming hospitals or hostels of educational institutions, and could be converted into 250- to 300-bed dedicated facilities.

"It is risky to have makeshift isolation wards in running hospitals because it puts the other patients at risk. Moreover, having staggered isolation wards in various places makes it a logistical challenge to mobilise resources," the CEO said.

All big private hospitals have infrastructure for isolation wards — 15-20 beds per hospital, according to him. These are kept for contagious diseases like swine flu. They have an air-conditioning system distinct from the rest of the hospital's, to prevent the risk of spreading germs.

CORONAVIRUS PANDEMIC

Coronavirus is not typically air-borne, but precaution is of prime importance in any isolation ward.

"Current hospitals can retro-fit their air-conditioning ducts, etc to expand the isolation wards. But, a better solution is to have separate facilities for these patients," the official said. Work is in progress. There are plans to have a 500-bed facility in one of the southern states, said an official.

Private players such as the Infosys Foundation and Narayana Health Chairman Devi Shetty have urged the Karnataka government to empty a government hospital with 500-700 beds to treat COVID-19 patients.

"I request you to vacate one government hospital with at least 500-700 beds for this purpose, which requires oxygen lines and pipes. The Infosys Foundation will do the civil work and Dr. Devi Shetty has agreed to share resources like medical equipment," said Sudha Murty, chairperson of the Infosys Foundation, in a letter to the CM of Karnataka.

The Infosys Foundation said it was waiting for the state government to get back on the proposal.

Once a facility is identified, the private sector can step in and equip the hospital in short time, said another hospital CEO. The state governments and the municipal corporations of major cities are on the job. In Mumbai, the 700-bed Seven Hills Hospital, which was built on Brihanmumbai Municipal Corporation land at Andheri, was converted into a COVID-19 facility last week.

The hospital was shut down in 2017 after financial mismanagement and non-payment of property tax. The state health department and the BMC have got the hospital up and running and the idea of housing suspect cases here and the confirmed COVID-19 infected cases would continue to be at the Kasturba Hospital, in South Mumbai. The staff of other government hospitals has been pooled in for the Seven Hills. However, industry insiders observed that several other state governments had indicated that if the pandemic progressed to Stage 3, workers from the private sector would be deployed.

Tamil Nadu, a state with fewer cases than many, has 400 private isolation wards. There are 1,121 isolation wards in Tamil Nadu. State Health Secretary Beela Rajesh said: "We have roped in private hospitals and nearly 400 wards have been identified from the private sector. We are working with them in close coordination."

Tamil Nadu Chief Minister Edappadi K Palaniswami has asked for identifying quarantine spots along the borders. He has also instructed keeping old engineering college hostels ready. The state health department is keeping around 500 standby quarantine places in old engineering colleges in outskirts, Rajesh said.

The country's largest private hospital chain, Tamil Nadu-based Apollo Hospitals, too is ready to chip in. "We are prepared. There are discussions for us to test and treat COVID-19 patients in our facilities if the need arises. This is the war of our generation and all of us are stepping up," said Shobhana Kamineni, executive vice-chairperson of Apollo Hospitals.

State governments say the measures taken to date should manage patients for the next two to three weeks. India has abysmally few hospital beds per head and once the pandemic spreads, there would be hardly any time to create infrastructure.

Kerala, where the country's first COVID-19 case was detected, has kept over 25,000 people under observation. Most of them are home-quarantined. Meanwhile, Ernakulam district has ordered taking over empty spaces in hostels of educational institutions and hotels, and private hospitals' unutilised rooms to quarantine patients. The number of people under observation has gone up to 25,603, of whom 237 are in hospital.

"The next 10-12 days are critical. All of us in the private sector are gearing up to meet the challenge. If the situation arises, we are ready to make one floor an isolation facility, which would accommodate 25-30 beds," said Somesh Mittal, chief executive officer, Vikram Hospital, which has a 225-bed facility in Bengaluru.

However, he said the government should pick up a newly-built society or a hotel with 200-500 rooms, which could be converted into an isolation centre.

HOSPITAL BEDS IN SOME KEY STATES/UTs

Tamil Nadu leads, J&K lags

Tamil Nadu	72,616	Gujarat	41,129
Maharashtra	68,998	Kerala	39,511
Andhra Pradesh	60,799	Delhi	20,572
Uttar Pradesh	58,310	Assam	19,115
Karnataka	56,333	Bihar	17,796
Rajasthan	51,844	Telangana	17,358
West Bengal	51,163	Jammu & Kashmir	11,342

ALL INDIA: 739,024

Source: Data as uploaded by states/UTs on HMIS portal. Status as of July 20, 2018

FAQs ON NEW VISA RESTRICTIONS

INDIAN NATIONALS WHO WANT TO RETURN TO INDIA

Who are not allowed...

No airline will bring any passenger from Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Iceland, Hungary, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom effective 12.00 GMT on March 18 at port of departure. No airline will bring any passenger from Philippines, Malaysia, and Afghanistan effective 15.00 IST on March 17

Who will be quarantined upon arrival...

All passengers coming from/transiting through UAE, Qatar, Oman, and Kuwait after 12.00 GMT on March 18 (port of departure) will be quarantined.

Those who have visited China, Republic of Korea, Iran, Italy, Spain, France and Germany on or after Feb 15 will be quarantined.

INDIAN NATIONALS WHO WANT TO GO ABROAD

Whether Indians are allowed to go abroad...

Indians are strongly advised to avoid non-essential travel to coronavirus-affected countries. However, as per latest notification, passengers from certain countries shall not be allowed to enter India.

FOREIGNERS WHO ARE PRESENTLY IN INDIA

Whether they can go out of India and return...

Yes, they can go out of India. However, they can return to India with fresh visa issued from mission/post only.

FOREIGNERS WHO WANT TO COME TO INDIA

Who are not allowed...

All passengers coming from Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Iceland, Finland, Hungary, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom effective 12.00 GMT on March 18 (port of departure) and passengers coming from Philippines, Malaysia and Afghanistan effective 15.00 IST on March 17 (port of departure).

Source: Govt of India

INDIA VULNERABLE TO COMMUNICABLE DISEASES

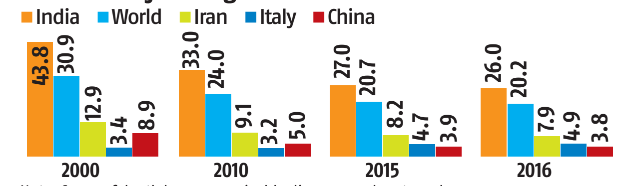
Policymakers may feel the risk from the novel coronavirus pandemic more acutely in India than in other key countries afflicted by the outbreak. The World Bank has data which shows that when it comes to the proportion of people dying from communicable diseases, as well as causes related to pregnancy and nutritional deficiencies, India has historically had more deaths than the rest of the world.

In fact, it is also higher than the top three countries in terms of COVID-19 cases (as of Tuesday). China, Italy, and Iran all had lower instances of such deaths (*see chart 1*).

The risk of such diseases may be higher in India. It is also borne out by the trend seen in the case of non-communicable diseases. India has far fewer deaths attributable to non-communicable diseases than the rest of the world (*see chart 2*). Non-communicable diseases include ones such as cancer and diabetes. The number of positive COVID-19 cases in India rose to 151 on Wednesday.

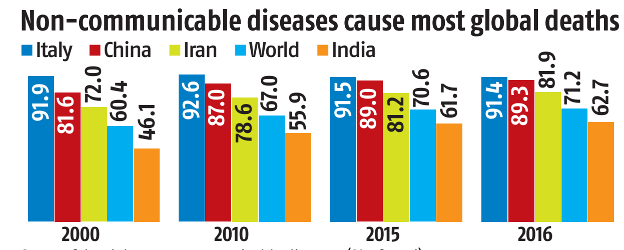
SACHIN P MAMPATTA

Indians may be at greater risk



Note: Cause of death by communicable diseases and maternal, prenatal and nutrition conditions (% of total)
Source: World Bank

Non-communicable diseases cause most global deaths



Cause of death by non-communicable diseases (% of total)
Source: World Bank

'There will be a vaccine, likely by 2020-end'

Serum Institute of India recently partnered Codagenix, a US-based biotech drug research company, to develop a coronavirus disease (COVID-19) vaccine. Its Founder-Director **ZAVARAY POONAWALLA** tells **Pavan Lall** that India's social containment of the pandemic so far has been good. Edited excerpts:

Q&A

How is India doing as far as managing the whole social community distancing factor goes, with the advent of the COVID-19? Are our numbers of confirmed cases being under-reported?

I think we are taking it very seriously and perhaps that's a good thing in a country with the size of our population. In practical terms, people are avoiding crowds, flights have been halted and large events delayed. We have as a country in other spheres shut down activities like cricket, racing and other sporting and business events, and I think we can't do very much more than that. The numbers we are seeing seem to indicate we are doing better than the rest and while I can't say if they are being under-reported, I do know that our health care infrastructure is not large enough, which is why over-awareness is a good thing.

How bad is this epidemic so far as India is concerned?

It's a virus with a big scary name but we have had viruses earlier. Now, a new one has emerged. So it's getting to be seen as the bad one until it is understood better, and we are indeed doing so day by day. If you recall the swine flu pandemic that emerged in 2009, it was equally terrifying because it was the exact opposite, which is very few young people were immune to it, and it spread from country to country, much faster than the present one. Today, swine flu is more of a seasonal type of flu and can be vaccinated against with part of your annual flu shots.

Why the growing fear and concern about COVID-19in particular then?

Every new virus is more virulent than the other. It takes time to tackle but is not impossible to do so.

Awareness about trending topics and the ease of sharing information has also increased over the decades for a number of reasons. That being said, this particular virus as we see is far more virulent towards particularly older people who are already ailing or have a medical condition or immunological issues.

> I CAN'T SAY IF CASES ARE BEING UNDER-REPORTED, I DO KNOW THAT OUR HEALTH CARE INFRASTRUCTURE IS NOT LARGE ENOUGH, WHICH IS WHY OVER-AWARENESS IS A GOOD THING

When do you see the Serum Institute registering a vaccine here? How expensive will it be?

I believe we will be faster than anyone else in India when it comes to registering a vaccine here and we hope before the end of 2022.

That may sound like its far away but the thing is that it doesn't take very much time to design a vaccine, but something that goes into the human body has to go undergo hundreds of tests and approvals. Animal trials are underway, and human trials which come next are about six months away. Prices for the vaccine in India will be much more affordable than elsewhere, for sure.

So this will be a once a year or a lifetime vaccination?

These kinds of vaccines would likely be administered in addition to a vaccine for flu as a booster shot that one takes annually.

People catch 'hoarding bug' on lockdown fears

BS REPORTERS
New Delhi/ Mumbai/ Kolkata/ Hyderabad/ Ahmedabad/ Chennai, 18 March

"It is a good idea to buy for a month. No one knows what will happen tomorrow — whether grocery will be available at all or at what prices they will be sold," says Sumit Samaddar, a resident of south Kolkata.

Samaddar was among the thousands to have thronged the neighbourhood kiranas and retail chains in the past few days. He's aggressively stocking essential food items fearing a lockdown in case the coronavirus crisis escalates. Even online grocery companies have seen a spike in orders.

These stores have reduced their restocking duration to meet the surge in demand — largely comprising wheat flour, rice, sugar, edible oils, pulses, and vegetables like onion and potatoes. Some are advising buyers to revisit as stocks run out. "Large stores have closed down. What if small shops close, too? We are buying essentials to be prepared in case there is a shutdown," an elderly customer at one of the shops in Chennai said.

In Kolkata, where a large part of the population consumes non-vegetarian food, people are frantically buying canned food. Even in such times, demand for poultry products has hit a low due to false fears over COVID-19 spreading through their consumption.

Shambhu Nath Das, owner of a large-format kirana store in Delhi's Chittaranjan Park, is planning to bring his nephew from the village to manage the frenzy. He says sales have gone up 25 per cent in the past few days and doorstep delivery has peaked.

In Ahmedabad's retail-cum-wholesale grain market, merchant Panachand Zaverdas & Sons (PZ) has seen demand shoot up by more than 100 per cent since last Friday. "While larger Gujarati families are known to store grains for almost the entire year, it is now the non-Gujarati nuclear families which are buying in panic. This has led to our daily outflow shoot up from 100 quintals to over 200 quintals," says a manager at PZ. "Panic buying has been seen more among the affluent. The lower middle-class seems to be oblivious to the outbreak," says Premal Tankarawala of Tankarawala & Sons, another large grocery shop in Ahmedabad.

In Chennai, A M Vikramaraja, leader of Tamil Nadu Vanigar Sangankalin Peramaippu, a federation of traders' organisations, says people are buying double of what they usually do, especially rice, wheat, and pulses.

Sensing the panic, Confederation of All India Traders (CAIT) has appealed to customers not to pay heed to rumours that say traders' associations have decided to down their shutters. "Trade association leaders will consider all pros and cons of any shutdown, as the shops of traders are first points of contact for more than 1.3 billion people for meeting their requirements," said Praveen Khandelwal, secretary general of CAIT.

The heartening fact, according to traders, is that India has sufficient quantities of wheat, rice, and pulses to meet the heightening demand. While the government's grain stocks are filled to the brim, the new rabi harvest of pulses and onion and potatoes is due to reach the markets in the next few weeks.

> WE HAVE ENOUGH FOODGRAINS IN OUR GODOWNS. WE HAVE ASKED STATE GOVERNMENTS AND UNION TERRITORIES TO DISTRIBUTE SIX-MONTH QUOTA OF GRAINS TO THE POOR IN ONE GO
>
> **RAM VILAS PASWAN,** Union Minister for Consumer Affairs, Food and Public Distribution

Shelves of Nagrik Society Stores, a wholesaler in the suburb of Santacruz east, Mumbai, are virtually empty. "There's no soap, dal, or flour," says the proprietor Vishwas Patil. "I normally have around two to three weeks' inventory. But in the past one week, people have been buying heavily." The picture is no different at Al-Noor Stores at Bandra. The proprietor, Ahmed Khan, has been calling up his distributor frantically as he has run out of inventory.

Patil and Khan are top wholesalers in the Santacruz and Bandra areas. Typically, wholesalers in an area offer sharper discounts than kiranawalas, ensuring perpetual footfalls. Trade estimates put the fast-moving consumer goods (FMCG) market in Mumbai, Thane, and Vashi at ₹20,000 crore, given the density of people.

Mihir Mehta, managing director, VS Omnitrade India, a Mumbai-based distributor, says there is a huge demand-supply gap but the situation should ease in a few weeks. "I think by the first week of April, once people come out of the semi-lockdown in Mumbai and other parts, the situation should be better. For now, I am not undertaking any deliveries," he says.

Wednesday looked like a Sunday with long queues at several shops across cities, with people stocking up for as long as three months PHOTO: DILASHA SETH

In Kolkata, FMCGs are drawing up contingency plans to make sure distribution remains unaffected at a time when there is a shortage of field sales staff due to the fear of the infection spreading. "Field sales employees are not visiting stores often, leading to a shortage in food items and other commodities such as soap, and dental care items, among others. People have also started hoarding," Goutam Ray, a grocery shop owner in the southern part of the city, said.

In Hyderabad, stocking started last Saturday and has become worse. Empty shelves and forced closure of departmental stores have become a common sight. "Every night since Saturday, we received four big trucks to replenish the store unlike intermittent supplies being handled by smaller trucks in the past. People are buying in bulk as they are scared of what is coming," Venugopal, a man who guards the Ratnadeep Super Market in Himayatnagar, said.

Traders said unusual stocking of rice was happening across Hyderabad, though the stores of DMart, MORE, Ratnadeep, Spencer's, and Star, visited by our reporter, had good stock of groceries, including rice, and were being sold at routine prices. "Demand for milk products is high, too," an assistant at Spencer's hypermarket said.

The scene is not different in the national capital region's mom-and-pop stores and retail chains. Wednesday looked like a Sunday with long queues at Dwarka's Modern Bazaar — people here were ready to stock for as long as three months. At a MORE outlet in Gurugram, pulses and other cereals were out of stock, so were tissue papers.

"There is sudden surge in demand for onions and potatoes, but supplies are adequate. Things might smoothen in the coming days when arrivals will be managed to meet the demand," said Rajendra Sharma, president of Onion Merchant Association of Azadpur mandi. "Demand for potatoes and onions needs to be adjusted as several bulk buyers have decided to temporarily shut down in the city."

(Sanjeeb Mukherjee, Arnab Dutta, Dilasha Seth, Viveat Susan Pinto, Avishek Rakshit, Dasarath B Reddy, Vinay Umarji, and Gireesh Babu contributed to the story)

Vivad se Vishwas: Taxpayers still await rules, forms

DILASHA SETH
New Delhi, 18 March

The income tax department on Wednesday kick-started implementation of the direct tax dispute resolution scheme, Vivad se Vishwas, by notifying the 'designated authorities' who will accept applications and issue orders under each jurisdiction.

However, with barely 14 days to avail full benefit of the scheme, the rules and forms for taxpayers are still awaited, making the timeline appear unrealistic.

Besides, tax experts pointed out that with a majority of workforce functioning from home due to the coronavirus pandemic, it was impossible to meet the March 31 deadline (without additional payment) under the scheme.

The Central Board of Direct Taxes (CBDT) on Wednesday directed the principal chief commissioners to 'immediately' notify field officers as 'designated authorities.'

> The income tax department on Wednesday kick-started implementation of the direct tax dispute resolution scheme

Principal chief commissioner of income tax Delhi notified 13 commissioners of income tax as designated authorities. The move comes a day after the scheme was notified post President's assent.

The scheme is open till June 30 and an additional 10 per cent needs to be paid for taxes paid after March 31. There are more than 400,000 such cases eligible to avail of the scheme, and they involve at least ₹9.3 trillion.

The designated authorities will determine the amount payable within 15 days of receiving the declaration and grant a certificate of amount to be paid.

The declarant will have to deposit the money within 15 days of determining the tax liability.

This gives little time to assessees to pay up by March 31. The CBDT had, however, clarified in the FAQs issued on Thursday that "15 days is (the) outer limit".

A clarification said the designated authorities would be instructed to grant a certificate at an early date, enabling the appellant to pay the amount on or before March 31, 2020, so that the entity could take the benefit of the reduced payment.

Shailesh Kumar, director, Nangia Andersen Consulting, said, "Though, this is the first step towards implementation of the scheme, a lot of other work still needs to be done, viz. notification of rules, forms for taxpayers for making the necessary application, etc."

He added it was also important to see how swiftly concerned principal chief commissioners of income tax issue necessary notification appointing the 'designated authority' on a pan-Indian level.

Kumar added that limited time available before the prescribed due date of March 31 under the scheme and also considering that lot of companies/ taxpayers are now working under 'work from home' model due to ongoing 'corona' scare, it may be advisable for the government to extend the timelines under this scheme. This is because most taxpayers, who are willing to opt for this scheme, may have sufficient time to do so."

Most assesses willing to participate in the scheme are loss-making and wound up firms, having old cases with a piled up interest component.

Investments at ₹17.9 trn, thanks to RIL

Ambani's 18 big-ticket chemical projects help domestic industrial investment rise by ₹15.4 trn in 2019

DILASHA SETH
New Delhi, 18 March

The gloomy economic and investment climate may be the norm today, but industrial investment data paints a bright picture. Asia's second richest man, Mukesh Ambani's 18 big-ticket chemical projects in Gujarat accelerated industrial investments to a record high in 2019.

Reliance Industries' one and a half dozen chemical manufacturing projects in Vadodara in December contributed to a seven-fold increase in industrial projects in the country. This is in terms of value in 2019 year-on-year, data by the department for promotion of industry and internal trade (DPIIT) showed.

Industrial projects worth ₹17.9 trillion were shown by DPIIT in 2019 as having been implemented, up from ₹2.5 trillion in 2018, and ₹71,396 crore in 2017, the data showed.

This is in sharp contrast to the National Statistical Office's (NSO) projection of a 0.6 per cent decline in the gross fixed capital formation (GFCF) in 2019-20.

Experts pointed out that the DPIIT data is unlikely to reflect in the national accounts number in its entirety as it only captures balance sheet data. Some companies spread investments over several years or by carrying out trial productions for years.

The number of projects that were shown as having commenced production stood at 1,229 in 2019 against 1,005 in 2018 and 571 in 2017.

At odds with the economic gloom and uncertainty, investment proposals or intentions also touched an 8-year high in 2019. Investment proposals worth ₹6.79 trillion were recorded in 2019, up 46 per cent from 2018.

Calender year 2010 had seen 4,336 investment intentions worth ₹17.36 trillion, the highest ever. According to the second advance estimates of national accounts, gross fixed capital formation will decline for the first time in 18 years in 2019-20. It fell by 0.7 per cent in 2002-03. In fact, the share of investment in gross domestic product (GDP), at 27.1 per cent in 2019-20, is over a two-decade low with the share in 1998-99 lower at 25.5 per cent.

In DPIIT data, the chemicals sector contributed about 82 per cent to the industrial investments at ₹14.7 trillion, suggesting that the jump was essentially on the back of the Reliance Industries' projects. It commenced production of chemicals like low-intensity polyethylene, acrylic fibre, poly vinyl chloride and paraxylene.

Gujarat accounted for 84 per cent of total projects in value terms at ₹15.1 trillion in 2019, against just ₹31,819 crore in 2018.

"There is no discrepancy in the industrial investments data. It is absolutely correct. There has been a big jump in project implementation and investment intentions in December 2019," a DPIIT official confirmed to *Business Standard*.

The data is a compilation of compulsory filing of industrial entrepreneur memorandums for production in industries that were de-licenced.

These industries include fuels, telecommunications, machine tools, fertilisers, drugs and pharmaceuticals, vegetable oil and food processing industry, among others.

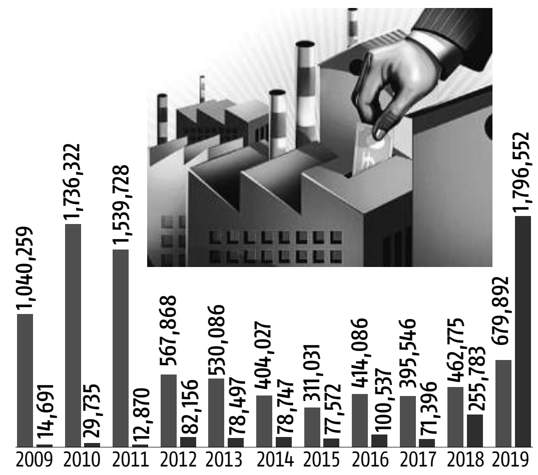
Former chief statistician Pronab Sen ruled out emergence of green shoots, looking at the DPIIT data. He said the data trend suggested that spike in project offtake in 2019 in the chemicals sector is essentially proposals dating back to 2008, 2009 or 2010, that are nearing completion now. Chemicals segment saw a five-fold increase in investment intentions in 2008 at ₹1.5 trillion against ₹32,749 crore in 2007. Chemicals accounted for 10 per cent of the proposed investment in 2008, against 3.9 per cent in 2007 and 2 per cent in 2009.

"In all of these big projects, the completion is when you declare it as having come into full production," said Sen.

INDUSTRIAL INVESTMENT PROPOSALS THIS YEAR

Industrial investment proposals this year

Item of manufacture
Reliance Industries, *(Gujarat)* Carbon fibre oxipan, dimethyl terephthalate, etc
Adani Wilmer, *(Gujarat)* Castor oil
Kanoria Chemicals, *(Andhra Pradesh)* Formaldehyde
Hyundai Steel, *(Andhra Pradesh)* Blanking, slitting, shearing
Jindal Steel and Power, *(Odisha)* Electric power generation
Hindalo Industries, *(Odisha)* Power generation
Aditya Birla Renewables, *(Chhattisgarh)* Electric power generation using solar



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
No. of proposals	3,475	4,336	3,900	2,828	2,387	1,843	1,998	2,283	2,000	2,225	2,385
Project commencement (numbers)	804	636	474	574	481	340	439	525	571	1,005	1,229

Source: DPIIT

Advance corporate tax mop-up dips over 10%

SHRIMI CHOUDHARY
New Delhi, 18 March

The collection of advance tax paid by corporate houses fell over 10 per cent during April-March 15 of 2019-20. This decline, after the deadline of the fourth instalment ended on March 15, could lead to a revenue shortfall of at least ₹35,000 crore in the total direct tax collections of the current fiscal, tax officials in the know said.

