

RBI buys bonds worth ₹10K cr, to conduct 2 more OMOs of ₹30K cr

The central bank received bids worth ₹45,049 crore for Friday's open market operation

ANUP ROY
Mumbai, 20 March

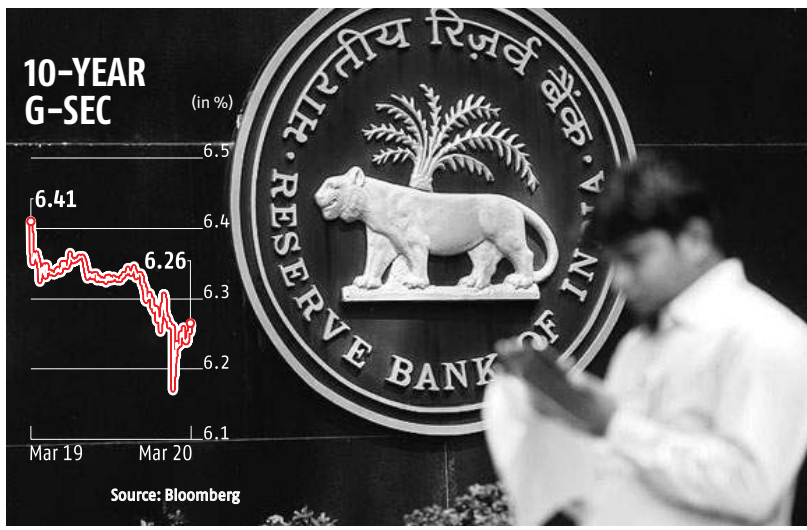
The Reserve Bank of India (RBI) will buy bonds worth ₹30,000 crore from the secondary market, after buying ₹10,000 crore bonds on Friday, to infuse durable liquidity into the system so that the market continues to function normally amid a coronavirus-induced slowdown.

The central bank received bids worth ₹45,049 crore for Friday's open market operation (OMO), through which the RBI bought ₹10,000 crore of bonds. The response showed that the market needed liquidity support from the RBI.

"The response to the open market purchase auction conducted on March 20 has been positive," the RBI said in a statement.

"Meanwhile, with the COVID-19-related dislocations, stress in certain financial market segments is still severe and financial conditions remain tight. The RBI's endeavour is to ensure that all markets segments function normally with adequate liquidity and turnover."

The central bank said it will conduct two more OMOs, of ₹15,000 crore each



on March 24 and March 30, respectively, to pump in more liquidity. The bonds to be purchased in the first auction mature between December 2022 and January 2029.

The banking system is not running a

liquidity deficit. There is, in fact, ₹2.93 trillion of surplus liquidity in the system, shows the RBI data.

But bond yields have risen as foreign investors liquidated their holdings in search of safe haven. The bond market, in such

cases, would need to depend on domestic investors who may want liquidity support to invest in bonds, say bond dealers.

Besides, RBI's expressed liquidity operations also help boost the morale as the market gets a signal that the central bank is there to take care of any need, should there be any market disruption because of the coronavirus pandemic, they said.

Earlier this week, the RBI said it will infuse liquidity into the system through ₹1 trillion of long-term repo operations (LTROs) and will also increase dollar liquidity through a sell-buy swap of dollars, starting with a \$2-billion swap.

The first tranche of the LTRO, for ₹25,000 crore, took place on Wednesday. The LTRO for a three-year tenure saw participants bidding for a total of ₹27,096 crore. The RBI has already infused ₹1 trillion of liquidity through LTROs in its first operation.

The 10-year bond yield fell after the OMO announcement. The yields closed at 6.26 per cent, down from its previous close of 6.41 per cent. The rupee closed at 75.20 a dollar, down from its previous close of 74.99 a dollar.

Policy to boost bulk drugs on the cards

SOHINI DAS
Mumbai, 20 March

The Union Cabinet on Friday passed a policy to promote the manufacture and growth of bulk drugs, sources said. The government is working on creating an ecosystem that would boost local manufacturing and reduce dependence on China for raw materials. A policy on medical devices, too, is on the anvil.

