MONDAY, 23 MARCH 2020 16 pages in 1 section **NEW DELHI (CITY)** ₹9.00 VOLUME XXVI NUMBER 241

How markets performed last week

	Index on	*0ne-	% Chg over D	Dec 31, '19		
	Mar 20, '20	week	Local currency	in US \$		
Sensex	29,916 -	-12.3	-27.5	-31.2		
Nifty	8,745 ·	-12.2	-28.1	-31.8		
Dow Jones	19,174 -	-17.3	-32.8	-32.8		
Nasdaq	6,880 ·	-12.6	-23.3	-23.3		
Hang Seng	22,805	-5.1	-19.1	-18.7		
Nikkei	16,553	-5.0	-30.0	-31.4		
FTSE	5,191	-3.3	-31.2	-39.6		
DAX	8,929	-3.3	-32.6	-35.7		
*Change (%) over previous week			Source: B	loomberg		

TO OUR READERS

In view of the need for widespread dissemination of news on the COVID-19 outbreak. Business Standard is making all such content free on its website for four months from the date of their publication. All our other routine content will also be freely accessible on www.business-standard.com, as many readers may not be able to access our print edition owing to limited distribution or lockdown in some states. Stay safe, and enjoy reading Business Standard.

MARKETS TO OPERATE NORMALLY TODAY

The stock market will operate normally on Monday, regulatory and exchange officials said on Sunday. The clarification came after reports surfaced that the Securities and Exchange Board of India and the finance ministry were considering shorter trading hours or even a complete shutdown in the wake of the coronavirus outbreak. "The markets will work normally on Monday," said a Sebi official. "All segments will operate as usual on Monday," the NSE and BSE said. Many investors had urged the government and Sebi to keep the markets closed following a harrowing week, where the benchmark indices plunged 12 per cent.



BANKERS' TRUST From KYC to KYB know your bank

8 Customers have the right to know their banks as much as the banks do their customers. TAMAL BANDYOPADHYAY writes

THE SMART INVESTOR

Few bottom-fishing opportunities in blue chip stocks Over half the CNX100 stocks still expensive; Nifty, too, in higher valuation zone compared to 2008-09. HAMSINI KARTHIK writes

BUSINESS LAW

An opportunity in default threat It is a chance for stakeholders in the banking sector to revisit contractual obligations, say experts. SUDIPTO DEY writes





BUSINESS Standard

EVENT FIRMS CANCEL SHOWS LOOKING TO INVEST IN MKTS WORTH OVER ₹3,000 CRORE LIKE INDIA: SAUDI ARAMCO

COMPANIES P3

Trains, Metros, interstate-buses won't run

SHINE JACOB New Delhi, 22 March

STATES ON

FOOTING

CENTRE ASKS

TERMINATE

METROPOLIS,

START TESTS

TODAY

12

13

THYROCARE TO

WORKERS,

FIRMS TO NOT

PROTECT WAGES

P4

P6

P2

A WAR

he voluntary janata curfew called by Prime Minister Narendra Modi was, in effect, extended by the Centre on Sunday. It announced a week-long lockdown in as many as 80 districts of the country that have reported confirmed cases of coronavirus.

For the first time in its 167-year-old history, the Indian Railways cancelled all services of passenger trains, including suburban ones, till March 31. The nearest equivalent of this was the 54-day railway strike in 1974, when trains did not run in the country. The railways, however, said goods trains would run. Around 12,500 trains, including 9,000 passenger trains and 3,500 mail express trains, run daily.

Besides, the Central government asked states to suspend inter-state transport. The decision was taken in a high-level meeting of chief secretaries of all states with the Cabinet secretary and

the principal secretary to the PM, on Sunday EDIT: DISINFECT THE ECONOMY All metro rail services, too, would be suspended

till March 31. In Delhi, Chief Minister Arvind Kejriwal announced a lockdown - sealing its borders, shutting down markets and directing private firms to give compulsory paid leave to all employees, including contractual - until the end of March. Beyond the 80 districts, states, including Maharashtra, which is leading in the number of coronavirus cases, Rajasthan and Punjab are now under effective statewide lockdowns after they imposed Section 144 that bars gatherings of more than four people. India reported three coronavirus deaths on