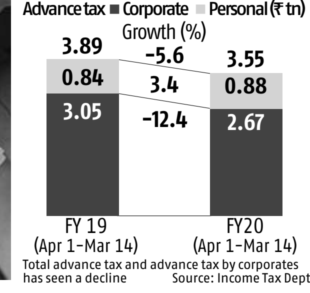
Even the tax settlement resolution scheme, Vivaad Se Vishwas, may not help shore up coffers due to the COVID-19 pandemic that has halted all outreach programmes by the income-tax department, an official said. Total direct tax collections fell over 5 per cent, standing at ₹9.57 trillion, till March 18 against the revised target of ₹11.7 trillion for the current fiscal — leaving a gap of ₹2.13 trillion.

Further, the advance tax collection comprising corporate houses and individuals declined by over 5 per cent at ₹3.55 trillion during April-March 14 of FY20. Of this, advance tax collection receipts by companies stood at ₹2.67 trillion till March 14, down by 12.4 per cent over ₹3.05 trillion a year ago. Advance personal income-tax showed a marginal increase of a little over 3 per cent till March 14.

The Centre was optimistic about achieving the direct tax collection target after revising it downwards to ₹11.7 trillion from ₹13.35 trillion for this fiscal. The government has revised the Budget estimation on account of the slash in corporation tax rates estimated to hit the exchequer by ₹1.45 trillion in the current fiscal.

ADVANCE TAX NUMBERS

The total direct tax collection fell 5.3% to ₹9.57 tn as of Mar 18, 2020. The target for this fiscal is ₹11.7 tn



Total advance tax and advance tax by corporates has seen a decline

Source: Income Tax Dept

Sources felt the new resolution scheme is likely to add ₹1-1.5 trillion in the direct tax collection account. Vivaad Se Vishwas, which was notified on March 17, is not seeing favourable results due to reluctance from large taxpayers, especially state-run firms, where thousands of crores have been stuck. Besides, top garner Mumbai saw a negative growth of 1.04 per cent between April 1 and March 14. The city collected ₹2.62 trillion against the revised target of ₹3.78 trillion during the period.

"Overall, revenue mobilisation is facing heat. We have yet to do concrete analysis of the slowdown, but it is difficult to say that it is only because of the rate cuts. Other factors, too, have played a significant role," the official cited above said.

About 45 per cent of the collection comes from advance tax and the rest from TDS (tax deduction at source), among others. TDS collection, on the other hand, showed a growth of 8.3 per cent at ₹4.83 trillion during April-March 14. Self assessment tax (balance tax after TDS), too, showed good numbers, with total collection of over ₹83,000 crore during the period, up by 5.2 per cent.

MoD okays largest 'Make in India' order for 83 Tejas Mark 1As

AJAI SHUKLA
New Delhi, 18 March

The ministry of defence (MoD) cleared an order on Wednesday for 83 Tejas fighters in an enhanced, more capable configuration, called the Tejas Mark 1A. The order, which will be executed by Hindustan Aeronautics (HAL), is worth about ₹26,000 crore.

The Indian Air Force (IAF) has ordered 40 Tejas Mark 1 fighters, of which HAL has already built and delivered 16. Now, with the Defence Acquisition Council (DAC) clearing the acquisition of 83 more fighters, HAL's Tejas production line will be fully loaded for another five years.

"While orders of 40 Tejas aircraft had been placed with HAL in initial configurations, DAC paved the way for procurement of 83 of the more advanced Mark 1A version of the aircraft from HAL by finalising the contractual and other issues. The proposal will now be placed for consideration of the Cabinet Committee on Security (CCS)," stated the MoD on Wednesday.

"This procurement will be a major boost to 'Make in India' as the aircraft is indigenously designed, developed and manufactured with participation of several local vendors apart from HAL," stated the MoD.

As *Business Standard* reported earlier, the IAF and HAL have fixed the price of the Tejas Mark 1A at ₹310 crore per fighter.

According to the agreed production schedule, HAL will begin delivering the Tejas Mark 1A fighters 36 months after the contract date. If the CCS clears the contract by mid-2020, the IAF will receive its first Tejas Mark IA in 2023. With HAL's Tejas production lines gearing up for delivering 16 fighters each year, all the 83 Tejas Mark 1A fighters would be delivered by 2028. At that stage, the IAF would be flying two squadrons (40 fighters) of Tejas Mark 1 and four squadrons (83 fighters) of Tejas Mark 1A.

The next stage in the Tejas programme would be to start manufacturing and inducting the Tejas Mark 2. Girish Deodhare, chief of the Aeronautical Development Agency (ADA) — the Defence R&D Organisation agency responsible for the Tejas programme — described the Tejas Mark 1A as a bridge between the Mark 1 and the Mark 2, which will be bigger, more powerful and more sophisticated than the Mark 1 and Mark 1A.

The Mark 1 and 1A fighters are both light fighters, powered by the General Electric (GE) F-404 engine. The Mark 2 will be a larger, medium fighter which will incorporate the more powerful GE F-414 engine.

Deodhare told *Business Standard* that the "all up weight" (maximum takeoff weight, with fuel and weapons) of the Tejas Mark 1 and Mark 1A is about 13.5 tonnes. However, the Mark 2 will take off with 17.5 tonnes, enabling it to carry more fuel and an 85 per cent higher weapons load.

While ADA is in charge of the Tejas programme, HAL is developing and building the Mark 1A. ADA will pitch in, too, by contributing its expertise in avionics, flight controls, aerodynamics and structural analysis.

HAL has been directed to build five new operational capabilities into the Mark 1A, including "active electronic scanned array" (AESA) radar, with multi-tasking capability that would give it a clear combat edge over other fighters in the region.

While the initial Tejas Mark 1A batches will field imported Elta AESA radar, later batches would incorporate the indigenous Uttam AESA radar, which DRDO is developing. The Uttam radar has already completed 11 successful test flights on a Tejas prototype and ADA says about two more years of flight-testing is needed before it is certified and ready for production.

In addition, the Tejas Mark IA is being upgraded with an Israeli Elta "self-protection jammer" (SPJ), which confuses incoming missiles. Each Mark 1A fighter will carry an SPJ on a pod under its wing, enhancing its survivability. The new Mark 1A will also incorporate a digital flight control computer with significantly higher processing power.

ITC to offer 85% of profit as dividend in medium term

Final dividend may include special dividend as recommended by the board

AVISHEK RAKSHIT
Kolkata, 18 March

ITC has decided to offer 80-85 per cent of its profit after tax (PAT) as dividend to its shareholders, which will be effective from the current financial year. This would be applicable in the medium term.

According to a company notice on updated dividend distribution policy available on its website, the board may declare interim dividend at its discretion. The final dividend may include special dividend as recommended by the board.

The new policy can be amended and reviewed as and when required by the board.

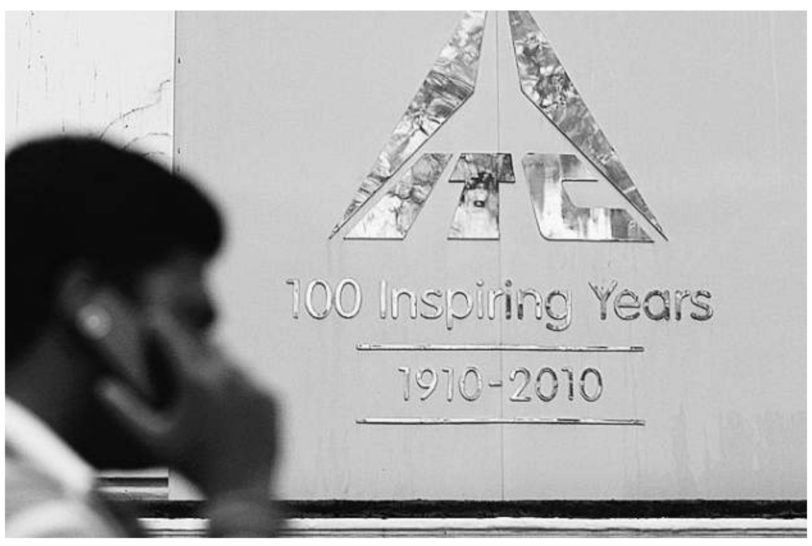
However, over the past 10 years, ITC usually hasn't been paying interim dividend but only final ones and paid special dividend only on two occasions — in June 2011 and May 2016.

The note stated that the company's financial performance, cash flow and the liquidity position were being considered for payment of dividend. It will also take into account the need to retain earnings, meet foreseeable funding requirements, including organic and inorganic growth plans, and market conditions.

The company's financial capacity to address any contingencies is also a consideration while declaring surplus cash as dividend.

"Dividend distribution will also cognize on foreseeable opportunities and threats in the globalised competitive context," said the company in the note.

Sources said the call has been taken as most of the capital expenses have been undertaken and are underway in its hotels and food processing segments.



As a result, the company now need not undertake heavy capex. So, the profit can be largely distributed among shareholders.

Over the years, ITC expanded its footprint in the hotels industry through more than 100 properties in over 70 destinations in the country. Of these, 14 are part of ITC Hotels Luxury Collection, and 16 are WelcomHotel properties. These are a mix of owned and managed properties.

Earlier, company executive director Nakul Anand had stated that ITC is looking at expanding the WelcomHotel brand, and will soon add about 15 more properties under this umbrella.

Apart from this, the company also invested heavily in setting up 20 Integrated Consumer Goods Manufacturing and Logistics (ICML) facilities that will aid the company with economies of scale, freshness and close-to-market distribution.

In the last financial year, the manufacturing capability of ICML Trichy was augmented with the commissioning of the state-of-the-art lines for finger snacks, atta and biscuits while the capacity utilisation levels in Kapurthala, Panchla, Uluberia, Mysuru and Guwahati were being progressively ramped up.

Sources said another 8-9 such ICMLs, where investments are being made, is expected to be commissioned in the near term. At the end of the day's trade, the ITC scrip gained by 0.97 per cent at ₹150.65 per share while the BSE Sensex was down by 5.59 per cent at 28,869.51 points.

Flaws in Today Homes' IBC process: UVARC

SURAJEET DAS GUPTA
New Delhi, 18 March

First it shot into the limelight for making a ₹16,000-crore bid — the highest — for Reliance Communications and Reliance Telecom, and before that for Aircel under the IBC process. Now, UV Asset Reconstruction Company (UVARC) is fighting a fresh battle after writing to the resolution professional or RP for Noida-based real estate company Today Homes, demanding that its offer for the latter's stressed assets should be reconsidered. UVARC was one of two bidders for the assets. It has also demanded a re-vote by the committee of creditors (CoC), alleging that the IBC provisions had not been complied with. If UVARC's grievances are not redressed, it has indicated to the RP that it might have no option but to go to the National Company Law Tribunal (NCLT) or the Insolvency and Bankruptcy Board of India (IBC).

The CoC in this case comprise over 1,757 residential flat owners spread across 18 towers and 21 commercial units in Noida. No banks are creditors.

The Today Homes Noida project started in 2011 but last year the NCLT admitted a plea to start corporate insolvency resolution process once it became clear that Today Homes Noida was unable to complete the project.

The RP received two offers, one from UVARC and the other from real estate developers One Group. After several rounds of discussions, the two proposals were put to the vote. One Group's offer was endorsed. An email sent by *Business Standard* to RP Rabindra Kumar Mintri and the CEO of the Noida Authority did not get a reply. UVARC has stated three main grounds for its discontent in its communication to the RP. One is that, under Section 30(2) (b) of the IBC, the payment to an operational creditor cannot be less than the liquidation value of the asset. In this case, the only secured operational creditor is the Noida Authority as it has the first charge on the assets of Today Homes Noida.

More on business-standard.com

Health emergency of a lifetime

The ministries may not have opted to work from home yet but that doesn't mean the government sees COVID-19 as a passing threat

NOT FOR PROFIT

NIVEDITA MOOKERJI

The government has advised work from home for the private sector, but has not yet implemented it in any ministry. This is something you get to hear often these days in the sanitised corridors of the government. The fact that the establishment hasn't allowed work from home does not mean it sees COVID-19 as a passing threat. On the contrary, it's the biggest health emergency in a lifetime, as officials across ministries agree.

Many are talking about the Spanish flu of 1918 and even referring to *The Great Influenza*, the epic story of the deadly pandemic in human history by John M Barry that's selling rather well on Amazon, as a must read in these times for lessons on how to handle a crisis of this proportion. With that in the backdrop, the focus right now is on preparation for stage 3, just in case coronavirus reaches community level. While the random tests by the Indian Council of Medical Research (ICMR) have not shown community spread so far, the government's readiness to strike is critical as soon as it's required. With hardly any other work being done in the government or anywhere else, coronavirus meetings are occupying the centre stage for good reason.

Not surprisingly, the Prime Minister is monitoring the situation on a daily basis and taking briefings from the relevant officials. The meetings held by the Cabinet Secretary as well as the core committee are a combination of physical interactions and video-conferencing. Health being a state subject, states are also coming in regularly through video-conferencing to discuss preparedness at various levels with the cabinet secretary. In the midst of all this, the government is worried and rightly so. The biggest worry is what if the virus spreads to the community level.

That the government wants an isolation ward package under Ayushman Bharat-PMJAY scheme is a sign that coronavirus cases could blow up. Why else would the government look at a COVID-19 plan that would cater to the under-privileged for free, when a majority of the cases so far are linked to overseas travel and can therefore be termed well-off? Also, that ICMR has been appealing to private laboratories to test samples for free is an indicator that the government fears a significant spike in the number of cases.

We are on the right track, is what officials tracking the crisis, that has crippled all businesses, say. Former bureaucrats don't quite disagree, for a change. One of them even compares it with the challenge of Partition. Babri Masjid riots also figure in the list of the worst crisis situations that any government has had to handle. For any administration, any situation that is too large to comprehend with too many variables is a crisis. Coronavirus too is a crisis because you just don't know enough about it, seems to be a consensus among officials who've been through many tough situations earlier.

A former top bureaucrat, who's dealt with swine flu or H1N1 in 2009, shares his experience: "While coordinating with state governments, we were able to quickly put in place a widespread surveillance apparatus. But swine flu was less lethal and also the drug, oseltamivir, worked against it. We could therefore organise quick supply of this drug to all states and the epidemic was brought under control." Interestingly, even more than a decade ago, some of the top-level meetings between the Centre and the states in dealing with H1N1 were held through video-conference. With no firm treatment in place for coronavirus, this official too is worried just in case it goes deeper into the community.

At a time when "isolation" seems to be among the most used words across administrations, the following suggestion from a former bureaucrat may strike a chord somewhere: It is necessary for the government to work on a treatment protocol and distribute drugs on a large scale even if not fully clinically proven. Safeguard measures are important but may not work once the virus reaches crowded colonies or slum areas.

COVID: Flattening the (economic cost) curve

Flattening the outbreak curve will necessarily entail steepening the economic cost curve; policy will have to cushion the economic blow

SAJJID Z CHINOY

The salient lesson emerging from COVID-19 is clear: Only aggressive, almost draconian, social-distancing measures will help linearise an otherwise exponential spread of the virus. Countries that have acted early and aggressively appear to have contained the proliferation. Those that have fallen behind the curve, are seeing their health-care systems overrun and their cities forced into complete lockdown.

As India's cases rise above the three-digit mark, policymakers are understandably clamping down: Malls, movie theaters and schools are being shut down and travel restrictions are getting more acute. These measures are being complemented by self-imposed restrictions on the part of risk-averse households and firms that are cutting out all things discretionary. If the COVID-19 outbreak continues to grow, the containment may have to get more acute.

But flattening the outbreak curve will necessarily entail steepening the economic cost curve in the short run. As the medium of exchange that underpins all economic activity is progressively shut down, the economic costs could quickly mount. Take the case of China. The lockdown in China meant that GDP growth shrank a staggering 40 per cent in the first quarter (quarter-on-quarter, annualised). Think of this as the economic cost necessary to contain the virus. Absent this, if the virus had continued to proliferate, the cumulative economic cost would have been much much greater, quite apart from the incalculable human and social toll. Countries therefore will have no choice but to take a very sharp and hopefully short — hit.

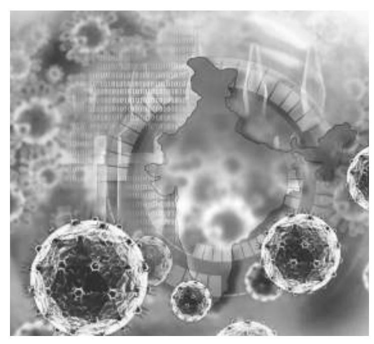
But very sharp economic shocks — even in the short run — can lead to nonlinear dislocations. If a "sudden stop" of demand manifests in vulnerable sectors (travel, leisure, hospitality, real estate) pressure on small and medium enterprises — whose ability to withstand sharp shocks is limited — can rise very rapidly, threatening their economic viability. This, in turn, risks job losses, especially in the informal sector. Such job losses, in turn, constitute adverse income shocks for households which accentuates the original demand shock, and further propagates the stress. Meanwhile, stressed firms increase the likelihood of adverse credit events, thereby increasing the risks for the financial sector, accentuating risk aversion, and potentially resulting in a greater "credit crunch" that prolongs and magnifies the original COVID-19 shock.

Policy as insurance

This is where policy — fiscal, monetary, regulatory — needs to step in. Policy cannot stop the spread of COVID-19. But it can cushion the economic blow, by ensuring that the shock does not amplify through credit market channels (which will result in more financial sector stress and risk aversion) or labour market channels (which will accentuate the original demand hit). The immediate role of policy is therefore to provide economic insurance, especially given that India lacks unemployment insurance in urban areas, which are likely to be the epicentre of the shock.

What could some of this insurance look like, if needed?

- Regulatory forbearance, liquidity windows and partial loan guarantees — so that working capital and credit flows — to SMEs particularly in hard-hit sectors;
- Tax postponement or tax holidays to certain classes of firms or sectors that are badly impacted;
- If the shock extends to the point that there is evidence of serious dislocation in the labour market, temporary cash transfers to Jan Dhan accounts or income tax refunds to low-income households could be used as income support. Ideally, a targeted cash-transfer to BPL households would be first- best, but the logistics of getting this infrastructure ready in real time will be challenging;
- Also, if the endeavour is to get purchasing power into people's hands quickly to avoid second round effects —especially in urban areas that will be badly hit — why not pass on a substantial fraction of the oil windfall to households? Oil prices also have an automatic stabilising property, with prices expected to fall in line with the quantum of demand destruction witnessed globally (holding supply constant).
- Finally, it will be important to ensure that MGNREGA — India's employment insurance in the rural economy — does not face supply constraints. A prolonged hit to urban areas could precipitate reverse-migration to the rural economy, which would increase the demand for MGNREGA.



Because the shock is likely to be very heterogeneous across sectors, it's important that measures are targeted. Targeted measures, however, can often be distortionary, subject to rent-seeking and taking on a life of their own, much after the initial shock has faded and intervention justified. It's therefore important that measures are not just targeted but also temporary (state-contingent where possible), and transparent to minimise distortions.

Policy in the wake of a global recession

Even as policy's immediate goal is to ensure the COVID-19 shock does not lead to adverse second round effects, its eventual goal will be to pick up the pieces after the COVID-19 storm passes. We now expect deep and broad-based demand destruction around the world in the coming months, likely pushing the global economy into a recession.

If the global economy is in recession, India will not be able to fully escape the storm, though the positive terms of trade shock from lower crude prices would likely provide an important buffer. But, as around the world, monetary and fiscal policy will have a role to play, especially since financial conditions have tightened so sharply around the world and in India.

That said, given the large global disinflationary forces currently at work, space for monetary easing in India is likely to open up. For that to be efficacious, however, policymakers will need to double-down on improving transmission to the broader economy, by rationalising small savings rates, injecting more capital where needed, and quickly recognising and resolving stressed balance sheets, so as to reduce lender risk aversion.

Fiscal policy will face its share of pressures. On the one hand, expenditure pressures will inevitably rise to bolster health care systems and undertake targeted interventions to cushion the economic blow. On the other hand, a COVID-19-induced growth hit will make the budgeted tax targets harder to achieve. Furthermore, given India's starting points, a very sharp widening of the deficit could tighten financial conditions, thereby reducing the efficacy of any monetary easing.

So while fiscal authorities must do whatever it takes now, we must not give up on asset sales later this year when markets stabilise, even if valuations are less than at their peak. This will ensure fiscal policy remains counter-cyclical without becoming counterproductive.

Once the dust settles... don't miss the forest

Finally, once the firefighting is over, the crisis has hopefully passed, and the dust has settled, COVID-19 is likely to intensify the backlash against globalisation but also underscore the perils of concentrating production in any one country or region. This should simply precipitate the diversification of production outside of China. India must seize the moment, and through necessary reforms — real and financial — attempt to become a contender for this capital and technology on the other side of this global pandemic.

The author is chief India economist at J.P. Morgan. Views are personal

CHINESE WHISPERS

War of letters

In the age of e-mail, two constitutional functionaries of Madhya Pradesh — Chief Minister Kamal Nath and governor Lalji Tandon (*pictured*) — are probably trying to revive the lost era of letter writing. In the last one week itself, both have written several letters to one another. On Monday, Tandon wrote to Nath, asking him to hold a floor test on Tuesday and stating that failure to do so would mean the chief minister did not enjoy a majority in the Assembly. On Tuesday, Nath replied: "Keeping into account all facts, I have forwarded your direction to me to the Assembly Speaker for an appropriate action." He also marked a copy of this letter to the Speaker, N P Prajapati. Before this exchange, Nath had shot off a letter to Union Home Minister Amit Shah. "Please use your power as the Union Home Minister so that Congress MLAs held captive can safely reach Madhya Pradesh and participate in the Assembly session without any allurement and fear," he said.

Punish and revoke

After Jyotiraditya Scindia quit the Congress to join the Bharatiya Janata Party (BJP), a bunch of expelled Uttar Pradesh Congressmen have petitioned the central leadership of the party to revoke their expulsion on charges of indiscipline. Addressing the Congress Disciplinary Committee, they wrote that they had served the party through thick and thin for about 35 years and their expulsion by the state unit was against the party constitution. Demanding an internal probe into the matter and asking for adequate punishment for the guilty, the erstwhile old guards have alleged a deep-rooted conspiracy behind their expulsion. Meanwhile, there are indications that the party could take them back.

Virus & Parliament

Trinamool Congress MPs on Wednesday came to the Rajya Sabha wearing protective face masks and were asked by Chairman M Venkaiah Naidu to remove them immediately. Senior Congress leader P Chidambaram urged Naidu to allow them to decide on the use of protective gear, depending on their perception of vulnerability, and the Chair relented. Opposition MPs suggested the Budget session be curtailed to practise social distancing, as advocated by the government, to limit the spread of COVID-19. The government, however, was unmoved. The Congress' M V Rajeev Gowda said the Rajya Sabha had many senior citizens as members, an age cohort considered extremely vulnerable to coronavirus. Privately, some members also told Nationalist Congress Party chief Sharad Pawar that he should stop attending the session since he was 80 and fell in the "high risk" category. Members also discussed the efficacy of ayurveda and homoeopathy.