An announcement on the matter is expected over the weekend, the source added. While the finer details of the policy are yet to be revealed, it is learnt that it would incentivise large-scale manufacturing in the country.

"The idea is to promote investments in the sector. The Department of Pharmaceuticals (DoP) has been working on the plan for some time and it has also made presentations to the Prime Minister's Office (PMO) recently," said an industry source.

He added that the NITI Aayog, too, had been closely involved in drafting the policy. The government is planning to create a corpus of ₹3,000-5,000 crore for building an ecosystem of bulk drug

manufacturing. This could be achieved through levying a cess on bulk drug imports, and some central funding.

A senior official in the government said that the scheme would entail benefits like cheap power, water, assistance on effluent treatment, technological innovation, among other things. "These incentives would be given to large-scale units. Anyone looking to invest close to ₹500 crore would be eligible for the same. Only economies of scale can ensure cheaper prices," he added.

The idea is to have only a few clusters in India that would house large-scale units. These could be developed through special purpose vehicles (SPVs) and would offer plug-and-play infrastructure for those who buy space. The SPV would also secure the necessary environmental clearances, a major road-block to growth.

Moreover, the government has identified 38-40 key bulk drugs for which India is heavily dependent on China. Preference would be given to units that wish to manufacture these.



Centre gives extension to solar power projects

SHREYA JAI
New Delhi, 20 March

Under construction solar power projects, which are likely to get delayed due to disruption in the supply chain from China, would now be allowed time extension.

The ministry of new and renewable energy (MNRE), in a notice on Friday, said any delay due to the spread of coronavirus and its subsequent impact on the supply chain would be considered an event under 'Force Majeure Clause'. It would be eligible for time extension in commissioning.

"All renewable energy implementing agencies of the MNRE are hereby directed to treat delay on account of disruption of the supply chains due to spread of coronavirus in China or any other country, as Force Majeure," the ministry said in a public notice.

Force Majeure clause in the supply or project commissioning clause pertains to the events and circumstances that are beyond the control of humans.

The clause does not excuse a party's non-performance entirely, but

only suspends it for the duration of the 'Force Majeure Clause'.

More than 85 per cent solar power generation capacity in India is built on imported solar panels from China. India's current solar power capacity stands at 31.9 Gw and it is aiming for 100 Gw by 2022. India's import of solar cells stood at \$1.4 billion in the current financial year up to November 2019.

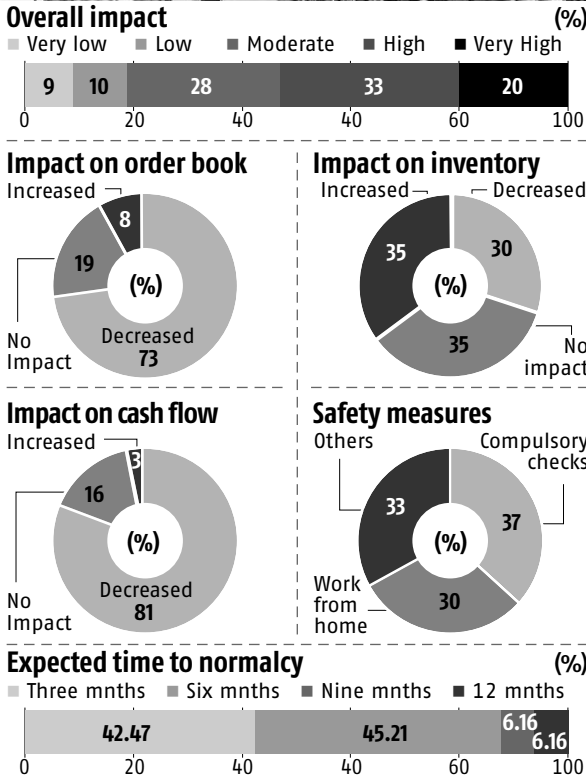
MNRE, in its notice, directed all solar power project developers, who wish to claim Force Majeure clause, to submit formal application to Solar Energy Corporation of India (SECI)/NTPC or any other implementing agencies, giving all documentary evidence(s) in support of their claim.