Sunday, including the first casualties from Bihar and Gujarat, taking the toll to seven, even as authorities took unprecedented steps to contain the spread of the virus. The number of positive COVID-19 cases rose to 396. Turn to Page 11

Flip-flop on closing IGI Airport

A confusion emanated over Delhi Chief Minister Arvind Kejriwal announcing the city's airport would be shut from Monday till March 31. The central government later overruled him, clarifying that flight

operations would continue. Union government officials and executives of airports and airlines said they were caught off-guard by the CM's announcement. 6

> WILD WILD MARCH

Prime Minister

People in Delhi show gratitude to thousands of doctors, nurses and other workers leading India's fight against the deadly virus PHOTO:PT Janata claps corona warriors



TODAY'S JANATA CURFEW MAY END AT 9 PM, BUT THIS DOES NOT MEAN WE START CELEBRATING... IT IS BEGINNING

ebration, people came out of their houses in full force, some 10 hours after the curfew had begun, to express their gratitude for essential service providers who've been working despite the odds. Some even blew

Month-to-date

conch shells and burst firecrackers, while others screamed 'go corona, go'. Union Finance Minister Nirmala Sitharaman, too, was part of the moment, ringing a bell in her courtyard, joined by family members. Defence Minister Rajnath Singh, other Cabinet members also responded to Modi's call, just like celebrities and gen-

eral public. Most of them remembered to tweet their videos. In an unusual move, President Ramnath Kovind and his family came to the steps of the Rashtrapati Bhawan to clap.

However, the 7 am to 9 pm curfew turned into a real lockdown with the Centre and many states making backto-back announcements to tell the people that their movement would

be significantly curtailed at least till the end of this month. And, the beats were soon drowned by concerns over how to carry on with business in the coming days.

Through the day, roads as well as commercial areas wore a deserted look. Police enforced the curfew wherever people were seen gathering. Petrol pumps were shut in several locations. In several places, the idea of 'social distancing' was forgotten, as people came out in groups.

The PM thanked the people for their enthusiastic response. Modi said the event marked "the beginning of the nation's victory in the long battle against COVID-19".

Turn to Page 11

Automakers put brakes on production

ARINDAM MAJUMDER reports

www.business-standard.com

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COMPANIES P2

OF A LONG BATTLE

NARENDRA MODI



a voluntary janata curfew to prevent coronavirus from spreading further. In what looked like a national cel-

Last week

Dow 10-yrUS

Jones Treasury

MTD (%)



Equations are on an even keel RSS isn't keen to rock Modi's boat because its relationship with BJP is

smoother now post Hindu consolidation. RADHIKA RAMASESHAN writes

STATSGURU: The YES Bank rescue

for more pain

Investors brace

Investors may have to brace for more pain as selling pressure could extend with India entering a virtual shutdown phase to contain the spread of COVID-19. Already, foreign portfolio investors' selloff in March hit a record of \$6.24 billion (₹46,200 crore). This is far in excess of \$4.4 billion outflows seen in January 2008 due to the global financial crisis. Analysts say the market bloodbath is worse than in 2008. Last week, investor sentiment was crushed with the Sensex dropping as much as 17% before

recovering sharply on Friday to end the week with a 12% deficit. On a month-to-date basis, the markets are down 22%, while the India VIX has more than doubled, signalling extreme anxiety. "Many nations may have to eventually adopt harsh steps to contain the pandemic. However, such extreme measures, though desired, will result in extreme short-term

pain for several parts of the economy," Sanjeev Prasad co-head. Kotak Institutional Equities, said. SAMIE MODAK

Note: Month-to-date (MTD) is as on March 20; *On Sensex Source: Bloomberg , Exchanges, Compiled by *BS* Research Bureau

The rout is seen extending as India announces widespread lockdowns Sensex Nifty (% change)

Selling by overseas investors this month is at a record high

this month is at a r	ecord high	the economy, takes it	
FPI outflows (\$ bn)	Sensex (%)	WORST PERFORMERS*	MTD (
Mar'20 6.24	-22	Axis Bank	-38.5
Jan '08 4.37	-13	Bajaj Finance	-33.6
Oct '18 3.75	-5	State Bank of India	-30.8
Oct '08 2.93	-24	ICICI Bank	-30.3
Nov'16 2.61	-5 📕	BEST PERFORMERS*	MTD
BSE worst-hit Re	alty -29.0	Sun Pharma	-1.9
	nance -28.5	Asian Paints	-2.9
NA.	etal -25.6	Hindustan Unilever	-5.6
MTD (%) $\frac{M}{Ca}$	pital	TCS	-10.1
	ods -23.7	Nestlé India	-10.3

5–10% Disruption in

initial sales volume from

ARINDAM MAJUMDER & AGENCIES New Delhi, 22 March

Some of the country's top automakers have taken the lead in suspending production to safeguard its employees as COVID-19 continues to spread despite lockdowns.