INSIGHT

Poverty, health and social networks

Strengthening of social networks could help mitigate market and government policy failures by facilitating upward income/expenditure transitions

VANI S KULKARNI & RAGHAV GAIHA

Notwithstanding leakages, conjectures and hastily constructed estimates of poverty, the poverty narrative during the NDA regime abounds in assertions that are often contradictory, and mostly fail to inform, if not mislead. With growth hollowing out for lack of domestic demand, compounded by the devastation wreaked by COVID-19 not just in India but globally, and a lacklustre Budget for 2020-21 that has squeezed health and social safety net outlays, the prospects of any economic improvement for large segments of the population are becoming grimmer by the day. Our analysis focuses on associations between poverty transitions and health deprivation that call for reprioritisation of health expenditure, and strengthening of social networks (for instance, self-help groups, women's associations) that could help mitigate market and government policy failures by facilitating upward income/expenditure transitions.

Based on *India Human Development Survey 2015*, a nationally representative panel survey, we conducted a detailed analysis of household poverty transitions between 2005 and 2012. These transitions are captured through the four categories: Never poor (not poor in 2005 and 2012); Escaped poverty (poor in 2005 who ceased to be poor in 2012); Descended into poverty (not poor in 2005 who became poor in 2012); and Always poor (poor in both 2005 and 2012). Our remarks are confined to associations between poverty transitions and health indicators (non-communicable diseases or NCDs and disabilities) and participation in social networks, as these associations remain largely neglected. Longevity, for example, adds to productive years and savings; and absence of disabilities enables individuals to be more active economically and productive. As the health sector is rife with both market and government failures, norms of reciprocity, trust and cooperation are likely to help the elderly, lonely and women who are sick and disabled and unable to access medical services.

The majority of households between 2005 and 2012 comprised never poor (about 66 per cent), followed by those who escaped poverty (about 16 per cent), those who descended into poverty (over 10.5 per cent), and then always poor (under 8 per cent).

The association between never poor and mild burden of NCDs is positive, implying lowest burden of NCDs is associated with greater likelihood of being never poor, relative to those not suffering from any. However, it is associated with lower likelihood of escaping poverty. Or, those with mild disabilities find it harder to escape poverty. But their prospects of being always poor are lower. A similar pattern is observed for those with high prevalence of NCDs: greater prospects of being never poor, lower chances of escaping poverty and lower likelihood of being always poor, relative to those without. A clue to these seemingly intriguing results is that high prevalence of NCDs is just as likely among the most affluent as among the least affluent. High prevalence of NCDs among the most affluent is largely due to life-style factors: sedentary living, rich diets and excess alcohol consumption. By contrast, the least affluent are also highly vulnerable largely because of lack of sanitary and hygienic conditions, lack of nourishing diet and limited access to medical services.

The associations between poverty transitions and high prevalence of disabilities are somewhat weak and patchy. However, one robust finding is that households with high disabilities are more unlikely to be never poor, relative to non-disabled. A related finding is that those with multiple disabilities are not just more likely to not work but also more unlikely to work for long duration (at least 250 days in a year).

Relative to those unconnected, connected households are more likely to be never poor; more unlikely to escape poverty, but also more unlikely to be always poor. Well-connected households are more likely to be never poor; less likely to escape poverty; more likely to descend into poverty; but less likely to be always poor.

Much larger health outlays than proposed in the Budget 2020-21 are of course a priority but more important is reorganisation of the health care system and effective regulation. A fully integrated population-based health care system that brings together the public and private sectors and the allopathic and indigenous systems, and is well-coordinated at different levels of service delivery platforms — primary, secondary and tertiary — is likely to be more effective. The Ayushman Bharat Yojana, launched in 2018, is a partial but ambitious response, given its overemphasis on secondary and tertiary health care and neglect of primary health care. Besides, strengthening of social cohesion through networks is challenging too but likely to mitigate impoverishment of the elderly, lonely and women inflicted with NCDs and disabilities.

Kulkarni is a lecturer in Sociology, University of Pennsylvania, USA; and Gaiha is a research affiliate, Population Studies Centre, University of Pennsylvania, and (Hon.) professorial research fellow, Global Development Institute, University of Manchester, England

LETTERS

A lack of rigour

This refers to "Plagued by Trumpism" (March 18). One wonders why the US, the most developed country as they call it, could not emulate the small Indian state of Kerala, in fighting epidemics and building up its own sustainable preventive system. As Joseph Stiglitz has rightly pointed out, the spread of diseases is one of the negative side effects of globalisation that has made the world small. Governance, or the lack of it, in the US is now mocking at the helplessness of the average American. In such situations, governments must take the lead role in mitigation and global cooperation to the rescue of the tax payer. And if government itself is part of the problem, the subjects are left to the mercy of nature. Not knowing science is not a folly for any politician. But the consequences of such ignorance can be dangerous.

P D Sankaranarayanan Gurugram

Unjust tirade

This refers to "The curious case of an upset FM & an apologetic banker" by Tamal Bandyopadhyay (March 18). The author has raised some pertinent questions in the piece. The ferocious tone and words used in the interaction appearing in the alleged video were surprising. The issue raised in the meeting in Assam was that a large number of accounts were not being made operational by the banks. These accounts are kept inactive due to Know Your Customer (KYC) formalities not being completed. The SBI cannot be faulted on this score. There have been cases in the past where some accounts have been used for nefarious activities. The northeast is a sensitive area with a large floating population because of the problem of infiltration. If the KYC norms are not followed strictly, toxic accounts could creep into the system. This could then be used for illegal activities. Do we want this to happen? Also, if the local government feels there is a genuine reason why the affected people cannot provided adequate papers to fulfil the KYC norms, what are they doing to ensure that the prospective account holders have access to or are issued such documents?

Local-level politicians are known to take up issues of their constituents without really studying and understanding the ground realities or the reasons for the perceived gaps when banks don't oblige.

We have to be mindful of the fact that the operations of the SBI operates is wide. If the SBI boss can be called to account for something that is amiss in one corner of the country, there should be some soul searching on the state of the country's economy also.

K V Premraj Mumbai

Reckless move

The Delhi government has announced a complete ban on social, religious and political gatherings involving more than 50 people. The ban, effective immediately, will also be applicable to the Shaheen Bagh protest site where Muslim women have been sitting on a protest against the Citizenship (Amendment) Act or the CAA for three months now. The Shaheen Bagh protesters have refused to follow the containment orders and decided not to call off their protest even after the Delhi Chief Minister Arvind Kejriwal has ordered that they must comply with the ban order against such gatherings.

According to a TV report, a faction of the protesters said that a meeting took place where it was decided that they would not end the protest. Instead, they have decided to spilt themselves into smaller groups and "take precautions" by sitting at a certain distance away from each other. However, by recklessly continuing with their demonstration they have disregarded the government's appeal.

Nikhil Darji Umbergaon (Gujarat)

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HAMBONE

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Take the call

Govt should find a way to save the telecom sector

The telecom story in India is fast approaching a dead end. The Supreme Court on Wednesday expressed its displeasure with the Department of Telecommunications (DoT) for its attempt to recalculate the adjusted gross revenue (AGR) dues of telecom companies. The court also remarked that allowing self-assessment by companies was a blatant violation of its orders, a "fraud", and an attempt to "hoodwink" it. In its earlier verdict in October last year, the court had upheld the government's definition of AGR for telecom companies, which means the operators are liable to pay about ₹1.47 trillion to the government.

The issue dates back to 1999, when the telecom operators were shifted from the fixed-licence regime to a revenue-sharing model. The AGR issue has been in various courts and tribunals since 2003 and telecom companies have got favourable rulings. However, the government persisted with its definition, which was upheld by the highest court. Legacy players with higher debt are finding it difficult to pay, and at least one has said that it may not continue as a "going concern". The possibility of such an outcome raises several concerns. While the government is now seeking approval for a staggered payment, why did it persist with its definition despite getting adverse rulings, knowing fully well that it will affect the sector's finances? One possibility could be revenue concerns. However, reduced competition and increased stress in the sector will affect revenues in the long run. Further, bankruptcy in the telecom sector will put pressure on the banking system, which is already under significant stress. This will affect their lending capacity, which will have a direct bearing on economic activity and growth. It could also have fiscal impactions as the government might need to put more capital in public-sector banks. A bankruptcy or further accumulation of debt by telecom operators will affect investment and customer service. The state-owned companies in the sector are clearly not in a position to service a large base of customers. India will be left behind as the rest of the world moves to the next generation in technology. This would directly affect the government's own digital initiatives. Moreover, mounting stress in a sector that was seen as a shining example of economic reforms and liberalisation would dent India's image as an investment destination.

Therefore, as things stand today, the government could end up being a big loser. It may not get the kind of revenue it was expecting because of the inability of operators to pay. On the other hand, it would be left with a weaker banking system, stressed telecom services, and massive job losses. This is clearly a self-goal. The entire problem has been created by the government and if a relaxation is not given for the payment of AGR dues, which could take some pressure off the telecom operators, it will need to find ways to save the sector, including possible changes in the law. While the debate over judicial overreach will continue, the government should not allow the sector to be reduced to a state of duopoly or push it further in stress, as it will directly affect India's economic prospects. It created the problem in the first place; it should now take the responsibility of cleaning up the mess.

Judicial independence

Nomination of former CJI to Rajya Sabha a grave blow

The three branches of government, in any functional democracy, must always be kept separate from one another. The judiciary, in particular, has an enormously important role. It is, in a parliamentary democracy, the only real check on majoritarian instincts of any sort. It must not only remain independent, but be seen to remain independent — or else faith in the structures of governance, and therefore in the Republic itself, will collapse. It is against this high bar that the decision to send former chief justice of India Ranjan Gogoi to the Rajya Sabha must be evaluated. While Justice Gogoi, given his vast experience and erudition, will no doubt be a valuable addition to the Upper House, it is nevertheless unfortunately the case that when judged against the standards considered appropriate for a well-functioning democracy, his nomination must be seen as a new low for India and opens up dark possibilities for the future.

This particular nomination is more worrying than comparable occasions in the past. Justice Ranganath Misra was, for example, sent to the Rajya Sabha by the Congress party. But that was well after his retirement, and in the interim he had headed the National Human Rights Commission. Not only is Justice Gogoi's nomination too close to his retirement — which was a matter of a few months ago — but his tenure as Chief Justice of India coincided with decisions on several vastly important and politically sensitive issues, including the Rafale deal and Ayodhya. These decisions were controversial but nevertheless seen as settling the matters in question. They will now be revisited by public opinion and history in a manner unquestionably detrimental to confidence in the judiciary as an institution.

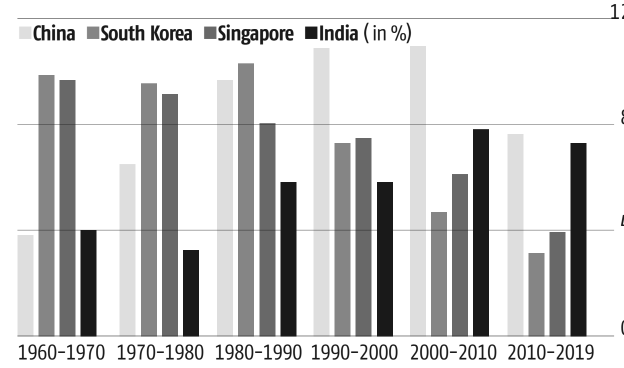
Beyond this particular case, it is hard to avoid the conclusion that the government is seeking to send a clear message to sitting judges: If they play along, they will be rewarded, but if they do not, then there will be consequences. One judge of the Delhi High Court who went against the executive on the Delhi violence, Justice S Muralidhar, was swiftly transferred. While the government claims that it merely expedited a process already underway, the message was nevertheless clearly broadcast to the judiciary in general. The prospect of post-retirement jobs has been for too long a carrot dangled in front of judges, and some institutional fix for this problem needs to be found. Perhaps judges could retire later, as is the case in countries like the United States, where the Supreme Court justices choose their own time of departure.

The preservation of judicial independence, in fact and in perception, must be of the utmost importance if India is to continue to operate under Constitutional principles. The Supreme Court, in particular, is the location not just for high and sensitive matters of state but also the only arbiter of disputes that touch upon India's federal structure. It cannot be seen as being too close to the Union government of the day. Independence is not just about who sits on the Bench, which judges too often focus on to the exclusion of other aspects. It is also about how and when they leave the Bench, and what follows after.

ILLUSTRATION: AJAY MOHANTY

CLOSING THE GAP

Sustained periods of high growth seen in East Asian countries



Note: The chart presents the average GDP growth rate in each decade for the select countries starting from 1960. Source: World Development Indicators, World Bank; International Monetary Fund, World Economic Outlook Database, October 2019; Centre for Technology, Innovation and Economic Research.

Growth matters

Our goal of being a $5 trillion economy by 2024 is the first step. We need sustained growth of 8-10 per cent for 30 years

Some of my favourite stories growing up were about Akbar and Birbal. With each hour bringing news via whatsApp (everyone's untrustworthy source) of the exponential growth of coronavirus cases worldwide, I am reminded of the famous Akbar-Birbal story of exponential growth. As we all recall, Akbar presses Birbal to claim a reward; Birbal takes a chessboard, and asks for one grain of rice on the first square, two on the second, four on the third, and so on, doubling with each square. The punch line, of course, is that by the time one gets around the board, the grain needed far exceeds the total harvest of rice produced in the kingdom. Such is the power of exponential growth.

So, too, with the coronavirus: Typical unchecked growth in cases per day is estimated at 35 per cent. That's a doubling time of two days. If we add 10 cases on day one, unless we intervene we would see 100 new cases a day by the end of Week one and 1,000 cases a day by the end of Week two. This is exactly why every day matters, and the promptness of action to slow the spread is as critical as its correctness.

At such a time, it might seem odd — even perverse — to write about our growth aspirations and the $5 trillion goal by 2024 that the prime minister has set. But long-term national development is a story of exponential growth as much as the coronavirus and Birbal's chessboard.

INDIA'S WORLD?

NAUSHAD FORBES

A brief historical overview

The economic historian, Joel Mokyr, put it well: "To say that a country is rich is to say that it has experienced economic growth in the past." Two hundred years ago, the world was a pretty equal place, as every country was poor. The richest country in the world was three-times richer than the poorest. By 2018, the richest country (Switzerland or Norway) was two-hundred times richer than the poorest (Niger or Malawi). Britain became the world's richest country in the 18th and 19th century. By 1913, the US had overtaken Britain, by growing its per capita gross domestic product (GDP) at 1.5 per cent annually for a hundred years. India can be justifiably pleased at over-taking France and the UK in 2019 to become the world's fifth largest economy at $2.9 trillion. But we should, equally, remind ourselves that this is largely because we have 1.4 billion people; per person we are among the poorest one-third countries in the world.

Sustained growth

In 1960, South Korea and India had much the same per capita GDP, and in 1980, China and India had much the same per capita GDP. South Korea ($31,000) is now fifteen-times richer than we are, and China ($9500) five-times richer. It's all a matter of growth rates: Between 1960 and 1990, South Korea grew at 10 per cent each year, to India's 4 per cent. Between 1980 and 2019, China has grown at 9 per cent each year, to our 6 per cent. In the last three years, we have both been growing at around 6 per cent.

Only a few countries, all largely in East Asia, have grown rapidly enough to bridge much of the gap with the rich world in one generation: Japan (the 1950s to 1970s), South Korea, Taiwan, Singapore and Hong Kong (the 1960s to 1980s), and China (the 1980s to the present). Each saw growth of 8-10 per cent annually for 20 or more years, followed by at least 6 per cent growth for another 10 years once they achieved middle-income levels. Our best growth episode was the eight years between 2003 and 2011 when we grew at 8 per cent.

To sustain growth, sequence policy

There has been an on-going debate about the sources of East Asian growth, in particular on the relative role of markets and government. But there is consensus on a few factors. First, all grew as exporters of manufactured goods, beginning with the export of simple items such as garments, footwear and toys. As wages rose, they moved to more sophisticated items such as electronics, appliances and cars. Second, all began with relatively high levels of human capital, with literacy levels ahead of their peers. They then invested sequentially in expanding their education systems, from primary to secondary and higher. Third, as wages rose and firms moved up the value-chain to more sophisticated products, they substantially increased investments in technology. Consider, for example, investments in R&D by South Korea and China relative to India. Between 1970 and 1990, investment in in-house R&D by South Korean industry grew 1000 times in real terms — the most rapid expansion worldwide of R&D investment ever. Between 1996 and 2016, investments in in-house R&D by Chinese industry grew 80 times. India has also expanded in-house R&D investment — but by a lower multiple of 13 times in the same 20-year period.

All this was accompanied by a massive change in occupation: Millions moved from rural to urban areas, and were employed in factories. The most dramatic growth driver is the movement of people from low-productivity agriculture to much higher productivity manufacturing. The 2017 Economic Survey estimates that if the entire Indian workforce had the productivity of our factory sector, we would be fifteen-times wealthier, and already as rich as South Korea. Our inability to participate in large-scale labour-intensive export manufacturing is our biggest missed development opportunity.

Our national priority, then, must be to catch up. If we grow 9 per cent each year for the next four years, we will achieve our $5 trillion goal by 2024. That is the first step; we will then in 2024 be as rich as Indonesia is today ($4,000). But to be as rich as China is today, we must sustain a growth rate of 9 per cent each year for 20 years. That, surely, must be our minimum aspiration — to be as rich in 20 years as China is today. What we must do to sustain growth of 9 per cent for a generation is the subject of a future article.

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A discredited business world

On current form, the bizarre drama that is the Rana Kapoor-YES Bank saga can be labelled The League of Failed Businessmen. Anil Ambani, Kapil Wadhwan, Subhash Chandra Naresh Goyal, Gautam Thapar, Peter Kerkar are all in queue for YES-related investigations that, according to the Enforcement Directorate, could include "several other businessmen". You almost expect the Singh brothers, Malvinder and Shivinder, to have walk-on parts and, perhaps, Nirav Modi too. Either way, stay tuned for more.

The YES Bank debacle together with serial abscondings (Lalit Modi, Vijay Mallya, Nirav Modi) and spectacular business busts (IL&FS, DHFL, Jet Airways) has helped Indian business reputation hit a low with a speed that outpaces the downward spiral of the Sensex. Just three years ago, the country's fourth-largest lender was feted (including by this paper) as a racehorse in the stable of private banks, a grouping that was tipped to overtake the zombie public sector banks anytime soon. The larger-than-life promoter worked hard to ensure that he was seen and heard everywhere, once prompting a high court judge to acidly request him to stop inundating his chamber with self-promotional material. A high-profile tiff for control of the bank with his sister-in-law (his brother was killed in the November 2008 Mumbai terror attacks) added to the mystique, as did the Page 3 lifestyle captured by a breathless press. Only seasoned cynics would have predicted a *denouement*, and it came in the prosaic form of an Asset Quality Review by the central bank. That forensic review that revealed, among other things, many more stressed assets than the bank admitted. As it became clear that Mr Kapoor was the cause of the problems, the regulator asked him to step down by 2019, which he did with reluctance.

SWOT

KANIKA DATTA

Before this ignominious exit, the promoter appeared to be guilty of no more than irrational exuberance and bad judgement. For instance, many other banks, private or state-owned, have seen their bad debts expand after lending to so-called blue-chips such as Vodafone-Idea, Infrastructure Leasing and Finance Company, Essel Group, CG Power and Radius Developers. All these sectors have been victims of a policy-induced slowdown (telecom, real estate, power in particular) that, in some cases, questionable business practices have compounded (IL&FS being a prime example).

Now it appears from preliminary investigations that Mr Kapoor was treating this publicly listed bank as a vast financial pool of resources for family businesses — in commodity trading, hospitality, infrastructure — and personal gain of mind-boggling levels. The quid pro quo with Gautam Thapar, for instance, involved a company with the singularly inappropriate name of Bliss Abode, for a residence in tony Amrita Sher Gill Marg. Another reciprocal loan to a firm controlled by his three daughters involved a deal with Kapil Wadhwan of Dewan Housing Finance, itself the focus of an Enforcement Directorate money-laundering probe. Another company, which stands accused of money laundering, is called, without irony, Three Sisters Institutional Office, and was set up to manage the family wealth.

So, you may ask, if all these facts were lurking in investigatory cross-hairs for a year and a half, why didn't the central bank step in sooner with its rescue act? The Reserve Bank of India governor offered a testy explanation when he came on TV to assure dismayed account holders their money was safe. The hapless Ravneet Gill, brought in from Deutsche Bank and with all the right door-opening credentials, was being given a fair chance to find buyers for the promoter stake. (His periodic buoyant announcements that many prospective investors were in the pipeline — "well regulated European financial institutions" had apparently shown interest, capital raising was "just a matter of time" — became the butt of much hilarity.)

But as with Vijay Mallya, the whispers in the chambers and corner rooms and markets, were about Political Connections, you understand. Who? No one's really 100 per cent sure, you know, but Names were bandied about all the same.

And so, we come back to the same story from the bad old days to the Licence Raj to the post-liberalisation era, of crony capitalism. The discriminatory enrichment this nexus affords the cronies and the innocent victims in the form of employees, small businesses and account-holders are only part of the story. It's the persistence of crony capitalism, helped by crony boards, that makes most Indian businesspeople really bad at doing business in India. Lending money to dodgy companies, sloppy due diligence, commandeering corporate resources for personal gain or pursuing questionably restrictive growth strategies are all done in the confidence that the politico-regulatory complex will shield you — until it can't. These are not conventional business risks but asymmetries that preclude genuine competition. The slow but inexorable progress of greater transparency may expose some of these defects, which explains why the line of failing businessmen is rapidly expanding. But for a sector that was supposed to step into the vacuum created by a receding public sector after 1991, Indian business does not generate much confidence right now.

Room for ambition

BOOK REVIEW

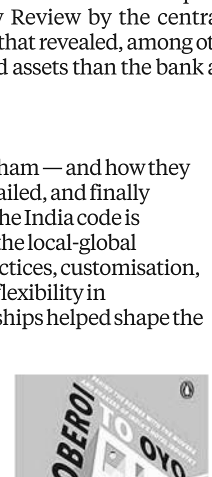
SHAILESH DOBHAL

This book is not about the history of hoteliering in India, or even the triumvirate *badshahs* of Indian hospitality in the Taj, Oberoi and the ITC, though the initial pages do bring you up to speed on some of it. Rather, the book by business journalist Chitra Narayanan is about, in her words, "...more on the unknown players who now have a lot of skin in the game." So change-makers and professional managers in Agarwals, Madhoks, Kerkars, Bakayas, Chhatwals, Keswanis, Aroors, Casses, Kannampilys, Puris, Dominics, Naths, Kalras and Tibrewalas are the book's constant companions, names largely unknown to even most business press readers. Even though the book dedicates a full chapter on legacy women hoteliers in The Lalit's Jyotsna Suri and The Park's Priya Paul, it is the stories of new breed of women entrepreneurs in Amruda Nair, Shruti Shibulal and Aditi Balbir that makes for more interesting reading .

Though Ms Narayanan's well-researched book is often detail-heavy, it comes alive in telling the journey of the sector from just over 7,000 rooms back in 1962 to over 128,000 (2.72 million by another definition) in 2018, and the five-and-a-half business models that it has spawned—from owned, leased, managed, franchised, distributed and *manchised,* a hybrid between managed and franchised—in the hospitality industry.

The chapter on the global Goliaths — Hyatt, Hilton, Marriott, Accor, IHG, Carlson and Wyndham — and how they flirted with India, failed, and finally managed to crack the India code is instructive of how the local-global osmosis of best practices, customisation, and the inevitable flexibility in managing partnerships helped shape the industry we see today.

Interesting anecdotes, such as what was supposed to be the four-five Novotels of the failed Oberoi-Accor partnerships of the 1980s is what you see in Trident today, developed locally by the Oberoi Group. The French hospitality group Accor finally succeeded in establishing a beachhead in India in the 2000s with upgraded version of Novotel and Ibis in partnership with Rahul Bhatia-led InterGlobe. The book gives a ringside view of managing the tensions of global mergers — such as Marriott-Starwood in 2016 — on India operations by quoting first-person accounts of people who were at the helm of affairs, always a better read than management gurus theorising on what should or should not have been done. Though the book does introduce the reader to the travails of what it calls the "lesser chains" originating in east or west Asia such as Thailand's Dusit and Hong Kong's Shangri La, one wishes for more detail here.