"While considering the requests for grant of extension of time, SECI/NTPC or any other implementing agency may fully satisfy itself that the claimants were actually affected due to disruption of the supply chains due to spread of coronavirus in China or any other country in the period for which extension of time has been claimed," said the notice.



COVID-19 IMPACT ON BUSINESSES

Businesses are seeing an adverse impact of COVID-19. A survey by the Federation of Indian Chambers of Commerce and Industry (Ficci) tried to capture this. It shows that 81 per cent of surveyed Ficci members and associations said that their cash flow has decreased, while only minuscule three per cent said it has increased.



INDIVIAL DHASMANA
Note: A total 317 companies participated in the survey, conducted among Ficci members and associations between March 15 and 19. Source: Ficci

SC stays HC order on deferring recovery process

The Supreme Court on Friday stayed a Kerala High Court (HC) order that directed tax departments and financial institutions to defer recovery proceedings till April 6 in light of the coronavirus pandemic.

A Bench headed by Justice A M Khanwilkar took note of the submissions of Solicitor General Tushar Mehta, who appeared for the Centre, that the Kerala HC order needed to be stayed. Mehta said a similar order had been passed by the Allahabad

High Court. Explaining the case, Harpreet Singh, tax partner at KPMG, said the Kerala HC, taking suo moto note of the prevailing "precarious" situation of the pandemic, had directed the income tax authorities, authorities dealing with the goods and services tax and value-added tax, financial institutions, banks, etc. to defer the recovery proceedings or coercive measures till April 6.

The Kerala HC single judge Bench took note of the fact that government

departments are issuing recovery notices, compelling litigants to approach the court for interim stay. This is clogging the HC, leaving judges and lawyers and court staff "vulnerable" to the coronavirus pandemic, he observed. The Kerala HC said "... handling of the files by the high court staff as well as the advocate general staff is done without proper precautions, as they are handled with bare hands instead of using protective measures like gloves etc..."

INDIVIAL DHASMANA

New draft defence procurement manual unveiled, aims to boost indigenisation

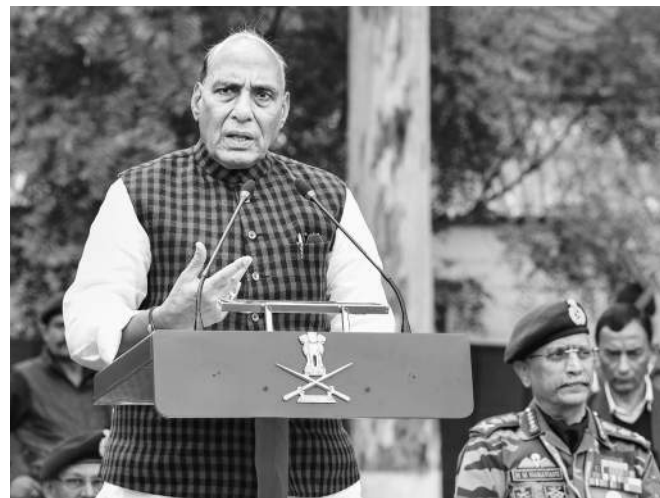
AJAI SHUKLA
New Delhi, 20 March

Defence Minister Rajnath Singh on Friday unveiled an updated Defence Procurement Procedure-2020 (DPP-2020) — the procurement manual that has, for the last 18 years, governed the purchase of weapons and equipment from the defence capital budget.

DPP-2020, which is still in draft form, aims to promote higher indigenous content in defence equipment manufactured in India, including under licence from foreign vendors. DPP-2020 proposes to raise by 10 per cent the indigenous content stipulated in the current procedure, DPP-2016, for various categories of procurement. For example, if DPP-2016 currently mandates an indigenisation level of 50 per cent for acquisitions in the "Make" category, DPP-2020 will raise that to 60 per cent.

"A simple and realistic methodology has been incorporated for verification of indigenous content for the first time," stated the Ministry of Defence (MoD).

In another measure designed to promote "Make in India", DPP-2020 introduced a new procurement category, entitled "Buy (Global-Manufacture in India)". For equipment bought from the international market, with the intention to subsequently build it in India with technology transfer, this category stipulates a minimum indigenous content of 50 per cent of the value of the contract. To meet this difficult indigenisation requirement, only the minimum necessary numbers would be bought from abroad in ready-built condition; while a larger number would need to be manufactured in India.