Maruti Suzuki India (MSI), the country's largest carmaker, said it was suspending production at its facilities in Haryana "till further notice". The company's research and development centre at Rohtak would also remain closed, it said. "As a next step, the government policy now requires closure of production and, accordingly, the company has taken a decision on production closure," the firm said.

Mahindra & Mahindra (M&M) said it had suspended manufacturing at its Nagpur plant and would halt production at Chakan (Pune) and Kandivali (Mumbai) from Monday. Anand Mahindra, group company chairman, said on Twitter the company would immediately begin work on how it can make ventilators at its plants.

"A lockdown over the next few weeks will help flatten the curve and moderate the peak pressure on medical care," Mahindra said, adding that it would offer its holiday resorts as temporary care facilities and help the government in building such centres.

Mercedes-Benz and Fiat have also suspended operations till the end of this month. Volkswagen is shutting Pune plant for three weeks. After advising staff except in business-critical it said.

TAKING LEAD

 Maruti says duration of shutdown to depend on government policy

Mahindra to begin work on how it can make ventilators at its manufacturing plants

Fiat, Ford, Merc, W shut plants too; Ford promises no layoffs

Hero MotoCorp to halt operations at all global manufacturing facilities till March 31

roles - to work remotely, Ford India has decided to suspend vehicle and engine production at its manufacturing sites in Chennai and Sanand

from March 23 till March 28. Hero MotoCorp, the country's largest two-wheeler maker, said it had suspended production at all sites globally till March 31. "The firm has decided to halt global operations — including at India, Colombia and Bangladesh and the global parts centre at

Neemrana till March 31," it said. Employees at all the other locations, including the Centre of Innovation and Technology at Jaipur, would continue to work from home, Turn to Page 11

Fuel demand may burn out on corona heat

Petrol, diesel consumption to drop, rise in stockpile likely

SHINE JACOB & AMRITHA PILLAY

India is likely to see a drop of 5-10 per cent in the quantity of fuel sales owing to COVID-19 restrictions.

The decline in purchases of petrol, diesel, and jet fuel is set to dampen the annual consumption figures of the current financial vear and also 2020-21.

This will be a repeat of what happened in China, where demand for all commodities, including petroleum products and steel, had shrunk after the epidemic surfaced in Wuhan, leading to the accumulation of vast stocks.

A reprise of this has been seen in India during the initial three weeks of the epidemic. Based on an estimate by the China National Petroleum Corporation (CNPC), the country's requirement of gasoline, diesel, and jet fuel may fall 36 per cent during the January-March period (Q1) over the same duration last year.

We believe that in the next 7-10 days, the situation should become clearer on the extent of the demand destruction and the severity of Covid-19 in India. Our channel checks with oil and gas marketing companies imply 5-10 per cent disruption in initial sales volume from Covid-19 restrictions in India. However, the



A closed petrol pump during janata curfew, in the wake of coronavirus pandemic, in Prayagraj on Sunday PHOTO:PTI

volume hit could deepen further as the government clampdown intensifies," said a report by Emkay Global.

A decline in demand is likely to dampen the annual consumption of petrol and diesel. Diesel consumption increased 2.9 per cent from 81.1 million tonnes (MT) in 2017-18 to 83.5 MT in 2018-19. Petrol consumption also saw an 8.1 per cent during the same period.

Growth in diesel consumption was expected to go down this year owing to a 7.4 per cent decline in October.

Petrol Diesel

"Despite the October figures, we are poised to see an increase of around 0.6 per cent in the consumption of diesel and 8 per cent in petrol," Sanjiv Singh, chairman of Indian Oil Corporation, told Business Standard earlier this month.