FROM OBEROI TO OYO: Behind The Scenes With The Movers And Shakers Of India's Hotel Industry
Author: Chitra Narayanan
Publisher: Penguin Portfolio

The beauty of this book is also in telling the stories of people who make the bedrock of the industry, property owners in "real estate barons, textile magnates, infrastructure majors, high networth individuals, industrialists, politicians with loads of spare cash, former royals or simple small business families." And how they are increasingly upgrading their largely unbranded properties, adding bells and whistles and handing them over to brands — from Oberoi to Oyo — to operate. Like the one about Rajat Pahwa, who claims his family pioneered the guest house business in the national capital—the extended family apparently opened 50 hotels in the last five decades — but is now turning them over to tech-led players like Oyo.

Ms Narayanan is bang on when she underlines the criticality of managing relationships, for "how these management firms manage the relationship with the hotel owners will define their future." One is already witnessing the consolidation of hotel property owners, like the Marriott Owners' Association or mom-and-pop hotels' growing consolidation to take on the might of aggregators like Oyo or online travel agencies or OTAs like Make My Trip in demanding more even balance of power between owners and managers of hotels. Big brand chains on their part have become every bit more serious and flexible while dealing with property owners who now have real choice given the plethora of brands serenading them. "..when you meet my owners, I am either their daughter or a sister. I call my Lucknow owner *bade papa*," says Deepika Arora, vice-president, Eurasia, for Wyndham Hotel Group with brands like Ramada, Howard Johnson and Days.

In fact OTAs and aggregators — "branded-hotel franchise," as India's homegrown Airbnb in Oyo's founder Ritesh Agarwal will rather define his firm—have become the sector's biggest opportunity as well as the challenge. While the tech-led innovation these OTAs and aggregators have brought to the industry is well documented by now — barely decade-old Oyo being multiple times more valuable than 100 year-old Taj Group — how they negotiate their relationship with the travel ecosystem will be critical going ahead.

Many chapters towards the end delve into these issues in detail, tapping the protagonist in this battle, such as Make My Trip's Deep Kalra, for insights.

PepsiCo, Ceat, Hero spin the gender track

With women cricketers as endorsers, some brands are breaking the stereotype; but there is still a long way to go, say experts

T E NARASIMHAN
Chennai, 18 March

In November last year, a new teen sensation stormed the Indian cricket field. She was Shafali Verma, who became the youngest player of the game to beat Sachin Tendulkar's record of scoring a half-century in an international match. She had beaten the odds to don the kit that was originally meant for her brother and also emerged a master player of the game that has a fanatical following in the country.

Verma has just been signed on as the young face of Pepsi, a record of sorts for a woman cricketer to join the ranks of established players on the endorsement track within three months of hitting the international headlines. Apart from Verma, cricketers Mithali Raj, Smriti Mandhana and Harmanpreet Kaur have also signed on big brands such as CEAT, Hero, Bata's sportswear brand Power and Amstrad India, among others.

Is the tide turning for women in the game? Not really said experts. "Women's cricket has certainly come of age. But not an age of equity as yet. The happy fact is that we are getting there. The sad fact: not fast enough. The current rush for women cricket stars on the brand endorsement wagon is due to the fact that the sport is attracting eyeballs. Brands love to share that eyeball rub-off effect", said Harish Bijoor, founder, Harish Bijoor Consults.

Brands agree that the pay gap is huge. There is a sliver of hope though, with badminton star P V Sindhu making it to the Forbes list of highest paid female athletes from around the world in 2019. However, in the list of top 100 celebrity endorsers in the country, also for 2019, Sindhu at Rank 63, earned ₹21.05 crore while Virat Kohli at the top of the league earned ₹252 crore.

Teen sensation Shafali Verma is Pepsi's new brand ambassador

Still brands are betting on women athletes more than they were earlier because viewership patterns are changing. According to BARC (Broadcast Audience Research Council India), the women's T20 World Cup, for instance, was the most-watched programme in the sports genre in February-March 2020, during the weeks that it was played in Australia. Brands signing up the women's cricket team and its players say that while viewership numbers signal change, the most important factor is the attitude and the 'winnability' quotient that women's cricket has shown of late.

The Indian women's cricket team won all its league matches at the T20 World Cup, sailing into the finals, where it lost to Australia. Their spirit was lauded though by one and all.

Tarun Bhagat, director, marketing, hydration and cola, PepsiCo India said whether male or female sportspeople, Pepsi has always looked at performance, professionalism and athleticism. "Having said that, cricket has always been considered a gentleman's game and today, women cricketers are breaking that stereotype. For example, the story of Shafali Verma is very inspiring and showcases her grit and determination to be successful against all odds" he said.

"Cricket has always been considered a gentleman's game and today, women cricketers are breaking that stereotype"

TARUN BHAGAT
Director, marketing, Hydration and Cola, PepsiCo India

For the athletes in the game, endorsements make for a sizeable part of their career graph today and hence, it is important to shine on both fields. "It is important for me to associate with a brand that believes in women, and I simply love the Pepsi Swagstar campaign", said the 16-year old Verma.

Tyre major CEAT that has traditionally invested across various cricketing properties signed up Harmanpreet Kaur, the all-rounder in the women's team and an Arjuna awardee (2017) around three years ago. "Her endorsing our brand on and off the field helps us reach young audiences", said Amit Tolani, vice president, marketing, CEAT.

Brands are turning to women cricketers also as part of a larger shift in the advertising narrative. Women have found a place in the story that brands want to tell and hence the trend of acquiring them as endorsers is visible across sports and other fields too.

According to the recently-released 'Sporting Nation in the Making', a report by ESP Properties, a GroupM company, Sindhu is the leading non-cricketing athlete in terms of brand endorsements (2019). Sindhu added four brands to her portfolio, the most notable one among them was her tie-up with VISA as she is the first Indian athlete to endorse the financial services brand. Bhagat says that in the last few years, there has been a shift across all sports be it wrestling, boxing, tennis, football or cricket, with women athletes finally getting their due.

FROM PAGE 1

YES Bank...

In the past it preferred merging troubled banks with solvent ones. There is a technical reason for that even as the RBI officials did not spell it out in the press conference on Monday. "RBI rules say if a bank is both illiquid and insolvent, it must be merged with others. If it is illiquid but solvent, a line of credit can be offered to keep the bank running. That is also part of the RBI's lender of the last resort function," said a person with knowledge of the credit line.

The RBI's assessment found YES Bank had liquidity issues but no solvency problem. And so, the bank was allowed to continue with its business after it was given a bailout, in which public and private banks participated as equity holders, with State Bank of India holding 49 per cent in the bank. Rating agency Moody's on Monday had raised the bank's ratings, and upgraded its outlook to positive after the RBI assured liquidity support.

The endless descent

"The spread of COVID-19 outside of China and in India has substantially raised market concerns on demand destruction and a significant near-term impact on economic growth. The government of India, along with local authorities, is undertaking steps to control the spread. However, these lockdown measures, along with the global slowdown, are likely to have a further negative impact on economic growth. India's growth was already marred by weak demand and a feebler impact of monetary policy measures," said Saion Mukherjee, head of India equity research, Nomura.

"There was a slowdown in the economy, and we were expecting a turnaround. That turnaround is getting delayed because of the corona outbreak. A lot of economic activity has been stopped which in turn has postponed demand and revival in earnings," said UR Bhat, director, Dalton Capital India. Globally, the virus has spread to 159 countries, affecting about 200,000 people and claiming over 8,000 lives. The pandemic has prompted countries to take drastic steps to isolate people at the cost of hurting economic activity. Most equity markets sank and even the so-called havens saw a sell-off on Wednesday as investors preferred to move to cash.

Wall Street resumed a steep slide on Wednesday while bond markets rushed to price in the sheer scale of government support programmes and handouts announced over the past 24 hours, all aimed at softening the economic shock of coronavirus. Dire trading conditions continued to make two-way trading difficult and exaggerated the moves as investors piled into cash with the sell-off in government bonds in particular drawing European Central Bank support for the Italian debt market.

Brent crude extended its slide and was trading at $26 per barrel, the lowest level in 17 years, due to demand meltdown and supply glut. Analysts said tightening travel restrictions, countries entering lockdown, and a fall in demand from the US has pushed the oil prices down. Market players said the excessive fall in oil prices could affect the remittances by non-resident Indians employed in oil-producing countries. They said lower oil prices could accelerate the selling by overseas investors.

The fall in the market was despite the US and Eurozone announcing trillion-dollar stimulus packages. Market experts said investors feared the measures could be inadequate.

Overseas investors pulled out ₹5,085 crore on Wednesday, taking their last-month long-selling to nearly ₹60,000 crore. Domestic investors provided buying support to the tune of ₹3,636 crore. Experts said overseas investors were offloading stocks at whatever value, fearing that the markets would fall further and it could be a long road to recovery.

Overall, 2,045 companies declined, and 346 companies advanced. Nearly 837 stocks hit their 52-week lows and 437 were locked in the lower circuit. All the Sensex components barring two ended the session with losses. IndusInd Bank was the worst-performing Sensex stock and tanked 24 per cent.

All the BSE sectoral indices fell. Telecom and finance stocks fell the most and their gauges fell 9.5 per cent and 7.6 per cent respectively.

Currently, the cumulative value of all BSE listed stocks is ₹113 trillion, down by ₹47 trillion in two months.

SC tears into DoT...

It ordered the telecom department to immediately withdraw the move of allowing self-assessment of dues, while stating that the companies cannot "hoodwink" the court. If required, the managing directors of the telecom companies will be summoned and may even be sent to jail, it observed.

According to DoT estimates, the telecom industry was liable to pay ₹1.47 trillion in AGR-linked dues following the SC order on October 24, 2019. Telecom firms however assessed their AGR dues at a fraction of what the government had calculated and paid to the government accordingly. SC has now questioned the very basis of self-assessment of the AGR dues by telcos. "Who permitted self-assessment without the permission of the court," Mishra asked.

Mishra said no further objections would be allowed against payable dues and that the DoT's demand had been confirmed by the court.

DoT, on its part, has time and again said that the telecom companies — Bharti Airtel, Vodafone Idea and Tata Teleservices — owe ₹1.02 trillion. The ₹1.47-trillion AGR bill is for a total of 16 telecom companies, many of which have gone out of business.

SC also said that its order had clearly spelt out the dues. The apex court added that the request of corroborating the self-assessed dues in eight to ten months cannot be allowed. The dues should be paid in accordance with its verdict given on October 24, 2019, according to the court.

Lashing out at the managing directors of telecom companies, the court said they would be personally responsible and would be held for contempt of court for any misleading media reports on the AGR subject.

Mishra said that newspapers were trying to influence the courts and the companies were trying to influence the SC through the media. The top court even threatened to recuse itself from the AGR case if the Centre took the matter lightly, saying it was "tantamount" to seeking a review of the SC judgment.

On Monday, the DoT had submitted a plea to the Supreme Court seeking significant concessions for telcos, changing the contours of the dispute over what constitutes AGR and the associated liabilities of the operators.

DoT had sought a 20-year staggered payment of the operators' dues linked to AGR along with a waiver of interest and penalty.

In the October 2019 verdict, the SC had upheld the government's position on including revenue from non-core businesses in calculating the annual AGR of telecom companies, a share of which is paid as licence and spectrum fee to the exchequer.

Of the estimated dues that include interest and penalty for late payments, Airtel and Vodafone Idea accounted for about 60 per cent of the total.

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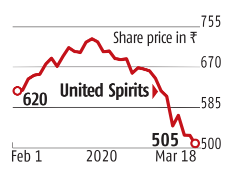
Business Standard

The Smart Investor

MUMBAI | THURSDAY, 19 MARCH 2020

WWW.SMARTINVESTOR.IN FOR INFORMED DECISION MAKING

QUICK TAKE: ANALYSTS POSITIVE ON UNITED SPIRITS



United Spirits has shed around 30% in the last one month, much more than the 20% fall in Nifty FMCG. Analysts say this makes a good buying opportunity given the firm's efforts on premiumisation, cost optimisation, and debt reduction. There would also be margin support from stable input costs

"YES Bank's m-cap moved up from ₹1,450 cr to ₹1,09,000 cr in 8 working days, while the three banks that bailed it out — Federal, IDFC First & Bandhan Bank — have a total m-cap of ₹60,000 cr"

PORINJU VELIYATH,
Founder & CEO, Equity Intelligence

Nifty may fall below 8K: Experts

ASHLEY COUTINHO
Mumbai, 18 March

Derivatives and technical analysts expect the Nifty to slide below the psychological 8,000 mark in the coming sessions, with the index breaching its previous support level of 8,555 on Wednesday.

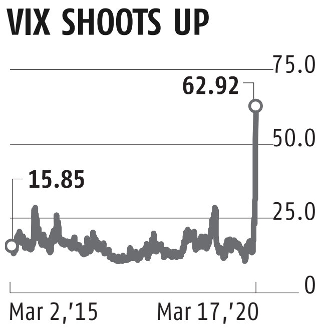
According to experts, the Nifty has continued to form lower top-lower bottom formations, a trend seen in the last five weeks, and witnessed sharp selling towards 9,700 zones. On Wednesday, the Nifty ended at 8,468, down 5.5 per cent over the previous close. The Sensex closed below the 29,000 mark.

"The options open interest (OI) activity has been scattered at different strikes, with several put writers getting trapped in the recent fall. The put unwinding, weakness in banking and heavyweight counters, and FPI selling could keep the bears on top for some more time," said Chandan Taparia, derivatives analyst at Motilal Oswal Financial Services.

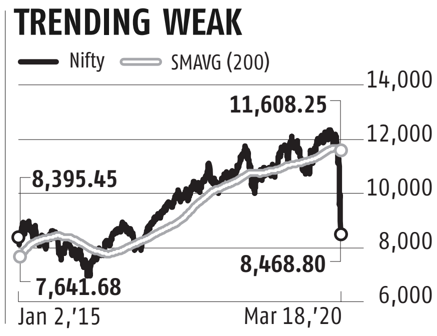
OI indicates how many options contracts are currently outstanding or open in the market. When writing a put, the writer agrees to buy the underlying stock at the strike price if the contract is exercised.

The fall in the last three sessions has eaten away all the gains made on Friday. "The Nifty fell below Friday's intra-day low of 8,556. Although the index is highly oversold on near-term basis, the oscillators on the higher timeframes display incremental pain. The next significant support falls around the historical support zone of 7,890-8,000," said Arun Kumar, market strategist at Reliance Securities.

VIX SHOOTS UP



TRENDING WEAK



Source: *BS* Research Bureau; SMAVG: Simple moving average

India VIX, a measure of investors' perception about the risk of sharp swings based on options prices, rose 1.6 per cent to 63.95 on Wednesday. The gauge has jumped 4.5 times since February 20. VIX is meant to indicate investors' perception of the annual market volatility over the next 30 calendar days. The higher the value, the higher is the expected volatility, and vice versa. The CBOE Volatility Index (VIX), another popular fear gauge which measures the short-term volatility of S&P 500 indices, has shot up 40 per cent in the past five sessions to 75.91.

"Rather than looking at index levels, one should wait for the fear indicator to cool off. Till such time it doesn't happen, the onslaught is likely to continue," said Sameet Chavan, chief analyst – technical & derivatives, Angel Broking.

"Momentum traders should avoid going against the direction and should strictly avoid leveraged trades. Many would argue looking at the brutal fall in hindsight, going short was extremely easy in such a market. But the bitter truth is it is not the way it appears. One should avoid aggressive bets in any directions and should follow strict stop losses when it comes to trading."

The Supreme Court's stance on AGR dues and the ensuing pressure on telecom and banking stocks have raised fresh concerns as well. "We reiterate our advice accumulating fundamentally sound counters in a staggered manner rather trying to find the market bottom. Traders, on the other hand, should prefer options strategies instead of naked trades until the market stabilises," said Ajit Mishra, VP - Research, Religare Broking.

Traders are now hoping that the market will find support at the 7,890 level, where the market had previously found support after the demonetisation of the Indian currency.

"The breach of 10,000 on Nifty last week has put the markets in uncomfortable territory giving a structural breakdown. We continue to expect volatile swings as India VIX remains elevated. An immediate reversal is unlikely but a bounce back from here is highly probable. Long-term investors can consider accumulating gradually," said Sahaj Agrawal, head of research - derivatives, Kotak Securities.

Brokerages slash firms' earnings estimates

PUNEET WADHWA
New Delhi, 18 March

Even though impact of the novel coronavirus (COVID-19) pandemic — which hasn't peaked yet — on the fortunes of India Inc and the economy isn't fully known, most brokerages have started to cut earnings estimates for corporate India for FY21.

Analysts at Jefferies, for instance, suggest that the markets are already pricing in a 15 per cent drop in earnings, given the current valuations. Within the Nifty 100, they believe, 63 per cent stocks, including HCL Technologies, Infosys, ITC, Hero MotoCorp, Marico, and Petronet, are building in a higher earnings downgrade of over 20 per cent. The earnings cut potential, Jefferies says, for select companies in the auto, energy, financials, industrial, materials & metals, technology, and the utility sectors could be higher — between 25 and 45 per cent.

"Market decline has taken Nifty price-to-earnings (P/E) multiple to 13.3x one-year forward consensus earnings, 15 per cent below its last 10-year P/E multiple. In other words, the market is already pricing in a 15 per cent earnings cut. While the Nifty had bottomed at much lower P/Es (8x) during the global financial crisis (GFC), the cut to consensus earnings back then was 22 per cent. Other market bottoms (Euro-2011, Taper-2013, Yuan devalue-2016, demonetisation-2017) in the past decade had averaged 13.2x P/E," wrote Mahesh Nandurkar of Jefferies, in a co-authored report with Abhinav Sinha.

Those at Motilal Oswal Securities, too, have priced in a 10 per cent cut in Nifty earnings estimates for FY21. Global cyclicals, they believe, will see a significant earnings downgrade, given the sharp fall in commodity prices and an expected moderation in global economic growth. "The domestic economy-facing sectors will also see a downward revision in the earnings forecast because of restricted movements to prevent the outbreak of coronavirus," they wrote in a recent report.

From its recent peak on February 19, 2020, the Indian equity market has corrected 28 per cent (in US dollar terms), underperforming many regional peers

From its recent peak on February 19, 2020, the Indian equity market has corrected 28 per cent (in US dollar terms), underperforming many regional peers. The uncertainty around the COVID-19 outbreak has expanded the risk premium for equities. The fall has been magnified, as foreign institutional investors dumped Indian stocks and sold to the tune of $4.8 billion in the past 11 days alone (till March 16), data shows.

EARNINGS AT RISK

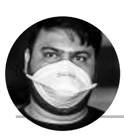
	Contribution to consensus earnings (%)		Risk (%)	
	FY21	FY22	FY21	FY22
Autos	5	6	-23	-44
Financials	27	28	-14	-8
Consumer	7	7	0	0
Oil & gas	23	22	-10	-4
Healthcare	2	2	-8	-1
Infra & construction	2	2	8	1
IT services	16	15	-12	-8
Cement	1	1	-4	-3
Metals & mining	5	5	-15	-15
Power / Utilities	9	8	0	0
Others	3	4	0	0
Nifty			-10	-8

Source: Nomura report

Taking into account the current slower economic growth and changes in the prices of commodities and currencies, analysts at Nomura estimate 10 per cent and 8 per cent downside risk to FY21 and FY22 consensus' earnings estimates, respectively.

"We see earnings risk across sectors driven primarily by financials autos, information technology (IT) services, and metals. We acknowledge additional risk, particularly to near-term earnings, but if COVID-19 spread is contained, it will have a limited impact on long-term earnings in our view," said Saion Mukherjee, managing director and head of India equity research at Nomura, in a recent co-authored report with Neelotpal Sahu.

Meanwhile, Morgan Stanley and Goldman Sachs expect the global economy to head into a recession in 2020. Morgan Stanley sees 2020's global growth to dip to 0.9 per cent, the lowest since the GFC, and says the global recession in 2020 may be deeper than in 2001. "We expect global growth to contract by 0.3 per cent in the first quarter (January – March) of 2020 (Q1FY20) and 0.6 per cent in Q2FY20," wrote Chetan Ahya, chief economist and global head of economics at Morgan Stanley, in a co-authored report with Derrick Y Kam, Nora Wassermann, and Frank Zhao.



CORONAVIRUS **PANDEMIC**

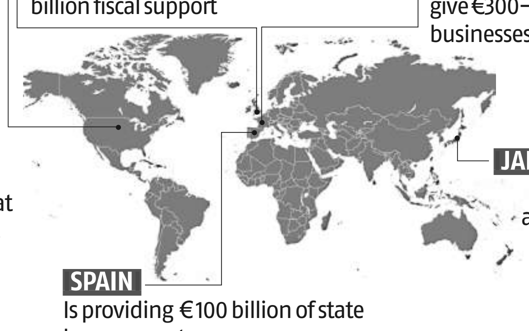
HELICOPTER MONEY TO NATIONALISATION

Governments are in top gear to contain the damage caused by the COVID-19 pandemic. Most countries have announced or are in the process of doling out expensive packages to help individuals and businesses tide over the crisis.

USA The world's largest economy has been hit hard by the outbreak, with its markets dropping nearly 30 per cent. The government is working on a scheme to directly pay individual Americans. The cost of this package is pegged at a whopping $1.2 trillion. The proposal has brought the concept of 'helicopter money' into discussion again

UK Has announced a £330-billion package of emergency loans guarantees to businesses. It has also pledged a £20-billion fiscal support

FRANCE Has announced a €45-billion package. It also plans to nationalise troubled companies. Further, it will give €300-billion bank loans to businesses. Collectively, the Eurozone has pledged €1 trillion in national gaurantees



JAPAN Has announced tax cuts and a spending package of $280 billion. Further, it has been agreesively buying equities to support the market

SPAIN Is providing €100 billion of state loan guarantees

SAMIE MODAK

Madhu Kapur sells YES Bank shares worth ₹160 crore

Taking advantage of the massive jump in the share price of YES Bank, Madhu Kapur on Wednesday offloaded a part of her holding. According to block deal data, Kapur sold nearly 25 million shares at ₹65 apiece to pocket ₹160 crore on Wednesday.

Prior to the sale, Kapur, the wife of co-founder the late Ashok Kapur, held 176 million shares in the bank. Three-fourth of this holding has been locked in for three years as part of the restructuring plan for the bank. Shares of YES Bank on Wednesday jumped as much as 50 per cent to ₹88 before settling at ₹62 on the NSE. In the previous two trading sessions, the stock skyrocketed 2.3 times, from ₹25 to ₹59. The unusual rally in the stock is fueled by technical factors such as a three-year lock-in, short-covering and ₹10,000-crore equity infusion into the lender. Market players said the YES Bank stock price will adjust lower once the 10 billion shares issued to nine financial institutions enter the system. BS REPORTER

THE COMPASS

NTPC, Power Grid earnings relatively immune to COVID-19

The two offer good dividend yield too

UJJVAL JAUHARI

Power utilities having significant exposure to regulated businesses such as NTPC and Power Grid have corrected sharply with the decline in broader indices, but analysts maintain a positive view on these state-owned companies as they believe their earnings are more insulated even as the coronavirus pandemic may hurt other firms.

NTPC and Power Grid earn a certain regulated return on their capital irrespective of demand for power and the flow of power, and hence excluding some temporary collections issues that may emerge, analysts at HSBC see little risk to earnings for the two companies.

For NTPC the positive should also accrue from the fact that availability of its critical power plants (Sipat and Korba) has recovered after heavy monsoons. Plant availability factor (PAF) stood at 100 per cent for Talcher Stage-II and at 50 per cent for Talcher Stage-I in February, according to Motilal Oswal Financial Services data. However, NTPC, which saw concerns on PAF of critical plants as well as under-recoveries, is now seeing improved fundamentals.