"Our aim is to make India self-reliant and a global manufacturing hub... (We must) strengthen 'Make in India', refine 'life cycle support' of procured equipment and platforms, and hasten the acquisition process"

RAJNATH SINGH, Defence minister

foreign defence firms, DPP-2020 proposes that "field evaluation trials", in which the military evaluates the equipment before approving it; will henceforth be conducted by specialised trial wings. "The objective of trials will be to nurture competition rather than elimination (of a product) for minor deficiencies," stated the MoD.

The new policy also proposed new offset guidelines that encourage foreign vendors to discharge offset obligations through building and exporting products rather than components. The policy proposes higher multipliers for procurement from small industry and from units established in the two Defence Industrial Corridors in Tamil Nadu and Uttar Pradesh.

The policy proposed to widen the scope of "product support", to include contemporary concepts in vogue in modern western militaries. According to the MoD, these include "Performance Based Logistics, Life Cycle Support Contract, Comprehensive Maintenance Contract, etc. to optimise life cycle support for equipment."

Speaking at the release in New Delhi, Rajnath Singh said, "Our aim is to make India self-reliant and a global manufacturing hub... (We must) strengthen 'Make in India' initiative, refine 'life cycle support' of procured equipment and platforms and hasten the defence acquisition process by further simplifying the procedures and reducing the overall procurement timelines."

The draft DPP-2020 was prepared by an MoD committee headed by its acquisitions chief, Apurva Chandra. The committee was set up in August 2019.

The draft of DPP-2020 has been uploaded on the MoD website for further suggestions from all stakeholders by April 17.

Seven years later, Nirbhaya convicts hanged in Delhi



Nirbhaya's mother reacts after execution

Four men convicted of gang-raping and murdering a Delhi woman, who came to be known as Nirbhaya, were hanged in pre-dawn darkness on Friday, closing a horrific chapter that shook the nation's collective core with the details of its barbarity and led to tougher anti-rape laws.

Mukesh Singh (32), Pawan Gupta (25), Vinay Sharma (26) and Akshay Kumar Singh (31) were executed at 5:30 am in Tihar Jail. As news of the execution came in, her mother let out a sigh of relief. "We finally got justice. We will continue our fight for justice for India's daughters. Justice delayed, but not denied," Asha Devi said at her home after a sleepless night that also saw the Supreme Court holding an extraordinary hearing till 3:30 am.

Kamal Nath quits, BJP set to form govt in MP

SANDEEP KUMAR
Bhopal, 20 March

Congress leader Kamal Nath resigned as chief minister of Madhya Pradesh on Friday. The resignation ends the 15-month tenure of the Congress in Madhya Pradesh and paves the way for the Bharatiya Janata Party (BJP) to return to power.

The resignation came a few hours before the test of strength in the House as directed by the Supreme Court. Governor Lalji Tandon accepted the resignation of Nath and asked him to continue as acting chief minister till alternative arrangements are made.

In an emotional address before tendering his resignation, Nath said, "In the past 15 months, I tried my best to transform the state. In my 40-45 years political career, I believed in progressive politics. The people of Madhya Pradesh gave me five years to bring the state on the right path, for it to have a new identity. The BJP got 15 years. Until today, I got 15 months. The BJP couldn't digest my welfare schemes. From day 1, the party scripted the conspiracy. Still, we worked. Today, it lured 22 MLAs and held them hostage," he said.

Nath also hit out at former colleague Jyotiraditya Scindia, who crossed over to the BJP 10 days ago.

Speaker N P Prajapati accepted the resignations of 16 rebel Congress



The resignation of Kamal Nath came hours before the test of strength in the House

MLAs late Thursday night. Earlier, the speaker had accepted the resignations of six MLAs; all the 22 legislators.

With the speaker accepting the resignation of all 22 Congress MLAs, the party just has 92 legislators. The BJP is set to form the government. Shivraj Singh Chouhan, who is one of the front-runners for the top job (CM), advised the Congress to introspect.