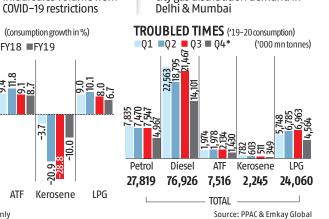
5–8% Expected initial hit in city gas distribution demand in

India

VIX

Rupee

The banking sector, closely linked to



ATF PRICES SLASHED BY 12%

Jet fuel prices were slashed by 12 per cent after oil firms reverted to fortnightly revisions to pass on the benefit of falling crude oil prices, but rates of petrol and diesel remained unchanged. PTI



FLU-HIT

FUE

14

5

New Delhi/Mumbai, 22 March

*January & February only

ATF Kerosene

DEMAND TRAIL (Consumption growth in %)

FY16 ■FY17 ■FY18 ■FY19

Turn to Page 11

▶ IOC 1ST FIRM TO BEGIN SUPPLY OF BS-VI FUEL P3









2 COMPANIES

IN BRIEF

Emirates to stop all passenger flights, slash wages by 50%



Emirates said it would stop all passenger flights this week and cut staff wages by as much as half because of COVID-19's impact on travel demand.The carrier had already announced the suspension of nearly 70 per cent of its network of 159 destinations, asked staff to go on unpaid leave, and froze **REUTERS** recruitments.

Vedanta announces **₹100-crore fund to** fight pandemic



Vedanta on Sunday announced setting up of a ₹100-crore fund to combat the coronavirus outbreak. The fund will be utilised to provide preventive healthcare to daily wage workers, company employees and contract workers in and around various plants of the company, Vedanta said. PTI

nostic players were awaiting a

formal approval from govern-

ment. The Indian Council of

Medical Research (ICMR) on

Saturday said that all hospi-

talised patients who have

pneumonia or severe acute

respiratory illness (SARI) will

not be tested for COVID-19.

shortness

symptoms.

case should also be tested

even if they do not show any

symptoms. So far India was

testing people who had

recently travelled abroad and

subsequently showed symp-

toms, and people who had

come in contact with these

people and showed symp-

toms of COVID-19. The test-

ing guidelines are reviewed

from time to time.

patients

of

would have high

fever, cough and

breath as major

noted that anyone

who has come in

contact with a

COVID-19 positive

ICMR has also

SARI

Metropolis, Thyrocare say they will start tests for the virus from today avirus, the private sector diag-

SOHINI DAS Mumbai, 22 March

At least two leading private diagnostic chains on Sunday said that they got the final goahead from the government to start COVID-19 testing. They would start collect-

ing samples for testing from today. For starters, this would happen Mumbai in Thyrocare and Metropolis Healthcare both

got the final clearance from the government to go ahead with the testing.

A Velumani, chairman of Thyrocare said "We got permission. We will start testing from tomorrow." Similarly, Metropolis' Sushil Shah too confirmed that they would start testing

As the country's apex health research body now decided to relax norms for patients to avail the diagnostic testing for the novel coron-



Ipca, Cadila gear up to make drug for COVID-19 SOHINI DAS Mumbai, 22 March

shot into the limelight after the US president advocated it as potential therapy for COVID-19. the drug. Cadila Healthcare, based in Ahmedabad, too is a major player. Both are gearing up to meet the demand and have said there will be

enough supplies. On top of this, a combination hydroxychloroquine and azithromycin, a common antibiotic, is being considered.

ydroxychloroquine, a drug

whose largest manufactur-

er is an Indian firm, has

Ipca is the biggest producer of

Vadodara-based drug major Alembic is the domestic market leader with its brand Azithral, with an almost 30 per cent share.

Sources said the country's apex health research body, the Indian Council of Medical Research (ICMR), had included the drug in its protocol for treating COVID-19. The ICMR, however, has not confirmed this.

Pankaj Patel, chairman of Cadila Healthcare, said the firm was producing 20 tonnes of Hydroxychloroquine per month, and had started ramping up production. He said the country could make

Haveli)

three years.

treatment potential.