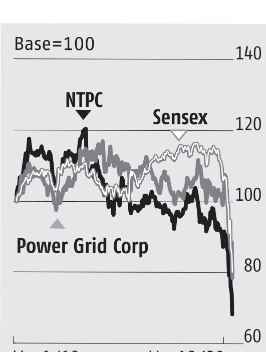
The improved coal supplies also bode well. Coal stocks at power plants across the country have increased led by a ramp-up in Coal India's production, which had grown 14 per cent year-on-year in February. Not surprising, the conventional electricity generation in the country had increased 10.4 per cent year-on-year in February providing encouragement. It also marks the second straight month of demand uptick after four consecutive months of decline, say analysts. While the trend needs be watched, prospects for NTPC, too, have certainly improved. Analysts also expect fixed cost under recoveries in second half to reduce to ₹200 crore compared to ₹450 crore in the first half.

Among the two, analysts say that Power Grid may still be better placed compared to NTPC even though both see limited impact of COVID-19. Power Grid, India's largest power transmission company, has the highest level of insulation as operational risk is lowest.

Power Grid, too, had seen concerns on decline in consolidated capex and capitalisation play out, however these issues are over now. While delays in the ₹9,000-crore Raigarh-Pugalur line capitalisation in FY20 (35-40 per cent of FY20 planned capitalisation) may lead to an earnings miss in FY20, analysts at Jefferies feel that FY21 should be largely unaffected.

Overall, Power Grid is currently executing projects worth ₹61,000 crore (₹48,000 crore is ongoing with regulated tariffs and ₹13,000 crore is tariff-based competitive bidding) and analysts say that this gives enough visibility for ₹12,000-15,000 crore annual capitalisation for the next two-three years.

Apart from these, both Power Grid and NTPC provide a high 6-7 per cent dividend yield, which is an added positive.



Compiled by BS Research Bureau

Ad revenue dip casts shadow over broadcasting companies

In addition, event cancellations may hit Zee, Sun TV

RAM PRASAD SAHU

Even as broadcasters are struggling with monetisation of digital investments and uncertainty related to tariffs, the COVID-19 outbreak is putting further pressure on revenues, both on account of lower advertisements and cancellation of events.

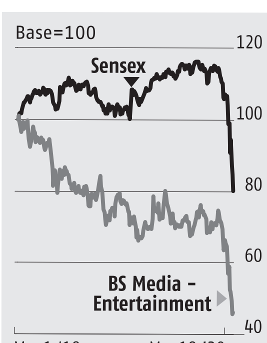
Brokerages have cut their advertising and earnings estimates for broadcasters by up to 11 per cent.

According to CLSA, the media sector is witnessing its worst-ever slowdown in advertisement spending. This, coupled with possible disruption in TV viewership if the second version of the new tariff order (NTO 2) is implemented, as well as loss of revenue from cancellations of events such as the Indian Premier League, make other negatives. The postponement of movie production will also add to the sector's woes.

Most advertisers, especially the big three spenders — consumer goods, e-commerce, and auto had cut back on spending, given the economic slowdown and worries related to NTO 2 implementation. Zee, for example, had reported a 16 per cent fall in advertising revenues in the December quarter because of a reduction in spends. While the Street was hopeful of a consumption-led demand recovery, given the virus outbreak, a recovery seems unlikely in the near term.

While ad revenues will be hit, brokerages are hopeful of robust subscription revenues, led by strong channels of market leaders such as Zee Entertainment and Sun TV. Zee had reported a 22 per cent gain in subscription revenues in Q3 because of bouquet pricing and higher off-take of its portfolio channels. The momentum in their over-the-top applications (Zee5 and Sun NXT) will also be key.

The other positive from the investors' perspective is valuations. Both Sun TV and Zee Entertainment are down by 50-64 per cent, respectively from their respective annual highs. While Zee is trading at 8x its FY20 earnings estimates, Sun TV is available at 10x its FY20 earnings estimates, with analysts recommending a buy given their resilient businesses, net cash balance sheet and rock-bottom valuations. Even though Sun TV was down over 7.7 per cent in trade on Wednesday, Zee made a smart recovery, ending the day with gains of 23.7 per cent.



Compiled by BS Research Bureau

IN BRIEF

Sebi imposes ₹11.4-lakh fine on 2 entities for fraudulent trading

The markets regulator Sebi on Wednesday levied a total fine of ₹11.4 lakh on two entities for indulging in fraudulent trading in illiquid stock options on the BSE. In two separate orders, Sebi imposed a penalty of ₹5 lakh and ₹6.4 lakh on Arindam Shekhar Garment and Anandi Bhupendrabhai Vekaria, respectively, after observing large scale reversal of trades in the illiquid stock options segment of the BSE. By indulging in such activities, the entities violated provisions of the PFUTP (Prohibition of Fraudulent and Unfair Trade Practices) norms.The regulator also slapped a fine of ₹3 lakh each on two entities for indulging in fraudulent practices and violating insider trading norms in the matter of InCap Financial Services. PTI

Moody's lowers global base metals industry outlook to -ve

The Moody's Investors Service on Wednesday said it has lowered its outlook for the global base metals industry to negative on slowing global growth due to the spread of new coronavirus (COVID-19). "Our outlook for the global base metals industry is negative. This outlook reflects our expectations for the fundamental business conditions in the industry over the next 12 to 18 months," Moody's Investors Service said in a statement. "Purchasing manager indexes (PMI) in the second half of 2019 were relatively weak as trade tensions between the US and China and slowing demand globally caused contraction," it said. PTI

Karur Vysya Bank enters bullion biz for corporate customers

Karur Vysya Bank (KVB) on Wednesday announced the launch of its precious metal business for its corporate customers. KVB serves approximately 6,000 jewellers and jewellery manufacturers and in order to serve them fully, the bank now offers precious metals (gold & silver) to its corporate customers (B2B), a press release from the bank said. "This will enable our customers to compete more effectively in this highly competitive industry," it said. The gems and jewellery business in the country contributes about 7 per cent of the GDP and 15 per cent of the total merchandise exports. After China, India is the second largest consumer of gold where the demand was about 700 tonnes during 2019. PTI

THE BIG BANK SELL-OFF

Asset quality, growth fears crop up for NBFCs

SHREEPAD S AUTE
Mumbai, 18 March

Shares of non-banking financial companies (NBFCs) are caught in the same storm as banking stocks, which continue to reel from the contagion impact of the YES Bank bailout and the coronavirus pandemic.

Though the market trend was bearish (the BSE Sensex was down 5.6 per cent), the stocks of NBFCs (including housing finance companies) lost up to 14.6 per cent on Wednesday.

So, what are investors worried about?

The Street is sceptical of the sustainability of rich valuations of large players such as Bajaj Finance and Housing Development Finance Corporation (HDFC) because the overall market continues to remain subdued with continuous selling pressure from foreign institutional investors (FIIs), which is making it difficult for players to gauge the bottom level for the market.

Apart from this, another important factor dragging down NBFC stocks is that the negative impact of coronavirus is also expected to hit the non-banking lenders' near-term fundamentals.

According to Lalitabh Shrivastawa, deputy vice-president at Sharekhan, "With coronavirus, there are fears of rising pressure on asset quality. A likely operational impact for some pockets of the corporate sector could lead to collateral damage for NBFCs."

To contain the spread of the pandemic, many key sectors such as aviation, hospitality, and retail are witnessing a pause in operations, while sectors like automobile would also see supply-chain disruption.

While the above would affect the repayment ability of various companies, especially the small and medium-sized, it could also pose a risk to retail asset quality in the case of any job loss or sharp business impact on self-employed individuals.

For instance, following the international travel ban, GoAir has started temporary rotational leave without pay to its employees for the short term, according to media reports.

G Chokkalingam, founder and managing director of Equinomics Research & Advisory, added: "Daily wagers would see a higher impact because there is disruption in the migration of people due to the coronavirus spread. This would hurt microfinance asset quality."

He, however, said, the asset quality of salaried retail loan segment would have lesser impact. Coronavirus has only added to the woes for NBFCs' asset quality, which has already seen deterioration in the quarter just gone by.

In addition to asset quality worries, loan book growth could also be affected because demand for discretionary items is expected come down for a few quarters. Thus, how the companies manage their growth and asset quality would be a key factor.

For now, experts say investors should be selective while bottom-fishing even as the valuations of many stocks have fallen to their respective mean levels, as overall market sentiment would continue to remain muted till the spread is contained.

TAKING A DIP

	1-day change (%)
Indiabulls Housing Finance	-14.6
AAVAS Financiers	-13.1
Shriram Transport Finance	-11.5
Bajaj Finance	-11.1
LIC Housing Finance	-9.5
M&M Financial Services	-8.3
Cholamandalam Investment	-8.3
PNB Housing Finance	-7.5
HDFC	-7.5
L&T Finance Holdings	-5.6

Source: Exchange Compiled by *BS* Research bureau

HDFC Bank: Two-year stock gains wiped out

DIPPING ASSET QUALITY

	Q2 FY20	Q3 FY20	Change
Provisions (₹ crore)	3,710	5,200	**40.20%**
Slippages ratio (%)	1.72	2.33	**61 bps**
Credit cost (%)	0.92	0.90	**2 bps**

Source: Brokerage reports

HAMSINI KARTHIK
Mumbai, 18 March

When banking stocks, irrespective of their strength or size, are falling like ninepins, one cannot expect HDFC Bank to remain an exception. With a fall of 9.9 per cent, which is also its steepest since July 2008, gains accumulated by the HDFC Bank stock over two years have been wiped out.

Despite being reckoned as the most recommended 'buy' among banking names, it hasn't been able to prevent the fast meltdown from its all-time high of ₹1,304, given the 33 per cent fall during this period.

The question is whether investors should consider HDFC Bank's latest closing price of ₹878.50 a share, which translates to 3.2x FY21 estimated book value, as a good enough level to turn positive on the stock.

With the lowest ratio of gross non-performing assets (NPAs) in the December quarter (Q3), odds stack up in the bank's favour. Yet, investors shouldn't take their eyes off some critical aspects, which haven't been favouring the bank lately.

First is that of loan growth, particularly in the retail segment, which accounts for 60 per cent of its loan book. In fact, what kept the earnings brisk in Q3 was 37 per cent growth in corporate loans, vis-à-vis 14 per cent growth in retail loans. Given that the economic slowdown has further deepened and with businesses lately functioning at reduced efficiencies owing to the spread of COVID-19, analysts believe the bank could be vulnerable to more slowdown in the March quarter.

"Around the first week of April when the bank publishes its deposits and loan growth data, it would help investors take an informed call on the stock," says an analyst from a foreign brokerage. Until then, the analyst feels that it is better for investors not to take fresh positions in the stock.

Another reason for the apprehension is asset quality. While there is little to complain on this front, slippages or loans turning bad have steadily been on the rise. Consequently, analysts at IDBI Capital point out that credit cost, too, has been inching up, though not at an alarming level. Investors should also be mindful that HDFC Bank has the highest share of unsecured loans (credit cards and personal loans) at 27.6 per cent of its retail loan book, among front-line private banks. Whether the bank can strive to keep its asset quality under check in a tepid economic growth situation needs monitoring. In this context, while the correction in HDFC Bank stock appears attractive for investors, ignoring some of the fundamental concerns around it could be foolhardy.

SIP investment up 5.2% to over ₹8,500 cr in Feb

PRESS TRUST OF INDIA
New Delhi, 18 March

The mutual fund industry garnered over ₹8,500 crore through systematic investment plans (SIPs) in February, a rise of 5.2 per cent from the year-ago period, even as the broader market witnessed heavy volatility amid concerns over the impact of coronavirus pandemic.

With this, the total SIP contribution in the first 11 months of the current financial year rose to ₹91,443 crore as compared with ₹84,638 crore in April-February 2018-19, according to the latest data from the Association of Mutual Funds in India (Amfi).

SIP continued to be the preferred route for retail investors to invest in mutual funds as it helps them reduce market timing risk, the industry body noted. According to the data, SIP contribution in February stood at ₹8,513 crore, which was higher than ₹8,095 crore clocked in the same month last year.

However, the 44-player mutual fund industry, which mainly depends on SIPs for inflows in equity funds, saw a marginal drop in SIP investments as compared to the preceding month. In January this year, the industry collected ₹8,532 crore, while the SIP contribution in December stood at ₹8,518 crore and ₹8,273 crore in November.

BANK NIFTY CRASHES 7% TO 3-YEAR LOW

Banking stocks saw intense selling pressure on Wednesday with the Bank Nifty index crashing 7 per cent to 20,511, lowest since March 3, 2017. Private sector players IndusInd Bank (fell 24 per cent), Kotak Mahindra Bank (11.5 per cent) and HDFC Bank (8 per cent) saw the deepest cuts.

Analysts say investors have turned wary of the financial sector fearing the economic damage caused by the coronavirus pandemic could lead to spiralling of bad loans and also hurt demand for incremental credit. Investors also fear banks will be forced to offer forbearance packages to troubled businesses and individuals. Already, many banks have been sailing in troubled waters with regards to their exposure to distressed sectors like telecom, aviation and NBFCs.

The banking sector has been the worst hit in the ongoing market carnage. This year, the cumulative market cap erosion for listed banks has been ₹9 trillion. The four biggest players HDFC Bank, ICICI Bank, Kotak Mahindra Bank and State Bank of India have each seen around ₹1 trillion of market cap wiped out. Shares of most banks are quoting at multi-year lows. The fall in banking stocks has a huge bearing on the overall markets as the sector has the highest weighting in the benchmark indices. Also, banking stocks are the most over-owned by mutual funds as well as overseas investors. SAMIE MODAK

AWASH IN RED

Banking stocks have seen massive wealth erosion in the ongoing carnage

		Change (₹ cr)		Change (%)		
	M-cap (₹cr)	MTD	YTD	Price (₹)	MTD	YTD
HDFC Bank	4,81,585	-1,63,964	-2,15,603	879	-25	-31
ICICI Bank	2,30,417	-90,646	-1,18,283	356	-28	-34
Kotak Mahindra Bank	2,24,332	-85,420	-97,822	1,173	-28	-30
SBI	1,91,567	-78,760	-1,06,247	215	-29	-36
Axis Bank	1,33,349	-63,225	-79,377	473	-32	-37
YES Bank	76,307	32,945	17,382	61	76	29
Bandhan Bank	36,093	-25,433	-45,714	224	-41	-56
IndusInd Bank	31,892	-44,674	-72,873	460	-58	-70
Bank of Baroda	30,080	-5,267	-17,004	65	-15	-36
PNB	24,626	-5,727	-18,730	37	-19	-43

Source: Capitaline Compiled by *BS* Research Bureau

COMMODITIES

PRICE CARD

As on March 18	International		Domestic	
	Price	%Chg#	Price	%Chg#
METALS ($/tonne)				
Aluminium	1,628.0	-7.4	1,886.0	-0.9
Copper	5,205.0	-15.0	5,698.5	-11.7
Zinc	1,900.0	-17.6	1,993.8	-23.1
Gold ($/ounce)	1,502.2*	1.8	1,691.8	1.7
Silver ($/ounce)	12.2*	-28.3	14.9	-23.2
ENERGY				
Crude Oil ($/bbl)	26.3*	-61.2	30.2	-54.8
Natural Gas ($/mmBtu)	1.6*	-28.8	1.7	-26.9
AGRI COMMODITIES ($/tonne)				
Wheat	178.7	-5.4	270.4	-10.8
Maize	179.8*	-1.4	219.5	-25.3
Sugar	337.3*	-5.1	464.0	-5.5
Palm oil	562.5	-21.9	956.5	-14.9
Cotton	1,261.5	-14.3	1,412.9	-10.6

* As on Mar 18, 20 1800 hrs IST, # Change Over 3 Months
Conversion rate 1 USD = 74.2 & 1 Ounce = 31.1032316 grams.

Notes:
1) International metals, Indian basket crude, Malaysia Palm oil, Wheat LIFFE and Coffee Karnataka robusta pertains to previous days price.
2) International metal are LME Spot prices and domestic metal are Mumbai local spot prices except for Steel.
3) International Crude oil is Brent crude and Domestic Crude oil is Indian basket.
4) International Natural gas is Nymex near month future & domestic natural gas is MCX near month futures.
5) International Wheat, White sugar & Coffee Robusta are LIFF E future prices of near month contract.
6) International Maize is MATIF near month future, Rubber is Tokyo-TOCOM near month future and Palm oil is Malaysia FOB spot price.
7) Domestic Wheat & Maize are NCDEX future prices of near month contract, Palm oil & Rubber are NCDEX spot prices.
8) Domestic Coffee is Karnataka robusta and Sugar is M30 Mumbai local spot price.
9) International cotton is Cotton no.2-NYBOT near month future & domestic cotton is MCX Future prices near month futures.

Source: Bloomberg Compiled by *BS* Research Bureau

Gold-silver price ratio at lifetime high of 121

This indicates extreme weakness in the price of silver

RAJESH BHAYANI
Mumbai, 18 March

Gold, silver, and base metals traded lower on the Multi Commodity Exchange (MCX) on Wednesday. Market sentiment took another hit after the US treasury secretary said the current economic crisis was worse than that of 2008.

Gold and silver remained volatile, with a downward bias. The gold to silver price ratio was trading above 121, a lifetime high, indicating extreme weakness in silver. In the past 10 days, gold has fallen eight per cent and the price of silver by 25 per cent.

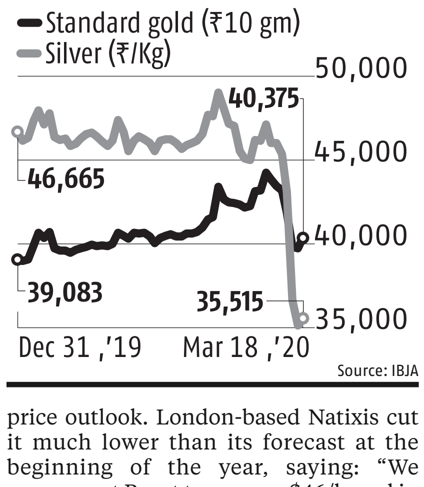
At the spot market here, though, standard gold rose 1.6 per cent to close at ₹40,375 per 10 g, and silver closed 1.1 per cent higher at ₹35,515 per kg. The spot market was higher, as it reflected the level of Tuesday evening. Since Monday, there has been a shortage of silver for ready physical delivery, with the per kilo price for this being at a premium of ₹1,500-2,000.

Ajay Kedia, director, Kedia Advisory, said: "The bullion market is under the immense pressure of margin calls, as erosion continues with selling in the global equity market. The market is forecasting a global recession this year. Investors and traders are running for cash from whichever asset available. Bullion prices, with high volatility, will bounce rather hard but this won't hold. We can again see gold testing the $1,440 (an oz) level and silver might test $10.8 if it falls below $12 decisively."

With global analysts downgrading their crude oil price projection to as low as $20 a barrel, its futures price on the Multi Commodity Exchange fell another 12 per cent on Wednesday, to trade at ₹1,844 per barrel, a four-year low.

On Tuesday night, some large investment banks downgraded the oil price outlook. London-based Natixis cut it much lower than its forecast at the beginning of the year, saying: "We now expect Brent to average $46/barrel in 2020."

GOING WILD



Source: IBJA

Despite COVID-19, Surat's textile, diamond businesses to keep open

VINAY UMARJI
Ahmedabad, 18 March

While export and domestic demand have been hit amidst the coronavirus outbreak, Surat-based diamond and synthetic textile industries will remain open, to sustain business.

Together, these employ two million workers in a normal business environment. Stakeholders say despite reduced capacity utilisation, closure would hit businesses' health and lead to widespread unemployment. Most of the workforce are migrants from other states — Odisha, Bihar, Jharkhand primarily. Keeping this, too, in mind the respective industry associations have decided to keep units open, while ensuring safety precautions to prevent the spread of the virus. According to Babhubhai Kathiriya, president of the Surat Diamond Association, they have decided that units would operate between 11 am and 6 pm daily, even as traders are discouraged from entering markets outside of trading hours.

"All units are required to daily measure temperature, arrange for hand sanitizers, and masks for diamond polishing workers, and provide basic health checks. The Association will run an awareness campaign on safety measures and collaborate with the civic body and state government," he said.

Dinesh Navadia, regional chairman of the larger industry body, Gems and Jewellery Export Promotion Council, said the decision will ensure workers stay employed and help contain the virus' spread. With the industry employing over 550,000 people, closure for even 15 days would result in large-scale unemployment, he said. It is already at less than 40 per cent capacity, due to major declines in export orders following the virus outbreak. "For the month of February alone, on a year-on-year basis, exports are down by $860 million," he added.

Similarly, the entire textile value chain, from weaving to processing to trading, has decided to continue operations despite facing slowdown.

"Because of the impact on overseas and domestic demand, especially with major centres like Mumbai and Kolkata remaining closed, capacity utilisation has taken a hit. However, it is important that units remain open to sustain themselves, as well as keep workers engaged," said Ashish Gujarati, president of the Pandesara Weavers' Association, a leading powerloom hub in Surat.

Jitubhai Vakharia, president of the South Gujarat Textile Processors' Association, says if units are shut, it would be difficult to keep workers indoors, resulting in more social movement and leading to heightened chances of the virus spreading.

Vegetable arrival, prices up at Navi Mumbai *mandi*

DILIP KUMAR JHA
Mumbai, 18 March

Vegetable prices at the Navi Mumbai wholesale market (APMC) rose further on Wednesday amid increased arrivals. The market would close this section on Thursday for disinfestation against spread of coronavirus.

Shankarsheth Pingle, director of the APMC at Vashi said total arrivals of vegetables jumped to 830 vehicles of an average nine tonnes each, totalling 7,470 tonnes. On Tuesday, it was 600 vehicles, totalling 5,400 tonnes.

Despite this surge, key prices jumped as stockists rushed to store for uninterrupted supply to retailers. "Overall market sentiment remained muted," said Pingle.

The APMC, he said, would now close its fruit and vegetable sections every Thursday and Sunday till March 31, to prevent the virus from spreading. However, other wholesale sale markets in the state will be open as usual.

"*Mandi* closure for two days a week would help increase its supply the following day, nullifying the impact on its prices. One day supply disruption does not have a major impact," said Ravi Patil, deputy secretary at the vegetable section.

Vegetable prices have risen over a fortnight here. Brinjal increased 17 per cent to ₹14 a kg on Wednesday, compared to ₹12 a kg early this month. Cabbage and pea prices rose by 22 and 33 per cent, respectively, on supply shortage.

Go contactless during a crisis

Having some cash is a necessity, but diversify your digital payment options

BINDISHA SARANG

Money changes hand frequently, and cash even more so. But in times when the COVID-19 outbreak is putting entire populations under threat, and social distancing has become the norm, it does make sense to avoid transacting in cash. Some countries have already quarantined cash, while others like South Korea, have burnt, or high-heat laundered their notes. The World Health Organisation has advised switching to contactless payments too.

No wonder, the Reserve Bank of India Governor Shaktikanta Das, too, urged customers to go digital on Monday. Says Vikas Saraogi, vice president, acceptance development, Mastercard: "Given the current situation, contactless cards could provide conscious consumers with a new option to pay." Adds Mandar Agashe, managing director and founder of Sarvatra Technologies: "Considering the current situation, contactless payments could be the way ahead, and payment modes like UPI, IMPS, RTGS, mobile wallet and net banking could contribute effectively in reducing human interactions."

Unified Payments Interface: It offers instant money transfer without the bank details. Instead of bank account number and IFSC code, the virtual payment address (VPA) is used to pay through UPI. If you choose this mode, which is the most popular payment option in India, keep a few things in mind. UPI has a feature where you or a merchant can send the user a request to collect money. You don't need to authorise a transaction if money is being transferred to your account. However, due to this simplicity, a common type of fraud is when a fraudster convinces you to share the PIN, and money gets debited. Says Agashe: "You should never share your PIN. If you share it, it's like sharing the key to a lock."

Net banking: Due to the virus, RBI has now made NEFT, IMPS, and UPI available round the clock to facilitate fund transfers, purchase of goods/services, payment of bills, etc. Says Rajesh Mirjankar, MD and CEO, InfrasoftTech: "Phishing is the most common type of fraud for wallets and all online transactions. Regardless of what the context of the conversation in an email is, the client should never provide login credentials or other details on an email or should not click any links within an SMS or email." At times, due to heavy traffic or technical glitches like server down, funds cannot be transferred. The user needs IFSC code, account number and other details to be submitted. Check these details thoroughly.

Mobile wallets: These gained popularity post demonetisation in 2016. Right from Paytm to PhonePe and Mobikwik, to name a few. Bala Parthasarathy, CEO and co-founder, MoneyTap says: "The advantage of mobile wallets is that it allows you to go cardless. It doesn't require any card number, CVV, Pin or mobile number. It is independent of such information and can't be manipulated or hacked. Cashback or discount rewards are available." However, a necessary precaution while using wallets, Mirjankar says, is that mobile users should not click on any images or links from unknown sources on SMS or any messaging app.

Also, it's best to download only popular apps and mobile wallets. Adds Mirjankar: "Do not install and use any remote screen mirroring tool (such as AnyDesk). These tools are indeed convenient for genuine usecases such as remote technical support, but if a trickster gets access to your device remotely, he can wipe out the account."

Cards: Tap and pay, or what's commonly known as wifi card by shopkeepers, is a contactless card. You don't even need to punch in a PIN in the point-of-sale machine, and payments of ₹2,000 can happen without a PIN. As far as regular cards go, ensure you take customary precautions when doing online or offline transactions.

Irrespective of the types of digital payment, Sanjay Katkar, joint managing director and chief technology officer, Quick Heal Technologies, says: "Buy and install good antivirus software. Yes, pay for it! It won't cost you more than a dinner in a fancy restaurant."

Diversify: Many top private sector banks have suffered technical difficulties. So, relying on just one bank isn't a good idea. Have two or three options. Use e-wallet for smaller payments, UPI for home deliveries, contactless cards or net banking for larger payments and QR code at a shop. Finally, just because it's safer not to handle cash doesn't mean you don't keep some handy. Ketan Doshi, managing director, Paypoint India, says: "There's no question there's merit in going contactless at the moment. But, there's another side to this story. In panic situations, shopkeepers and other vendors will seek cash." In situations of cash shortage at ATMs, make use of micro ATMs installed in grocery shops or mom and pop stores that allow payments using Aadhaar.

RBI'S NEW RULES FOR DEBIT AND CREDIT CARDS

- **New cards** (issued after March 16) can only be used at ATMs and point of sale (PoS) devices within the country.
- **The issuer will provide the facility** to activate online transactions, international or overseas transactions and contactless transactions.
- **These facilities will remain disabled** till issuer enables them.
- **You will have to separately** activate services.
- **You can modify transaction limits** within their overall card limit for any type of transaction
- **You can activate these facilities** via channels like net banking, ATM, mobile app, etc.
- **If you have a brand new card** which you haven't used before March 15, it's disabled already.
- **If already disabled,** make a request to initiate the facilities.

Source: RBI

Move from debt to equity, but gradually

FRANKLY SPEAKING

HARSH ROONGTA

I started out writing on another topic to avoid adding to the deluge of comments on the COVID–19 nightmare. However, since this is the hottest topic in town, I decided to write about how I, as a person and professional, am reacting to this development.

For one, I am afraid, but not paralysed. In 2015, I had come down with swine flu. I distinctly remember the wave of fear that swept through me till a doctor friend calmed me down. He asked me to rest at home and stay hydrated. I was prescribed some medicines, and my spouse was given a precautionary dose. I remember a reasonably fast recovery. So much so that the only reason I remember the episode at all is because of the diagnosis of swine flu. COVID-19 is a different enemy, which is also much more contagious than swine flu. The same doctor friend has told me that given my fitness level, I am likely to survive even if I do get it. But I need to maintain social distancing in order to not to pose a danger to others, including my loved ones. I remain worried about my bedridden elderly father and some other senior members of my family, as they are very vulnerable and am taking all measures to protect them.

I have advised all my clients to shift from debt mutual funds into equity funds at an accelerated pace. But it would be prudent to avoid lumpsum investments

On the social distancing front, I have asked the entire staff at my boutique investment advisory firm to work from home except one who, like me, does not have to travel by public transport. The only social distancing I am unable to do is give up my morning walks, which is in an open ground.

Now, turning to the professional side. In case of my own investments, I was in the middle of shifting a reasonable amount of debt mutual funds into equity mutual funds through twelve-monthly systematic transfers. I converted these into 12 systematic weekly instalments so that the conversion to equity is accelerated. This money was anyways slated for equity, as it is part of my long-term goal and the current slump was a good opportunity to push it into equity at a faster pace.

I have given the same advice to my clients who were similarly shifting their debt mutual funds to equity mutual funds. All clients, bar none, have followed the advice. I resisted suggestions from some of my more aggressive clients to invest lump sums into equity immediately when the markets fell sharply on March 9. I suggested the same weekly instalment approach to such clients as well. I don't have a single client who wishes to reduce equity exposure at this time, so I did not have to do any counselling on this aspect.

It takes courage to invest in equities at a time like this. What we did and how we behaved during the COVID-19 outbreak will be part of our battle stories. I am preparing myself and my clients well to have good stories to narrate. As they say – courage is not the absence of fear – it is the ability to act despite the fear. So even if you are afraid, be courageous.

The writer is a Sebi-registered investment advisor

BUDGET: ₹1 CRORE –₹1.5 CRORE

REALTY CHECK

Business Standard brings you a snapshot of average current rates and unit sizes in localities that offer property in the price range of ₹1 crore and ₹1.5 crore. If you are looking at buying real estate, an idea about prevailing rates would come in handy

	Avg price (₹/sq ft)	Avg unit size (sq ft)
AHMEDABAD		
Chandkheda	3,484	3,133
Vastrapur	5,783	2,102
Science City Road	4,985	2,516
Naranpura	5,545	2,013
Paldi	5,697	2,087
Gota	4,418	2,531
Motera	3,747	3,351
Jodhpur Village	6,026	2,032
KOLKATA		
New Town	5,948	2,144
Tangra	5,827	2,006
Azad Hind Bag	6,100	2,191
Mukundapur	7,577	1,764
Picnic Garden	6,090	1,880
New Alipore	7,346	1,722
Sealdah	7,370	1,667
Kankurgachi	8,499	1,339
KOCHI		
Kadavanthra	6,208	1,940
Maradu	6,189	1,821
Kakkanad	4,951	2,426
Palarivattom	6,750	1,926
Kaloor	6,122	1,890
Edapally	6,005	1,958
M G Road	7,900	1,585
Vennala	5,292	2,171
NAGPUR		
Gandhi Sagar Lake	8,534	1,519
Narendra Nagar	6,425	1,782
New Colony	6,000	2,300
Pratap Nagar	6,500	2,002
Dharampeth	7,500	1,465
Wardha Road	6,825	1,543
Rambagh	7,176	1,762
Shivaji nagar	8,500	1,450
VISAKHAPATNAM		
Yendada	4,859	2,571
Murali Nagar	6,000	1,741
Seethammadhara	6,000	2,170
MVP Colony	6,400	1,897
Peda Waltair	5,600	2,000
Madhurawada	3,975	2,646
China Waltair	7,000	1,563
Palda	2,499	1,491
JAIPUR		
Vaishali Nagar	4,908	2,455
Vidhyadhar Nagar	5,572	1,976
Mansarovar Extension	5,178	2,207

Note

- The ticket price range considered for the above data points is between ₹1 crore and ₹1.5 crore
- All the data points discussed in the above table refer to primary market only
- Above residential data set comprises of residential apartments only
- Above residential data is representative of organised real estate developers only
- The top performing micromarkets based on sales during last year (February–2019 to January–2020) is represented on the above table
- Data points are updated till January 2020

Source: PropEquity

Partial withdrawal from EPF, NPS can hurt

Stringent rules have been put to ensure that this practice is discouraged

SARBAJEET K SEN

Whenever a major financial emergency arises, there is a strong tendency to dip into one's retirement savings. This should be avoided. In old age, income from profession, job or business decline, and one has to live off one's savings and investments. With joint families splintering into nuclear ones, that age-old support system has also vanished. It is to prevent people from using up their savings prematurely that the rules for partial withdrawal for retirement-oriented products have been kept fairly stringent.

Experts suggest extreme caution when deciding to use one's retirement savings to finance other goals. "Your retirement savings act as the life jacket at a time when all other sources of income have ended. They are extremely important for leading a comfortable retired life," says Vijay Kuppa, co-founder, Orowealth.

YOUR MONEY

Key retirement products: The most important retirement product for employees is Employees' Provident Fund (EPF). Both the employer and the employee contribute 12 per cent of the basic salary plus dearness allowance to it. EPF currently offers a return of 8.5 per cent. If an employee works for more than five years, the corpus becomes tax-free at maturity.

Instruments like National Pension System (NPS) and Public Provident Fund (PPF) are also available to the self-employed as well. NPS is a market-linked product where you can allocate money to four types of funds: equity, corporate bond, government bond, and alternative investment. PPF is a fixed-income option with sovereign guarantee. It has a tenure of 15 years, which can be extended in blocks of five years. The current interest rate is 7.9 per cent, which is also subject to review. The corpus received on maturity is tax-free.

Stringent rules for partial withdrawal: Partial withdrawals can be made from EPF for marriage or education, purchase or construction of a house, purchase of land, home renovation, repayment of home loan, etc. The maximum limit on partial withdrawal varies, depending on the purpose. Partial withdrawal is tax-free if the EPF account has been held for five continuous years.

ALLOW COMPOUNDING TO HAPPEN

Pension fund manager	5-year returns of tier I, NPS funds (%) Scheme E	Scheme C	Scheme G
SBI PF	5.2	9.2	9.5
LIC PF	3.9	9.1	10.4
UTIRSL	5.5	8.9	9.1
ICICI PF	5.2	9.5	9.4
Kotak PF	5.8	8.9	9.7
HDFC PF	6.5	9.5	9.5
Birla PF	NA	NA	NA

Returns as on March 13, 2020.
Source: npstrust.org.in

Partial withdrawal from NPS is also allowed only in specific situations: for children's higher education and marriage, purchase or construction of residence, treatment of a specified list of critical illnesses, to meet the expense of self–development, and to establish one's own venture. Partial withdrawal can be done only if the account is at least three years old. This rule is waived if partial withdrawal is for skill development. The cap on partial withdrawal from a tier–I account is 25 per cent of the account holder's contribution (not of the total corpus). Only three such withdrawals are allowed during the entire tenure. The maximum 25 per cent partial withdrawal allowed is tax–exempt.

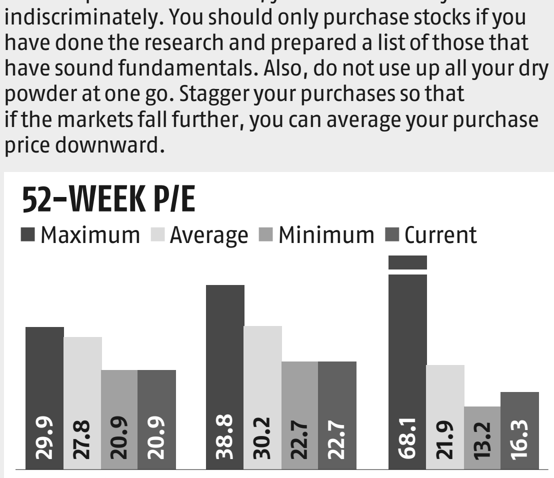
A PPF account holder can make one partial withdrawal each year from the seventh year (that is, on completion of six years). The withdrawal amount is limited to 50 per cent of the total balance at the end of the fourth year immediately preceding the year of withdrawal, or the year immediately preceding the year of withdrawal, whichever is lower.

Experts say one should avoid dipping into one's retirement corpus for other goals like building a house or children's education. "In this era of nuclear families and absence of Social Security, the only thing you can fall back on is your savings for leading a dignified life in retirement," says Omkeshwar Singh, head–RankMF, Samco Securities. Santosh Joseph, founder and managing partner, Germinate Wealth Solutions, also suggests caution. "Using your retirement savings to finance other goals is an extremely sensitive and important issue. Explore all other options before dipping into your retirement savings," he says.

TIPPING POINT

Should you buy stocks now?

It is said that the best time to invest is when there is blood on the streets. And these are such times. Index level valuations are at or close to their 52–week lows across the market spectrum. However, you should not buy indiscriminately. You should only purchase stocks if you have done the research and prepared a list of those that have sound fundamentals. Also, do not use up all your dry powder at one go. Stagger your purchases so that if the markets fall further, you can average your purchase price downward.



Source: nseindia.com

READER'S CORNER

GENERAL INSURANCE

ROOPAM ASTHANA

I already have a standard health insurance policy. There is a lot of fear about the Coronavirus epidemic. Will my standard policy cover me for it?

Coronavirus is an infectious disease and hospitalisation on account of such conditions is generally covered under most health insurance policies. For more detailed information, go through the policy documents issued to you. You can also contact your insurer for greater clarity.

I am a freelance movie maker. I live in Bengaluru and have irregular and lumpy income. Do I need a health insurance policy? I am already covered by my spouse's office insurance. My parents passed away due to cancer and heart disease.

The health insurance policy provided by your spouse's employer will be available only till your spouse is employed. It is always advisable to buy a separate health policy that will protect your family and you. While purchasing one, keep a few factors in mind. One, ensure that you buy adequate sum insured, say, in the range of ₹10-15 lakh or higher, considering your family medical history and the high cost of medical care in a city like Bengaluru. Two, the policy should not have any sub-limits or co-payment requirement. Three, apart from regular hospitalisation expenses, it should cover pre- and post-hospitalisation expenses and provide ambulance cover. Four, look for optional covers such as restoration of sum insured, hospital daily cash allowance, and enhancement of cumulative bonus.

A doctor misdiagnosed me for chronic obstructive pulmonary disease (COPD). I was on medication for one year, and my condition got worse. I changed the doctor and he stopped all my medicines. I was fine within two weeks. Do I need to buy medical insurance? Should I disclose this? I was misdiagnosed, so technically I never had COPD.

It is always advisable to have a health insurance policy and keep yourself prepared for sudden expenses that you may incur due to unexpected hospitalisation. When applying for a health insurance policy, you must disclose all the treatments undertaken in the past to avoid any issues during the claims process in the future.

I lost my baggage on a bus in Canada. It had a costly camera and lenses. Can I claim travel insurance for these items? I have just got back to India.

It can be quite a nightmare to lose your expensive belongings, especially while travelling. Most travel insurance policies offer insurance cover for loss of checked-in baggage by airlines in transit. Unfortunately, the situation you have described is generally not covered by travel insurance. I would advise you to read the policy document issued to you and check whether your case is covered in the loss of baggage section of the policy. Find out what are the applicable exclusions.

Can a person have more than one health policy? Can I cancel my policy? If yes, will I get my premium back?

Yes, you can have multiple health insurance policies. However, at any given point in time, you will be able to make a claim under one policy only. In case the sum insured of the policy under which you made a claim gets exhausted, you can start utilising the other policy.

A policy can be cancelled, provided no claims have been made. To know more on cancellation premium refund, I suggest you read the cancellation clause mentioned in the policy document issued to you.

The writer is CEO and whole-time director, Liberty General Insurance. The views expressed are his own. Send your queries to yourmoney@bsmail.in

New-age ATMs

ATMs are amping up their tech power in order to serve as mini banks, writes T E Narasimhan

Picture this. In a remote Tamil Nadu village, a man walks briskly, stopping occasionally to ask a passing local something. One person points him to a fuel station. With an expression of disbelief, he approaches it and tells an attendant what he needs. He is pleasantly surprised when she takes his debit card, processes it in a hand-held swipe machine, and gives him the cash he had asked for.

A silent revolution is playing out in the field of banking transactions in India. In the last 12 months, the Reserve Bank of India (RBI) has brought in nearly 10 new regulations to make ATM transactions easier and safer — and that includes widening the access to micro ATMs such as the one mentioned above.

This is also in keeping with the recommendations of an RBI committee on digital payments headed by Nandan Nilekani. The committee suggested that the functions performed by ATMs, which depend on some of the most complex technologies, should be enhanced. From being mere cash dispensing machines, ATMs should support a host of banking facilities such as cash deposit, bills payment and funds transfer, customer support and grievance reporting, among others, so they can serve as complete 'digital facilitation points'.

To address this goal, solution providers have been developing a number of new technologies, which are based on chip, data analytics, remote teller and so on. As a result, ATMs can now perform around 95 per cent of the activities which were traditionally done by bank branches, and that, too, 24X7. This not only enhances customer experience, but also makes transactions more secure.

For example, Chennai-based Financial Software and Systems (FSS), which provides solutions in ATM services, mobile payments and merchant payments, has developed a debit card reconciliation system. This is now being used by many major banks. Recently, the RBI has issued several guidelines on the settlement of customer disputes. While this has to be done within three days, excluding the date of the transaction, efforts are on to ensure real-time settlement.

By leveraging big data and analytics, banks are able to forecast customers' preferences and behaviour, which translates to demand forecasting and better cash management

FSS has also come up with micro ATMs to widen the access to ATMs, of vital importance in a country like India, which continues to be mostly cash-driven.

"Earlier, cash withdrawal through micro ATM deployment was not adapted since reconciliation and settlement process to the business correspondent (BC) took more than five days," says V Balasubramanian, president-merchant and terminal business at FSS. Thus, BCs were running out of cash to disburse to customers. The new reconciliation process facilitates real-time settlements to BC accounts, he adds.

From 16 million transactions valued at around ₹1,923 crore in FY 2017, transactions through micro ATMs in FY19 touched 254 million, valued at about ₹6,780 crore. Currently, there are nearly 300,000 micro ATM across the country.

Cash Recycling Machines (CRM) are another recent innovation in the ATM industry. Since they perform the dual function of dispensing cash as well as accepting it (with instant credit for deposits), CRMs are a big boost in customer convenience. It also enables the reliable counting of cash and detection of counterfeit notes.

According to Rustom Irani, managing director at Hitachi Payment Services, given the customer demand for the DIY (do-it-yourself) model when it comes to banking, CRMs may soon become an essential constituent of the self-service channel of banks and financial institutions. In fact, more and more banks are now opting for CRMs when replacing their old ATMs for their convenience, cost advantage and operational efficiency.

White Label ATM (WLA) is another solution which serves as a banking touch-point in remote areas, thus contributing to greater financial inclusion. These are ATMs set up, owned and operated by non-banks (authorised by RBI under the Payment & Settlement Systems Act, 2007).

At just 18 ATMs per lakh of population, ATM penetration in India is very low. With the government's financial inclusion programmes such as Jhan Dhan Yojana and other Direct Benefit Transfer (DBT) schemes, more ATMs are required in rural locations and WLAs serve that goal.

The RBI has recently allowed the deployment of CRMs at WLA sites. A few banks are already live on the inter-operable cash deposit network, which allows cardholders of participating banks to not only withdraw cash from an ATM belonging to a bank other than their own, but also to deposit cash in their own account or a third party account.

To address the issues of safety and prevention of fraud, the RBI has mandated that ATMs need to be EMV compliant. EMV is a technical standard for smart payment cards, which originally stood for "Europay, Mastercard, and Visa" — the three companies which created the standard. Cards with EMV chips are more secure than magnetic strip cards as it is difficult to clone/extract data from the chip.

What's more, ATMs and CRMs are now adopting biometric identifiers like fingerprint readers, enabling card-less usage. They are also introducing OTP-based ATM withdrawals (above a certain limit) to further ensure the safety of transactions.

According to a white paper by Infosys, the other technologies being used to make ATMs smarter include ATM-mobile integration, Near Field Communication (NFC) or QR codes. These technologies not only provide a better banking experience for smartphone users at ATMs, but are also mitigate fraud techniques such as card skimming and card trapping.

ATM-mobile integration allows facilities such as card-less ATM access, faster completion of transactions and many more. Again, by leveraging big data and analytics, banks are able to forecast customers' preferences and behaviour, which translates to demand forecasting and better cash management.

"ATM technology is constantly evolving, providing safer and personalised offerings. The challenge lies in upgrading the technology in existing machines, considering the country's wide geography," adds Irani of Hitachi Payment Services.

Interactive teller machines

As personalisation becomes the buzzword in customer-oriented sectors, banks and financial institutions are looking at Interactive Teller Machines (ITMs), which perform functions that range from the simplest — dispensing cash — to the more complex ones such as offering personalised banking through remote tellers.

IITMs allow customers to have a real-time communication with a remote teller, generally located in a call centre, and perform some of the transactions that are usually carried out at branches. This solution is ideal for financial institutions looking to expand their footprint in areas where branch presence is minimal.

"Banks should not look at these (solutions) as a cost increase," says Balasubramanian of FSS. "They should view these as something which are vital for instilling confidence among customers, retaining them, and attracting more customers to the banking system."

Experts stress that the need to innovate cannot be over-emphasised. As Vittal Raj, founder and senior partner at Kumar & Raj, and an expert on cybersecurity and business technology, points out, "There is a need to innovate while taking cues from the global ATM industry. Custom operating systems, cash recyclers, interactive, voice driven ATMs powered by NLP, a closely knit, stakeholder interest focused supply chain, AI-driven predictive fraud prevention, proactive security response flows based on real-time analytics are just some measures that stand out as building blocks in taking this new direction."

Connectivity for corona crisis

KRANTI NATION

PRANJAL SHARMA

Among the many ways that COVID-19 will change us, is the collaborative approach to tackling national challenges in India.

Prime Minister Narendra Modi's call for COVID-19 Solution Challenge on MyGov is a welcome effort towards involving private sector in times of a national crisis.

Globally, governments are in deep collaboration with private companies and individual innovators to source smart ideas. At the core of such a collaboration is trust.

In the US, the Departments of Energy and Defence offer grants to promising ideas at high speed, in good faith and with little paperwork. The focus on private expertise is high in the US currently. In India, the low levels of trust between government and private sector is a result of nasty behaviour on both sides. The coronavirus crisis should encourage the government and private sector to overcome mutual mistrust and work together for a common goal. Mr Modi said, "Harnessing innovation for a healthier planet. A lot of people have been sharing technology-driven solutions for COVID-19. I would urge them to share them on @mygovindia."

The government has already received a few thousand ideas and solutions on "Bioinformatics, datasets, Apps for diagnosis etc that can be leveraged for strengthening the fight against Corona."

As the government focuses on the COVID-19 challenge, it would make ideal to divide this into two distinct categories.

Firstly, the focus should be prevention and cure of COVID-19. All efforts to prevent the spread must use technology in some way or the other. Every entity or individual who is working on improving diagnostics, preventive care and possible cure should be engaged. The European Union has put out a call to start-ups that are working on COVID-19 to apply for fast track funding. The European Union has made available €164 million through the European Innovation Council to be given to start-ups. This body helps in taking high impact technologies to the market.