Analysts said the company's

The USFDA has, however, said the

Several research papers and

"Due to this, we are noticing an

stock would see an upside as a

result. Ipca's plants are under the

USFDA's import alert for the past

exception would be re-considered if

the shortage implications changed.

articles have said the drugs have

increase in emergency demand

and enquiries for the chloroquine

phosphate and hydroxychloro-

guine sulphate APIs and its formu-

world over. Forseeing this

amongst largest manufacturer, ver-

100 tonnes of the drug per month immediately. We are ramping up our capaci-

ty and are geared up to supply enough for the Indian market. There would be no shortage of this drug here. Moreover, most of the raw material used is fortunately available locally," he added.

Meanwhile, there is demand pouring in for Ipca Laboratories. The US Food and Drug Administration (USFDA) has relaxed the import alert imposed on its plants for the active pharmaceutical ingredient (API) and the lations from several countries finished product of hydroxychloroquine sulphate and chloroquine increased demand, Ipca being phosphate.

In a notification to the BSE, Ipca tically integrated with capacities on Saturday said the USFDA had and capabilities for manufacturing made an exception to the import of these APIs and its formulations,

Ipca's Ratlam unit, Madhya

latory requirements and thus help mankind in the best possible way in these testing times," the compa-

A senior company executive said

Meanwhile, Alembic has indi-

AskOTT players to ease network load:COAI to govt

MEGHA MANCHANDA New Delhi, 22 March

The Cellular Operators Association of India (COAI) has asked the Centre to instruct the over-the-top (OTT) players like Netflix, Amazon Prime Video and Zee5 to ease the pressure on network infrastructure that has arisen from the increased demand for online video streaming.

Demand has surged because of the coronavirus lockdown, more people working from home, more digital payments, more healthcare and education services moving online, and quarantine measures to contain the spread of Covid 19.

"Due to lockdown/quarantine measures in various parts of the country, a sudden surge in demand for online video streaming is also expected to rise substantially," the COAI has said in a letter to the Telecom Department secretary.

The COAI has also cautioned the streaming platforms themselves about the surge in digital use straining the network infrastructure of telecom operators. It has urged companies to take urgent steps. One is temporarily switching from high definition to standard definition streaming. Another is removing advertisements and pop ups that consume high bandwidth and replacing them with public announcements on awareness about the coronavirus

At this crucial time, COAI of data communications services in this said it is absolutely essential for critical period'. the streaming platforms to cooperate with telecom providers so as to manage the traffic distribution patterns that are likely to strain the network infrastructure at a time when it is needed for various critical requirements'.

Citing the 'unprecedented situation' caused by the outbreak of the coron avirus, the COAI noted that governments around the world are imposing stringent measures to reduce social interaction to contain the spread of the pandemic.

advisories have been issued by various



government agencies including social

distancing, restrictions in terms of

workplace, also encouraging Work

From Home (WFH), online/digital edu-

cation, digital payments/transactions,

online healthcare, wherever possible

and other critical requirements to be

met through digital means. This sud-

den surge in digital use is already

putting pressure on the network infras-

tructure of the Telecom Service

dozen streaming platforms including

Amazon Prime Video, YouTube,

Hotstar, Zee5, Alt Balaji, Voot, Sony Liv,

Viuclip, Hoichoi, Netflix, SunNXT and

Voot seeking their 'cooperation for joint

action to facilitate smooth functioning

The association has written to a

Providers (TSPs)," said the COAI.

like in the US and Europe as more and more countries enter lockdown to combat the spread of the virus," it said.

'Virus impact on us relatively limited'

As India Inc battles the impact of COVID-19, Dalmia-OCL is relatively protected owing to the industrialised nature of its products. However, the company faces challenges in exports to Europe, stemming from supply chain disruptions. SAMEER NAGPAL, chief executive officer of Dalmia-OCL, tells Jayajit Dash about the demand scenario in the wake of the outbreak, outlook on cement and steel industries, its major customers and their plans for acquisitions, plant ramp-ups and capex infusion. Edited excerpts

How has the coronavirus scare

impacted your business? In refractories, the raw material supply chain is very much dependent on China. There have been some minor disruptions but not any major impact on the supply chain side.

he crisis perpetuates, do vou for

ed. Our export to Europe is seeing a challenge primarily because of supply chain disruption. In Europe, there is a little challenge. However, in other parts of the world, we are not witnessing any challenge. We are somewhat protected by the industrialised nature of our products.

On your core operations, do you see scope for ramp-up and capita expenditure?

ple movement, our production might get impact-

If we don't factor-in the coronavirus, our production in India will continue to be ramped up. All our plants are going through some stage of upgradation Our strategies are centred on bot and inorganic growth. We are planning for capex and improvement at our existing facilities. At this stage, we are not planning any new projects; we are looking at acquisitions in Europe. Last year, we acquired a plant in Germany.

Only essential business services function with minimal staff: TechM

SAI ISHWAR Mumbai, 22 March

Tech Mahindra, one of the country's biggest IT services companies, has said the firm is taking all necessary measures to ensure its staff are safe and protected, following the outbreak of COVID-19 in

"The well-being and safety of our associates and partner ecosystem is our biggest priority and we are taking all the necessary preventive measures to ensure that they feel safe and Harshvendra Soin, chief people officer at Tech Mahindra n a statement

protected,"

of sanitizer packs

After HUL, ITC,

Godrej cut price



Pradesh, while the formulation is produced at Pithampur, Madhya ny said. Pradesh, and Piparia, Silvassa (headquarters of Dadra and Nagar

hydroxychloroquine was used to treat rheumatoid arthritis and also as third-line therapy for diabetes.

The drug's safety profile is thus well established," he added.

Ipca used to make 600 tonnes of chloroquine phosphate, an anti-malarial drug, a year, and had an 80 per cent share of the global market. However, the demand for the drug has reduced with cases relating to the particular malaria variant coming down.

"President Donald Trump has mentioned both the drugs for treating COVID-19 and we can easily ramp up manufacturing demand scales up," he said.

cated there is enough material to make azithromycin till June and supplies from China have started coming.

CORONAVIRUS

PANDEMIC

"In the past few days, in India too,





any demand slump or consumption slowdown?

Our customers are mainly in the industrial segment — steel and cement makers. If they ramp down their production due to workers not turning up or restrictions imposed by the government, then there could be some impact. At this point, we don't see any impact.

How will your product prices be affected?

We believe steel production will continue and so will cement. But, the cycle of ramping up and down of these industries is difficult to predict. If there is a slowdown at all, we expect it to be temporary a few weeks or, at best, a couple of months. We hope it is not going to have any major impact.

The anticipated impact on your export?

We export around 10 per cent of our production. And, we have a plant in Germany. If there is a government-imposed lockdown on intracity peo-

Your outlook on cement demand and prices for 2020-21?

The cement sector is our customer. We track it only from the point of view of how production is shaping. We see production at more or less similar levels. Many more projects might be announced. We expect cement companies to go for brownfield expansion.

Your outlook on the refractory business?

Dalmia-OCL is the second largest in India. We have introduced models in our production processes and services. We have brought in capabilities from Europe. We expect to grow 17-18 per cent, more than the industry average of six per cent.

the country.

The Pune-headquartered firm was responding to a specific query after a video surfaced where a person was seen arguing with Tech Mahindra employees regarding the safety of staff. The video was widely circulated on social media also.

Even though, the company did not comment on this video, sources said an 'internal investigation' had been ordered to find out the details. According to sources, the person who was seen questioning the staff in the video was a 'local activist' in Pune who had visited the company's campus on Thursday.

relaxed our work from home policy and are encouraging associates to avail flexibility for the same. Some of our businesses that come under essential services, however, are still functional," it added.

> Separately, Soin in a tweet has said some of the company's businesses that come under essential services are functional with due approvals and minimal staff after ensuring every safety precaution.

> Maharashtra Chief Minister Uddhav Thackeray has ordered shut down of nonessential services in Mumbai Metropolitan region and in Pune and Nagpur, among others, until the end of March.



VIVEAT SUSAN PINTO

Mumbai, 22 March

Godrei Consumer (GCPL) and ITC on Sunday slashed the price of their entry-level hand sanitizer packs under Godrej Protekt and Savlon, respectively, by nearly 66 per cent, in response to Hindustan Unilever (HUL) reducing its prices.

The move also comes as the government characterised masks and hand sanitizers as essential commodities, monitoring its production, distribution, and marketing closely. More players are expected to follow in HUL, GCPL and ITC's footsteps, sector analysts said.

A 50-ml Godrej Protekt pack will now cost ₹25 against ₹75 earlier, Sunil Kataria, chief executive officer (India and SAARC), GCPL, said, with the company ramping up both production and distribution of the item.