As more people work and study from home during COVID-19 outbreak, there is an urgent need to enhance capacity of communication networks

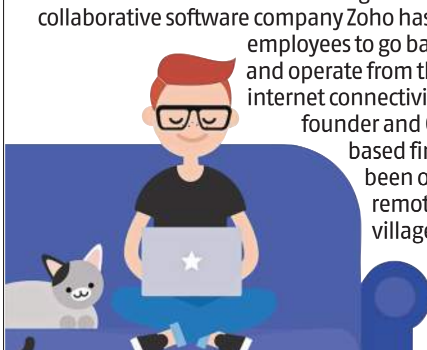
India can focus on enabling priority funding for similar start-ups. For the moment, the India COVID Challenge offers less than ₹200,000 as an award. Instead the Prime Minister's Office should help create a fund for COVID solutions urgently. This fund can be administered in mission mode by a semi-corporate body. Secondly, the government should strengthen effort on digital delivery of services. COVID-19 crisis is the right time to enhance investment in digital infrastructure of the country. As more people work and study from home during COVID-19 outbreak, there is an urgent need to enhance capacity of communication networks. The microwave transmitters on telecom towers need to be supported or replaced with optic fibre connectivity, which has much higher bandwidth.

"This is the right time for India to deepen its fibre connectivity. Only about 20 per cent of telecom towers are fibre connected so we can really speed up our capacity," says TV Ramachandran, president of Broadband India Forum.

There are interim solutions too for immediate expansion of connectivity. The government can consider releasing high frequency millimeter wave spectrum for telecom operators. Poor connectivity in this era is like depriving the economy of oxygen. Government must place availability of high-quality connectivity on greater priority than reduced lending rates, tax deferment and bailout packages. Organisations across sectors are heaving to place their work and businesses online. Poor connectivity will fail them and worsen the crisis. Connectivity is as important as oxygen right now. Collaboration between government and private sector would work best with enhanced digital infrastructure. Immediate and long-term measures should be triggered right way. Innovative solutions will need the oxygen of digital infrastructure to take root.

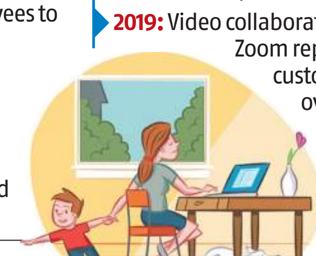
ALGO RHYTHM

HISTORY OF REMOTE WORKING



Even since India started witnessing incidents of COVID-19, collaborative software company Zoho has been encouraging its employees to go back to their hometowns and operate from there, if they have internet connectivity. Sridhar Vembu, co-founder and CEO of the Chennai-based firm himself has since been operating out of a remote farm in Tenkasi, a village in Tamil Nadu. Not just that, the company has announced to offer its newly-launched remote work toolkit called Remotely for free to everyone, as more enterprises allow their employees to work from home or remote locations to stop the spread of the deadly coronavirus. While Zoho is just one of the many players in the cloud-based collaborative software space, several advancements in technologies over the past decades have really enabled the workforce to effectively and efficiently work from remote locations.

- **1760–1840:** Industrial revolution created the momentum towards working outside the home
- **EARLY 1900'S:** Birth of modern offices in America; they gave rise toinnovations such as telephone, telegraph, typewriter
- **1968:** Design of cubicle by Robert Probst
- **1973:** Physicist Jack Nilles, who is known as the father of remote work, coined the word "telecommuting".
- **1975:** First personal computer designed
- **1979:** IBM allowed five employees to work from home on as an experimental basis. By 1983, roughly 2,000 IBM employees were working remotely
- **1983:** Birth of internet
- **Mid-1980s:** J C Penney allowed call-centre employees to work from home. By 1987, number of telecommuting American grew to 1.5 million
- **1991:** Invention of Wi-Fi
- **2000:** Enactment of the DOT Appropriation Act which required all executive agencies to establish telecommuting policies
- **2005:** First official co-working space created in San Francisco
- **2008:** Launch of enterprise social networking tool, Yammer. In 2012, it was acquired by Microsoft for $1.2 billion
- **2018:** 70 per cent of world's population work remotely at least one a week, 53 per cent half the week, said reports
- **2019:** Video collaboration software Zoom reports 50,800 customers with just over 10 employees, a 5X increase from 2017



SOFTWARES AND TOOLS

SLACK: A collaborative instant messaging platform developed by Slack Technologies

ZOHO CONNECT: A team collaboration app by Zoho Corp that unifies people for faster communication and better collaboration

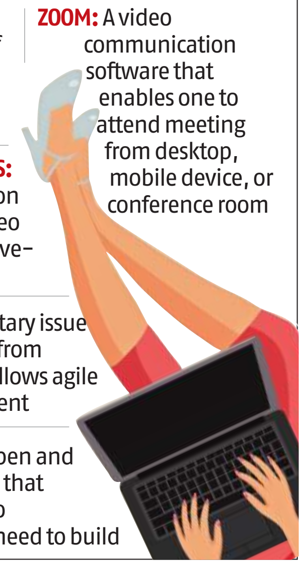
OFFICE 365: An integrated suite of cloud-based applications by Microsoft

ZOOM: A video communication software that enables one to attend meeting from desktop, mobile device, or conference room

GOOGLE HANGOUTS: Makes collaboration easy; can hold video conferences and live-stream meetings

JIRA: It is a proprietary issue tracking software from Atlassian, which allows agile project management

CONFLUENCE: An open and shared workspace that connects people to information they need to build



Indian tech in fight against virus

A Bengaluru tech firm helped German engineers remotely set up facilities in Chinese hospitals, reports Peerzada Abrar

Soon after the coronavirus (COVID-19) outbreak in the Chinese city of Wuhan in December 2019, the authorities were able to quickly set up new hospital facilities, complete with intensive care units, medical equipment rooms and quarantine wards.

Huber & Ranner, a German designer and manufacturer of air handling systems, was assigned to deliver and install its HVAC (heating, ventilating, and air conditioning) systems for two hospitals in just a few days. But given the scale of the outbreak in Wuhan, sending Huber & Ranner's technical staff to supervise the installation of the systems was a risk.

This is where BlinkIN, a Bengaluru-based intelligent visual-assistance company, came in. Thanks to its technological support, Huber & Ranner's service engineers were able to remotely install air ventilation systems in the two hospitals.

"Huber & Ranner used BlinkIN to power their customer support service (platform) X-Care, which was very elemental for setting up and maintaining the shipped ventilation units for the two hospitals in Wuhan," says Dhiraj Choudhary, co-founder of BlinkIN. "Whenever they need any troubleshooting or maintenance, they are using BlinkIN to help them out."

Choudhary says he never thought that the technology platform of his company would have such a massive social impact. "It brings us a lot of satisfaction and pride that we are able to contribute (in the fight against coronavirus) using technology."

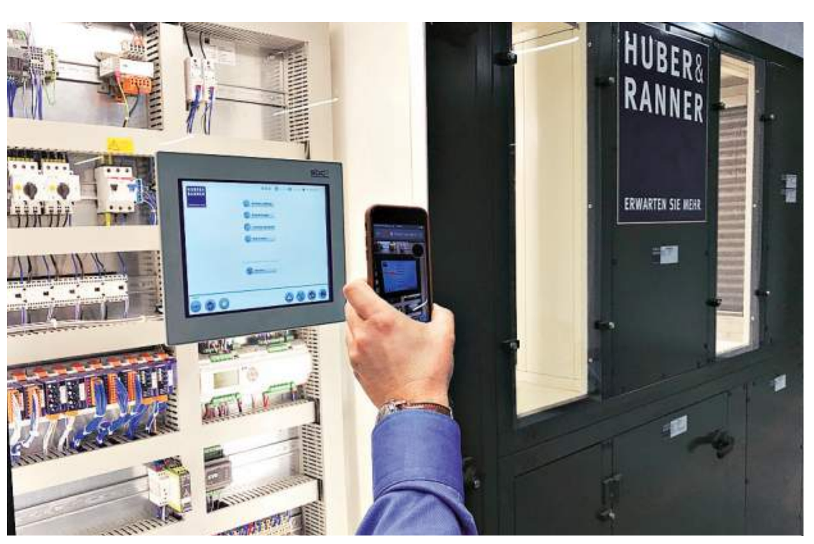
An alumnus of Biju Patnaik University of Technology, Odisha, Choudhary co-founded the company in 2017 along with college friend Nitin Kumar, and Harshwardhan Kumar, an alumnus of College of Engineering Bhubaneshwar, and German entrepreneur, Josef S.

Incubated at the Nasscom Centre of Excellence, BlinkIN enables support teams across the globe to deliver a visual customer experience remotely. This enhances the quality of the service, reduces field visits and hence costs, and decreases downtime.

BlinkIN does not need any app or software. Customers or field engineers are able to securely connect and instantly share live video and photos of the issue with the remote experts. The experts can then guide them, using a live pointer and augmented reality (AR) screen annotations. This makes for a dramatic decrease in explanation time and a near-instant diagnosis of the problem.

"There are challenges with audio and video platforms, as you cannot point to something when you are giving guidance," says Choudhary. "We are addressing this by providing intuitive communication."

BlinkIN offers 'Scotty', an artificial intelligence (AI) and AR-powered live video calling system. The live pointers and AR screen annotations help to seamlessly transport human skills and knowledge to the location where and when they are needed. The company also offers 'Huston', an AI-enabled self-service system powered by a virtual agent. This helps a user leverage the expertise of senior engineers on their smartphone.



From robots serving food to quarantined patients to diagnosis algorithm, technology is being used in innovative ways to combat coronavirus

Currently, BlinkIN is active in 43 countries. Choudhary says the platform has several applications, which can be of help to companies during the pandemic, especially when their employees work from home.

But it is not just BlinkIn. Many other tech companies are trying to use their expertise to combat and contain the COVID-19 pandemic, which has already claimed nearly 6,000 lives.

DeepMind, an AI company owned by Google's Alphabet, is using its existing work to help researchers fight COVID-19. The London-based lab said it hopes to contribute to the scientific effort using the latest version of its AlphaFold system to release structural predictions of several under-studied proteins associated with SARS-CoV-2, the virus that causes COVID-19.

Though these structural predictions have not been experimentally verified, Deep Mind said that they might contribute to the scientific community's investigation into how the virus functions.

Tech giant IBM plans to work with medical institutions and practitioners to support the effort to develop drugs to fight the pandemic. The firm wants to use its IBM Clinical Development (ICD) system in this regard. ICD is a unified, SaaS-based data capture solution that provides end-to-end visibility and management capabilities for patients, sites and clinical trials.

Microsoft Bing has launched a web portal to track COVID-19 infections and an interactive map to monitor its spread worldwide. The website, available at bing.com/covid, provides up-to-date infection statistics for each country.

Chinese e-commerce giant Alibaba claimed that its new AI-powered diagnosis system can identify coronavirus infections with 96 per cent accuracy via computerised tomography scans. The diagnosis algorithm was created by Alibaba's research institute, Damo Academy.

Many tech start-ups are also contributing to the fight against the disease. In China, DJI drones are delivering health advice while the 'Little Peanut' delivery robot is serving food to quarantined patients. Agritech firm XAG is providing large-scale disinfectant spray services.

Business Standard

Insurance Gazette

MUMBAI
THURSDAY 19 MARCH 2020

Protection in focus

The life insurance industry plans to sell more term products even as the alternative tax structure takes away exemptions

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RISING SHARE OF PROTECTION PRODUCTS

Figures in %	FY17	FY18	FY19	FY20**
HDFC Life Insurance	26.0	35.0	44.0	43.0
SBI Life Insurance	4.8	5.5	11.9	11.3
ICICI Prudential Life *	3.9	5.7	9.3	14.1
Max Financial Services *	7.0	8.0	10.0	13.0

Protection product as a percentage of overall business
* based on annual premium equivalent, for others it is new business premium based
**for April–December 2019

Source: Companies

Insurance has historically been a "push product" and despite the best efforts of the regulator and the various life insurance companies, it has failed to see pull from customers. One of the biggest incentives for buying insurance has been the tax exemption under section 80C of the Income Tax Act. In the Union Budget 2020, the Finance Minister introduced an alternative lower taxation regime wherein a taxpayer can choose a lower tax rate but will have to forgo most of the deductions they enjoy under the existing tax regime.

This has sparked a debate in the life insurance industry. One side believes that removal of exemptions will not have a detrimental impact on the insurance business in general as the customer has evolved over the years and understands that life insurance is mainly meant for protection and not as a tax-saving option.

The other side puts forth the argument that incentives in the form of tax exemptions have worked in driving up the penetration levels and the removal of it will have an impact on consumers. This is because the attractiveness of a life insurance policy will somewhat be diluted and the policy holders will have to be educated to make them aware of the importance of protection.

In this scenario, industry experts say some life insurance companies may have to change their business models to include more protection products (such as term insurance) in their portfolio. Many insurers have been consciously making this move and are increasing the share of protection products in their offerings because it makes their margins attractive. However, till date, the share of savings products outweighs the share of protection products in most of the large life insurance companies.

R M Vishakha, managing director and chief executive officer, Indiafirst Life Insurance said at the Business Standard Insurance Roundtable 2020 that the company will intensify both its product offerings and sales effort.

"Protection products are fairly cheap with a high risk-reward ratio and it is one of the simplest financial products in the market with a motive to protect lives. There won't be much impact given the Budget announcement because agents currently don't pitch for tax savings products," said Santosh Aggarwal, chief business officer, PolicyBazaar.com. However, he added that savings product will see an impact. "We are asking customers to buy more term products because there will be a price hike post April because of reinsurance pressure," he said.

Insurance is also taken keeping in mind the tax savings and not the adequacy of protection it offers, said Adhil Shetty, CEO, BankBazaar. "If these are separated from taxation, chances are that people would pay more attention to the merits and demerits of the investment or insurance product," he added.

In the past couple of years, life insurers, mainly private players, have been pushing protection products to improve margins as these term plans enjoy a higher margin. For instance, some listed players – ICICI Prudential Life Insurance and Max Financial Services (holding company of Max Life) – reported over 500 basis points year-on-year expansion in protection mix or share of protection products in the overall business during April-December 2019.

"There will be an impact but it won't be significant because the industry as a whole has been continuously focusing on increasing the share of protection products as term products cater to the core needs of the consumer. And, this will continue to be the focus of the industry irrespective of removal of exemptions," said Subhrajit Mukhopadhyay, chief actuary, Edelweiss Tokio Life Insurance.

Analysts believe the new tax structure is expected to augur well for protection products. Avinash Singh, analyst at SBICAP Securities said, "The government's decision to remove tax exemptions would help outgrow protection segment vis-à-vis savings." However, the mindset of people in terms of pricing and returns on savings could have some an impact on business of protection products. The jury is out on how the insurance companies tackle this issue as life insurers are expected to hike prices for term products by 10-30 per cent starting April 2020. Although, the new selling strategy by insurers could help change buying behaviour of customers.

Additionally, some supportive macros should help grow protection segment without much impact. According to Macquarie Capital Securities, many life insurers don't see demand being hurt by higher pricing as the need to take protection remains high, the market is still largely underinsured and term insurance premia are still much lower in India compared to most other countries.

INSURANCE INDUSTRY: A SNAPSHOT

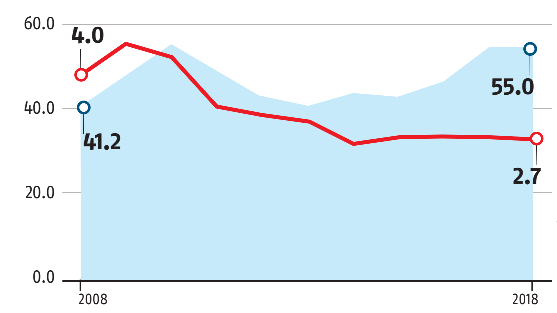
The insurance industry is in its 20th year after the sector was opened to private players. While it has undergone a sea change in terms of growth and new products, many old issues remain.

Business Standard brings you a snapshot of the Indian insurance industry.

PENETRATION REMAINS FLAT

During the first decade of the insurance sector liberalisation, the sector has reported consistent increase in insurance penetration from 2.71 per cent in 2001 to 4.6 per cent in 2009. Since then the level of penetration was declining. As of 2018, India's insurance penetration stands at 2.74 per cent.

Life insurance trends in India

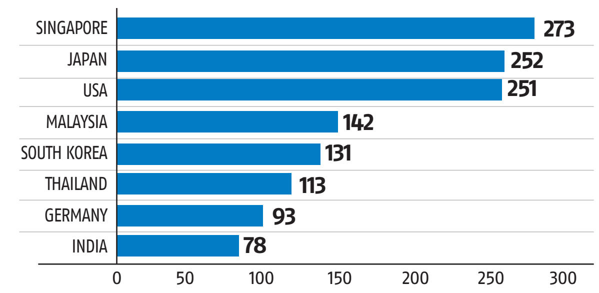


* Ratio of premium to population i.e. per capita premium
** percentage of insurance premium to gross domestic product

SUM ASSURED IS SMALL COMPARED TO OTHER COUNTRIES

India's sum assured, as a percentage of gross domestic product, ranks one of the lowest among major countries. While Singapore's sum assured as percentage of GDP is 273 per cent, for India it is merely 78 per cent

Sum assured as % of GDP



GDP: gross domestic product
For India data is for FY19,for US, Japan, Germany, South Korea it is for FY18 and FY17 for others; Source: ICICI Prudential Life Insurance

HOW THE INDUSTRY HAS PERFORMED

The life insurance industry saw a robust growth of 31.8 per cent in its first year premiums during April–February 2019, while the growth in general insurance was slower.

New premium collections of life insurers

(₹cr)	April to February FY19	FY20	Chg (%)
LIC	1,17,415	1,60,910	37.0
Private total	59,799	72,577	21.4
Total	1,77,214	2,33,487	31.8

Gross direct premium income of general insurers

(₹cr)	April to February FY19	FY20	Chg (%)
General Insurers	1,34,459	1,50,682	12.1
Standalone health	9,633	12,561	30.4
Specialised PSU	8,005	10,022	25.2
Total	1,52,097	1,73,265	13.9

Source: IRDAI

MUMBAI | THURSDAY, 19 MARCH 2020 Business Standard

BUSINESS STANDARD INSURANCE ROUND TABLE

'Government doesn't determine LIC's investments'

Six top life insurance executives brainstorm on the impact of tax exemption removal and the upcoming IPO of Life Insurance Corporation. Edited excerpts:

LIFE INSURANCE ROUND TABLE

"In the short term, it makes sense for customers to continue with the exemption regime. The issue will only arise when we are forced to shift to a new regime of no exemptions at all. The protection product will have no impact"

NS KANNAN MD & CEO, ICICI Prudential Life

"As a life insurer, we are conservative and 68% of our investments are in government securities and state development loans. Our investments in equity are based on two factors: growth and value. There is an investment committee to ensure transparency"

RAJ KUMAR MD, Life Insurance Corporation

"It is better to have an open economy with more competition coming, which will benefit consumers rather than having restrictions on foreign investment. But if promoters need to divest 20%, and not enough time is given, I don't know who has that much money to invest"

ABHIJIT GULANIKAR President, SBI Life Insurance

"If you are able to open the sector to 74% FDI, like in some other sectors, it will add a lot of value. The foreign players who come in will bring with them their core strengths, and it will be beneficial for the industry"

SURESH BADAMI Executive Director, HDFC Life

"The tax incentive was actually a motivation for individuals to be more risk aware. If tax saving was a sweetener, we will now figure out how to work without the sweetener. Our sales efforts will have to intensify and we will figure out how to sell better"

RM VISHAKHA MD & CEO, IndiaFirst Life

"There's no shying away from the fact that tax was one of the incentives. From the consumer's perspective, some of the attractiveness will go away. For the insurance industry, it is an opportunity to look more at innovation and protection"

YASHISH DAHIYA Group CEO, Policybazaar

With individual taxpayers being given the option to do away with tax incentives and pay a lower flat rate, what will be the impact for the life insurance industry?

Yashish Dahiya: I don't think the protection segment will be impacted much. But one of the reasons for buying an investment product was tax incentive. From the consumer's perspective, some attractiveness will go away not this year but in the future, and there'll be some continuity for a few years. It is both an opportunity for the industry to look more at innovation and protection, but it's a challenge from various investment points.

RM Vishakha: Tax incentive was actually a motivation for individuals to be careful and more risk aware, as well as to protect their families. This is a disservice to customers at large. As a country, we're not very risk aware, and if we take away even the incentives, I am worried about how are we going to be creating that entire risk management awareness to a customer. From an insurance company's point of view, we will find another way. Obviously, we will find different ways. We will talk about protection and savings; we will talk about certainties of life and we will figure out how to sell better. If today's tax saving was a sweetener, we will now need to figure out how to work without the sweetener. Our sales efforts will have to intensify and we will figure out how to sell better.

Suresh Badami: The reason for which the Indian customer is buying life insurance is not tax saving. If you look at the trends in the market, there was a time when there used to be a huge queue on the business in January-March every year. But if you look at it, and even if you were to give our example where probably we were, let's say 44 per cent of our business used to happen in the fourth quarter, it has now come down to maybe 34-35 per cent. And we are seeing the trend coming down.

It could be in terms of planning for exigencies, improving quality of lifestyle, or for child education. There's been a lot of innovation which has happened in terms of savings. Clearly on the annuity and the protection side there are a lot of products which people do go back and buy.

Abhijit Gulanikar: We have not received any pushback from our sales team or heard that tax is the first thing that gets pitched now, when insurance is getting sold. So the understanding based on the data is that most people are wanting deduction. Now the current regime allows you the choice going forward, whether that choice will remain three years down the line, we don't know. My personal take is that people have been exercising the choice in favour of deduction for so long in such large numbers, they should continue to do that.

NS Kannan: I actually don't see any impact whatsoever because of this change. In the short term, I think it makes sense for the bulk of the customers to continue with the exemption regime. The issue will only arise when we are forced to shift to a new regime of no exemptions at all. The protection product will absolutely have no impact, because it is always sold on a need basis and not on a tax platform.

Raj Kumar: With 55 million income tax payers and 30 million policies being sold every year; tax becomes irrelevant. The high net worth individuals are not bothered about this. Then there are rural customers who are not supposed to file an income tax return. Then there is the middle segment, which I believe has already been tapped and only the newcomers' may be interested in these exemptions. In the long term, we have to educate the customers that life insurance is for protection, not for the tax savings and the saving part was an added benefit.

Should the 49 per cent foreign investment cap be relaxed?

Kannan: Increasing 49 per cent to a higher percentage is a reform that has happened in other sectors. Insurance industry will continue to consume capital. So if you can attract large pools of capital from abroad, it's a good thing for the industry as a whole. If you look at the three-four listed players here in life insurance industry, we have all grown between 40 and 60 per cent. It is good for us as a country to take advantage of this situation and attract foreign capital.

Gulanikar: It is better to have an open economy with more competition coming, which will benefit consumers rather than having restrictions on foreign investment. An Indian promoter may not have the wherewithal and a foreign company can come and run it the way it wants to. So, it will be better for the consumer. We need to cross the bridge when it comes. But if 20 per cent plus needs to be divested by promoters, and not enough time is given, I don't know who has that much money to invest in.

Visakha: It is very important, especially for companies which are not yet listed. When they go for listing, and if the FDI limit is capped at 49 per cent, they may not attract any foreign institutional investors.

Badami: Life insurance as a long term saving product leads to a huge corpus which the government can tap for infrastructure and many other such areas. I would think that yes, if you are able to open the sector to a 74 per cent, like in some other sectors, it will add a lot of value. And maybe the foreign players who come in will bring with them their core strengths, and it will add a lot more value in terms of what we can do in the industry.

Dahiya: If you don't run a business well, and you lose out because of that, that's one issue. But if it's because of just access to capital, I think that's a pretty sad situation. FDI has only benefited every sector. So what's the big issue?

Is it easy for you to go for an initial public offer (IPO)?

Kumar: There is a perception that our investments are determined by the government of India. No, it's not like that. Investments are determined by LIC Act and Insurance Regulatory and Development Authority of India (Irdai) regulations. Yes, being in the life insurance industry, we are a little conservative.

About 68 per cent investments are in government securities and state development loans which are sovereign guaranteed. On February 1, when the market fell after the Budget announcements. What was our investment that day? It was hardly ₹200 crore, which is just a normal, routine day. Our investments in equity are based on two factors: one is growth and the other is value. The life insurance contract being a long-term contract we have to look at it from that angle also. So it's not that we are pushed into it. There is an investment committee which looks into the second part to ensure transparency.

Till now we have not received any formal communication from the government, but I believe that they have started some exercise at the ministerial level. The government has very clearly said that we would like it to have happened in the second half of the next financial year.

How prepared are you?

Kumar: We don't have any expertise and experience on how the IPO works, so we will have to get some information from the industry and the other segments of the market from where IPOs have happened. We have never calculated embedded value because we were not required to. The announcement came on February 1 and presently we are on the job of managing internal perception. We have to talk to 1.2 million agents, and we have to talk to 110,000 employees. On February 2 itself, the finance minister has gone on record saying that sovereign guarantee will not be affected.

How does the IPO change the rules of the game?

Dahiya: Whatever I have seen from the outside and interactions with LIC, it is very unlike a lot of other PSU. It is a fairly competitive, very competent, high technology investment organisation. Usually, an IPO makes entities more competent. So, quite honestly, according to me nothing will change. They are already growing pretty well in the last couple of years, as fast as the rest of the market, or faster.

Gulanikar: Other than the fact that listing in general is good in terms of transparency and openness, which is what the regulator also wants, LIC discloses quarterly financials, which are fairly detailed. Obviously, embedded value and all is another angle which comes with listing.

Badami: I think it's important for us to understand that after so many years of insurance, and with 23 other private players being in place, as a country, premium as a percentage of GDP continued to stay at 2.7 per cent in 2018. It's not really been changing much. If you look at the Swiss Re report, they talk about a 92 per cent production gap in the country. This effectively says if as a country, we should be insured for a certain amount, we are only covered for only 8 per cent of that. Now, these are numbers which are staggering. And you know, as an industry, we have a long and huge opportunity to go forward. Frankly, any listing will bring forward more disclosure and bigger transparency. Whenever an organisation like LIC lists it will bring a lot of innovation and dynamism in the market, because there will be a lot of push and pull.

Kannan: I feel that IPO or no IPO, LIC is one of the toughest competitors in the industry. About 20 years of liberalisation and even now, if you look at the total receipt premium on the first year basis, LIC has a 70 per cent market share. And it has over ₹31 trillion of assets to manage. It is huge and it's probably the best known retail financial services brand in the country. We are minnows compared to the behemoth. And it has done a fantastic job with technology and with the steps taken in the last couple of decades. So, the industry will be competitive and LIC will be a very significant player, IPO or not.

Now, IPO also opens up a good class for investors, institutional or domestic, to own a piece of the insurance industry, the much larger piece of the industry. With more players listing, potential investors get to know about the industry much more. I don't know the valuation but I guess very quickly it will get into an index. So that will open up a big asset class for the investors so every way it is good. We should welcome it with open arms. It will be good for the industry. It will good for the market cap of the overall industry and we become more significant by way of market.

BUSINESS STANDARD INSURANCE ROUND TABLE

Focus should be on underwriting profit

CEOs of leading non-life insurance companies discuss innovation, impact of technology, and reduce the industry's reliance on investment gains

NON-LIFE INSURANCE ROUND TABLE

(From left) Marsh India Country Head and CEO Sanjay Kedia, Religare Health Insurance MD and CEO Anuj Gulati, *Business Standard* Consulting Editor Tamal Bandyopadhyay, ICICI Lombard MD and CEO Bhargav Dasgupta, and Future Generali MD and CEO Anup Rau at the *Business Standard* Insurance Round Table 2020 in Mumbai

PHOTO: KAMLESH PEDNEKAR

The regulator has asked companies to make money from the insurance business. Your views?

Bhargav Dasgupta: If you look at the last 11-year performance of the industry since pricing was freed, the compound annual growth has been roughly 17 per cent. The industry was about ₹29,000 crore in 2008, and became ₹1.7 trillion in 2019. So, from the top line, we have grown well at a time when pricing actually collapsed in quite a few segments, particularly in the corporate line of business.

What is even more remarkable is that you made up underwriting losses but the real story is that profit after tax of the industry during the same period became one-fourth. In the long-term you have to focus on underwriting profits because that's the core of your business. If you earn a premium of Rs 100, you must make at least Re 1 as profit, which means your combined ratio (for measuring profitability in the insurance business) must be 99 per cent, but the industry is operating at about 118 per cent (and running at a loss). Unfortunately, it does not leave enough capital to scale up, invest, and add new innovative products.

Will predatory pricing kill marginal players?

Dasgupta: If the predatory pricing continues, the concern that one should have is that it would kill some of the competition. If this continues, then companies, which keep on losing money will gradually become less and less relevant and the industry will unfortunately get more concentrated. If the industry becomes more focused on underwriting, it will benefit not only the companies in the industry but also help policy holders because you will be able to invest in some of these new areas both in terms of innovation in products and in terms of distribution.

Anup Rau: When you are fighting for your market share I think the laziest thing to do is to compete on pricing or to compete on commissions and outplay others to have a loss leader model. At some level it also displays lack of imagination, innovation and customer focus. The issue is that a commoditised product is not a great proposition with customers. So, unless you actually revisit the way we look at customers, this will continue to be a challenge and it requires one international player to give out rational commissions or price rationally. Maybe a second player follows suit, and then the rest. So, it has a domino effect and you see that in all markets, in all segments and all over the world. Unless you stay focused on having innovative products and processes, and give the customers a better claims experience, this problem will persist.

ANUP RAU
MD & CEO, Future Generali

"When you are fighting for your market share, the laziest thing to do is to compete on pricing or commissions and outplay others to have a loss leader model"

What is your outlook on the industry?

Sanjay Kedia: The regulator has allowed freedom, but the insurance market is yet to take up this opportunity and offer tailor-made coverage for different industries and customers. Corporate India tremendously benefited after de-tariffing from 2008. The premium rates fell drastically, but what has happened in the last couple of months is a very big shock. They are going through a downturn and there has been a change in terms of General Insurance Corporation-led reinsurance rates, which has made property insurance more expensive - on an average a minimum of two times to as much as 10 times. Corporate India is saying that the regulator allows competition, but this takes away competition completely from the insurance market. Also the challenge for customers is that there is no competition, no coverage improvement and they also complain that claim settlement speed isn't good enough. So with this, mistrust in the insurance sector has increased in last three months.

How do you see the regulatory sandbox panning out?

Anuj Gulati: When we think about insurance in India, it's a highly regulated business and what I mean by regulated is that for the products that we can offer, there are guidelines which govern the kind of products we can design. There are guidelines that govern how we can distribute and the fees that we can pay and so on, because of which the industry is evolved, growing on the back of certain traditional channels of distribution and certain traditional products that we have all learned to offer. Along the way, time to time, the regulator is allowed for some innovation around products, but I don't think we have been able to take a big bang approach. That's where sandbox becomes interesting. It opens up avenues for bundling a whole bunch of services and newer ways of distribution with insurance companies. With new-age technology being available, it will also open up new distribution avenues.

BHARGAV DASGUPTA
MD & CEO, ICICI Lombard

"If the industry becomes more focused on underwriting, it will benefit not only the companies in the industry but also finally help policy holders"

Rau: At Future Retail's Big Bazaar and other retail formats, customers can buy insurance at the billing counter. Somebody who is shopping can buy a product to protect himself or herself from mosquito-borne diseases. We call that a vector product. There's baggage insurance, where everything in the bag is covered. Innovation has been happening with respect to channels of distribution, more than for products. So here the innovation really has been on the channel of distribution more than products because we were told by all and sundry that this will never work because, you know, shops don't sell insurance. Innovation is not just about product, but it's also about distribution. And so I think that's one example I would like to give.

Dasgupta: We've got about five approvals. So one of the things that I think as a country we should worry about is road safety, because India is the accident capital of the world in terms of number of deaths that we have on the road. And unfortunately over the years, we've not been able to design products that incentivises better behaviour. One of the products that we got approval for is a motor insurance product, where you pay your premium based on the quality of your driving. It's not just about how long you drive—the number of kilometres but also the quality of your driving. And over the years, we've been experimenting with devices to figure out the quality of driving and correlate that with risk, in terms of claims.

How do you see this sandbox approach as a distributor?

Kedia: All stakeholders in the insurance industry have welcomed this regulation. It creates possibilities on all fronts, whether it is a product or distribution, and also the new age technologies it addresses. Whether it is all of these or in different combination, there are numerous things which are going to be possible. So it really creates a lot of possibilities and is a positive outcome.

Why is there mistrust when it comes to health insurance?

Gulati: Earlier when you went into a hospital to a third-party administrator's desk and said you had medical insurance, typically the charges would be much higher. There is a realisation that as we account for a larger share of a patient's hospital bill and their overall revenue, our ability to work with them and offer more standardised fare services improves. From the regulator's side, there's been a lot of work that has been done, in terms of permanent exclusions and so on. The grievances (from patients and hospitals) helps the industry review the products continuously and with the regulator, continue to standardise the product. There's also a request to consumers – when you buy a product, please declare. Over-declaration will not hurt you, but under-declaration leads to unnecessary delay at the time of claim.

SANJAY KEDIA
Country Head and CEO, Marsh India

"The regulator has allowed freedom, but insurers are yet to take up this opportunity and offer tailor-made coverage for different industries and customers"

From the distributors' point of view, what are the risks?

Kedia: Property risks are high because of poor fire safety. But business interruption losses are going up. As a thumb rule, I can say in the last 10 years, two-third of the loss of the insurance market, for corporate consumers, comes because of business interruption losses, and not because of the property damage. The need of the consumer is increasing on non-damage risk issues. The coronavirus is an example of a pandemic risk. Also, customers are concerned about supply-chain risk issues. When a risk opens up in Japan (for example), businesses in India in spite of having carried out supply-chain risk analysis, say that if this issue continues they would run out of critical supply parts. Many businesses are at the verge of this supply-chain risk.

This is a big opportunity for the insurance market. Cyber risk is the fastest growing insurance line across the globe. India will catch up. The new data privacy laws which India will soon enact will certainly create a very different level of demand. In the insurance market we will have certain areas of risk going away, but there are new areas coming up, particularly out of sectors such as technology, litigation, and simply because of living in an interconnected world.

ANUJ GULATI
MD & CEO , Religare Health Insurance

"The grievances from patients and hospitals help the industry review products continuously and continue to standardise the product along with the regulator"

What innovations do we need to ensure so that we don't have lazy insurance?

Rau: When it comes to any product or service, you are talking about the proposition which is very important. The second thing is, the buying or selling process has to be frictionless. Now, whether it's through technology or without technology, online, offline or using AI or not, it doesn't matter. For example, health insurance isn't really attractive for the younger age group because the proposition is weak. Secondly, certain kinds of products, they are just not accessible easily. We did a survey on our customers using some health products on why they bought the product? The answer was because nobody else came to us, which is not a great place to be in. It means we have a problem with the delivery of the distribution channel. So the conduit is the issue.

Dasgupta: If you look at the amount of venture capital investment going into health tech, to solve very difficult problems using AI is remarkable. If you look at what's happening in Silicon Valley, it's directionally the way to go. Ten years from now, most of the things that doctors do today can be done with some assistance from a machine is prediction. So, from our perspective, using the same technology, there is a lot of things that we can do. It need not be for products in the industry, for services for customers at the time of buying a product. For insurance policies, it is the ease and convenience of a claim and the certainty that a claim will get paid in a predictable fashion. What we've done is using an image-based AI solution, you just point your mobile phone at your car. Right now, we have got a live video streaming process, which is looked at by humans at the back-end, and they approve the service immediately. So we approve the claim, we will send a pick-up truck and send it to a garage and get it fixed. You don't have to wait for someone to come from the garage. It is done by you because of the instant video based survey.

What about the Pradhan Mantri Jan Arogya Yojana which envisages ₹5 lakh health insurance per annum for each family?

Gulati: The realisation is that collectively there are about 200 health insurance plans. At times there may be confusion in the customers mind. The below poverty line segment, the Jan Arogya Yojana project where the government is offering standardised products and subsidising premium or paying premium for that segment. From an industry perspective, the thinking was can we do a standard product, and they're calling it the Arogya Sanjeevni plan. It becomes a standard product that each of us offers, we can price differently. It could start from ₹50,000 and go up to ₹5 lakh of sum insured. There are some standard features that come with a certain degree of co-pay so that there is no misuse of the plan. So in that sense, it becomes a bare-bone standard product and it's a good step forward.

Brent crude slumps below $25/bbl, weakest since 2003

US crude futures tumble to 18-year low on fears of steep fall in oil demand

AGENCIES
18 March

Brent crude fell by over 13 per cent on Wednesday, to as low as $24.95 per barrel — its weakest since May 2003. US crude futures also hit an 18-year low as Goldman Sachs said lockdowns to counter the coronavirus pandemic raised prospect of the steepest ever annual fall in oil demand.

With governments worldwide urging residents to limit gatherings and isolate themselves, global oil demand by the end of March could fall as much as 8 to 9 million barrels per day, Goldman Sachs said. The yearly fall could be as much as 1.1 million bpd, which it said would be a record.

"The oil demand collapse from the spreading coronavirus looks increasingly sharp," Goldman Sachs said, forecasting a fall in Brent prices to as low as $20 in the second quarter.

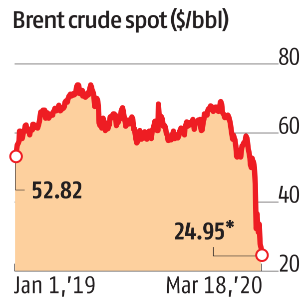
The oil market was already reeling after Saudi Arabia decided this month to dramatically increase supply since it and Russia could not agree to cut output in anticipation of weaker demand.

Saudi Arabia has so far ignored entreaties to act to balance the market, reiterating plans to maintain production at more than 12 million barrels per day, which would be a record.

"I've never seen anything like this. We've never simultaneously had demand destruction from one event at the same time that supply is being increased and flooding the market," said Andrew Lipow, president of Lipow Oil Associates in Houston.

The last time oil traded at these levels, China had just begun its rise as a global economic superpower, which later propelled world oil consumption to record highs.

Both contracts were on track for a quarterly decline of about 60%, sharpest since at least the 1980s, Goldman Sachs said in a report Wednesday.



Source: Bloomberg (*At 11:50 pm IST)
Compiled by BS Research Bureau

FALLING CRUDE PRICE: INDIA IMPACT

IMPORT BILL Low price is a positive for crude imports bill. If prices move in the $35-40 a barrel band, the oil import bill may fall 8% year-on-year in fiscal year 2020 and 35-40% in fiscal year 2021.

CRUDE IMPORT BILL ($ BN)

FY19	FY20	FY21
111.9	103.0	66.7

Source: CRISIL

GOVERNMENT REVENUE The decline in prices will provide a cushion to the govt to hold back some gains by levying an additional tax. It increased excise duty on petrol, diesel by ₹3 per litre last week. This would rake in additional revenue of ₹40K cr, resulting in fiscal bandwidth to spend on infra projects.

COMPANIES COVID-19 is drying up demand from the road transport and airlines segments. Hence, India's consumption growth of petroleum products is expected to be low at 2-3% in FY21. This, along with lower product prices, will have a direct impact on the revenue of oil marketing companies. A sudden decline in crude prices will also lead to inventory losses.

CONSUMERS Benefit of lower prices may not be completely passed on to the consumer on account of excise duty hikes. However, they will still gain. Fuel prices are gradually declining, as they are fixed on the basis of 15-day average international crude prices. Going forward, expect petrol prices to fall by ₹6-8 a litre and diesel ₹4-6 a litre as the drop gets fully reflected. At the same time, the impact of rupee depreciation would be passed on to the consumers.

COVID-19 cases in India rise to 151; Army reports first case

PRESS TRUST OF INDIA
New Delhi/Leh, 18 March

The Indian Army reported its first case of coronavirus after a 34-year-old soldier of Ladakh Scout regiment tested positive, prompting the force to strengthen its check and prevention mechanism and suspend war games and training activities, as the total number of cases rose to 151 in the country on Wednesday.

The soldier from the Ladakh Scout regiment tested positive for the virus after he came in contact with his father, who had returned from a pilgrimage in Iran by an Air India flight on February 20 and tested positive for COVID-19, army sources said.

A resident of Chuhot village in Leh, the soldier was on leave from February 25 and rejoined duty on March 2, sources said, adding he was quarantined on March 7 and tested positive on March 16. Even the soldier's brother has tested positive, sources said.

While there were 14 fresh cases of coronavirus cases reported since Tuesday, the first case in the armed forces prompted the army to further strengthen its check and prevention mechanism by taking additional steps, including checking soldiers for flu symptoms on their return from leave, and cancelling non-essential travel and conferences. The army also announced suspension of wargames, conferences and training activities. Prime Minister Narendra Modi will address the nation on Thursday evening on the coronavirus outbreak and ways to contain it, the Prime Minister's Office said.

Union health minister Harsh Vardhan reviewed the preparedness of hospitals in terms of availability of testing kits, personal protective equipment, medicines and isolation wards. The Swiss firm Roche Diagnostics India received the license for conducting coronavirus tests after approval from drug regulator DCGI, making it the first private firm to get such permission after the government decided to allow accredited private labs to test for COVID-19, a senior health ministry official said.

The threat of coronavirus also continued to impact the road and air traffic as senior railway officials informed a parliamentary panel that more than 60 per cent tickets were cancelled in March so far due to the outbreak while GoAir said it has terminated contracts of expat pilots amid curtailed operations due to the coronavirus pandemic. Etihad Airways also announced reduction in its flights to India, two days after the government stated that passengers coming from UAE from March 18 onward would be compulsorily quarantined for 14 days.

KEY DEVELOPMENTS

- No. of cases in Delhi at 10, Noida now at 4. Police in Noida invoked Section 144 of the CrPC to prohibit gatherings till April 5
- India evacuates 405 citizens stranded at Kuala Lumpur airport
- Two women test positive for COVID-19 in Maharashtra, count 43
- **Railways cancels over 100 trains as precautionary measure**
- Entry of passengers from 36 countries banned temporarily; 11 others to be quarantined
- India provides 15 tonnes of medical supplies to China comprising masks, gloves, and other emergency medical equipment at a cost of about ₹2.11 crore, the government said
- Hundreds of distressed Indian students, stuck in the Philippines, seek help through video messages due to travel restrictions imposed by India to contain coronavirus spread
- **Man suspected of coronavirus commits suicide by jumping off Safdarjung Hospital building in Delhi**
- Gurugram closes all malls, cinemas till March 31
- Non-emergency leave of paramilitary troops to be cancelled: govt
- Govt postpones CBSE 10th and 12th Board exams, JEE for IIT, engineering college admissions
- **Vistara suspends international flights from Mar 20 to Mar 31**
- Roche diagnostics India is the 1st pvt firm to get COVID-19 test approval
- All shopping malls, gyms, spas closed in Bihar till March 31
- Health minister directs teams to visit quarantine facilities
- Centre plans to bring back 276 infected Indians stuck abroad

Maharashtra govt offices to operate at 50% staff capacity

PRESS TRUST OF INDIA
Mumbai, 18 March

The Maharashtra government on Wednesday decided to keep government offices functional with 50 per cent attendance and reduce passenger load on public transport services, including suburban trains, by 50 per cent as part of efforts to enforce social distancing and contain spread of the coronavirus.

After chairing a review meeting here in the evening, Chief Minister Uddhav Thackeray said half of the staff in government offices will work in rotation and come to work on alternate days.

"To tackle the coronavirus outbreak, the need of the hour is to control crowding," he told reporters.

CORONAVIRUS HAS INFECTED ABOUT 200,000, KILLED NEARLY 8,500 GLOBALLY

Traders are struggling to sort out the various moves by global central banks and govts to shore up economies bracing for what looms as a short but deep global recession from a pandemic still on the rise PHOTO: REUTERS

DOW ERASES ALL ITS GAINS SINCE TRUMP TOOK OFFICE

Global markets plunged on Wednesday, as vast stimulus measures failed to offset heightened concerns that the worsening coronavirus outbreak will tip the world into a deep downturn, dealers said. The S&P500 index fell 7%, triggering a 15-minute trading cutout. The Dow Jones fell more than 2,000 points in intra-day trade, erasing the last of the sizeable gains it made under US President Trump.

ITALY VIRUS DEATHS RISE BY RECORD 475 IN A DAY

Italy on Wednesday reported 475 new deaths from the novel coronavirus, the highest one-day official toll of any nation since the first case was detected in China late last year. Total deaths in Italy have reached 2,978, more than half of all the cases recorded outside China, while the number of infections reached 35,713. The previous record high of 368 deaths was also recorded in Italy, on Sunday.

- Mnuchin proposes $500 bn in cheque based on income, family size, in an attempt to limit the economic damage
- UK to shut schools as deaths toll jumps to 104
- WHO chief says COVID-19 'enemy against humanity'
- **Coronavirus hits all 50 US states as death toll crosses 100**
- ADB announces $6.5-bn package for developing member countries
- UAE won't issue visas on arrival from March 19
- **EU shuts borders as virus deaths exceed Asia toll**
- The number of cases in Europe, over 77,000, is now approaching China's total of 81,054 cases
- Europe has recorded more than 3,800 deaths, around 600 more than China
- US-Canada border to close amid crisis
- Bangladesh reports first death, total cases rise to 14
- **France reports 89 new deaths in last 24 hours**

- Pakistan records 2 deaths as confirmed cases rise to 301. The number of cases in the worst-hit Sindh province reached 208 after 19 people in Karachi tested positive

YES Bank resumes operations; to open an hour earlier till March 21

PRESS TRUST OF INDIA
Mumbai, 18 March

After 13 days of hardship for customers, YES Bank said it has resumed all banking services as the moratorium imposed on the lender was lifted on Wednesday evening.

Besides, the lender would extend banking time for three days starting Thursday.

Soon after the lifting of the 13-day moratorium at 6 pm, some customers took to social media complaining that they were not able to access certain services, including internet and mobile banking.

"Our banking services are now operational. You can now experience the full suite of our services. Thank you for your patience and co-operation. #YESforYOU @RBI @FinMinIndia," the lender said in a tweet.

There are also concerns in certain quarters that YES Bank could see significant amount of deposit withdrawals.

"To serve you better, our branches will open one hour earlier at 08:30 hours from March 19 to 21, 2020. We have also extended banking hours across branches for our senior citizen customers, from March 19 to March 27, 2020, 16:30 hours to 17:30 hours," the bank said in another tweet.

On March 5, the Reserve Bank of India had imposed a moratorium as well as superseded the board of the then struggling YES Bank. Deposit withdrawals were capped at ₹50,000 per account apart from other restrictions.

Under the YES Bank reconstruction scheme, SBI and seven financial institutions, including private sector lenders, have infused around ₹10,000 crore in the bank.

YES Bank's deposit base eroded by ₹72,000 crore to ₹1.37 trillion as of March 5, 2020. The same was at ₹2.09 trillion as of December 31, 2019, as per data shared by the bank last Friday.

On Tuesday, then Yes Bank CEO-Designate Prashant Kumar said the private sector lender has taken adequate steps to ensure availability of funds for customers.

"All our ATMs are full with cash. All our branches have adequate supply of cash. So, from the YES Bank side, there is absolutely no issue on the liquidity front," Kumar had said.

With the lifting of the moratorium, Kumar is now the YES Bank CEO.

However, certain customers of the bank vented their grievances on Twitter after the moratorium was lifted.

Some of them indicated that they might shift their money from the lender and posted their grievances tagging the bank's Twitter handle.

Replying to some of the tweets, the bank apologised for the inconvenience caused to the customers and said it was "facing intermittent issues".

It was a quiet affair with very few transactions at ATMs of YES Bank after the moratorium was lifted on Wednesday. While shutters were down at branches, one could see preparations for normal operations on the first day after the curbs were lifted. Staff has been kept ready for any technical assistance required at a short notice for digital banking
PHOTO: KAMLESH PEDNEKAR