A 55-ml pack of ITC's Savlon, on the other hand, will now be available for ₹27 versus ₹77 earlier.

An ITC spokesperson said, "During these challenging times, we have redoubled our efforts to ensure supply of the Savlon range of hygiene products. According to government directives, we've already started manufacturing Savlon sanitisers with the new reduced price and are working overnight on rushing new stocks to the market."

HUL reduced the price of its Lifebuoy hand sanitizers and hand wash as well as Domex floor cleaners by 15 per cent. The products would be introduced in the market within the next few weeks, the company said.

In addition, HUL also committed ₹100 crore to fight COVID-19, taking a host of other measures including free availability of soaps to needy people, a ₹10-crore donation for better testing facilities and public awareness programmes.

GCPL has also stepped up effort to raise awareness about hand washing in the fight the virus, pushing against its '#ProtektIndiamovement' across media channels aggressively.

"Our on-ground teams are working relentlessly to replenish stocks across channels in India as we are seeing a growing demand for personal wash products. We are determined to help people tide over the pandemic together, Kataria said. Last week, GCPL as well as its rivals RB Health, Wipro Consumer, ITC and Jyothy Labs had opted to stay off price hikes in soaps as the outbreak got worse.

The show halts for events companies amid virus scare

Cancellation of at least ₹3,000-crore worth of business has happened in the past few weeks

VIVEAT SUSAN PINTO

Mumbai, 22 March

The spate of cancellation and postponement of domestic events because of the COVID-19 outbreak has left the industry gasping. Estimates by top event management companies is that at least ₹3,000 crore worth of cancellations and postponements have happened in the past few weeks, affecting business between March and May, considered a crucial period for the market.

These cancellations and postponements have extended to both small and big events in corporate, leisure, entertainment, sports and retail segments across cities, mirroring the trend worldwide. With coronavirus cases growing rapidly in India and community transmission being a real threat, there is uncertainty about whether the Indian Premier League (IPL), the country's biggest sports event, will be held at all,

though the Board of Control for Cricket in India has postponed the tournament to April 15 and is said to be toying with the idea of a truncated event that would be televised to people.

Industry veterans such as Harindra Singh of Percept, Brian Tellis of Dentsu-owned Fountainhead MKTG and Sabbas Joseph of Wizcraft International said the business had been thrown out of gear because of cancellations and postponements, prompting lay-offs and salary cuts.

The small and medium enterprises, in particular, said Joseph, co-founder and director, Wizcraft International, would be wiped out since it would be impossible for them to continue in tough market conditions for long.

A bigger worry for most players, however, is the impact extending for a longer duration owing to the fear of a second wave of the outbreak in the months ahead. "I see the first half of



With coronavirus cases growing rapidly in India, there is uncertainty about whether the IPL will be held at all

the calendar year taking a knock. But the impact could extend beyond the March to May season because much will depend on how ready clients are to consider an activation or onground event once the initial health scare subsidies," said Singh,



Tellis, who is co-founder and group CEO, Fountainhead MKTG, said there was an impact on ancillary industries such as hospitality and aviation due to cancellations and

now, everything has come to a grinding halt. There is no movement in the market as central and state governments impose lockdowns across key cities," he said.

Event and Entertainment Management Association (EEMA), has pegged the size of the events market in India at ₹10,000 crore. This excludes weddings, trade fairs and exhibitions. If the latter are added, the overall market touches ₹40,000 crore, said Sabbas.

moratorium on payback of loans.

Sabbas, who is also on the UK by governments there," he said.

chairman and managing director, Percept

postponement of events. "At least for

An EY report, along with the

EEMA recently made a representation to the government asking for sops to bailout the industry. This includes tax refunds, collateral-free lines of credit and a

national advisory council of EEMA, said the government should work together with the industry to prevent lav-offs and salary cuts. "The events market is battling its biggest crisis ever. It is extremely important for the government to respond to its needs, like it has been done in countries such as Canada, Germany and the

CEOs working from home conduct meetings via VCs

During free time, the CEOs are practising yoga reading books, or cooking

DEV CHATTERJEE Mumbai, 22 March

r ith high-end technology and gadgets at their disposal, top Indian chief executive officers (CEOs) and promoters are making full use of working from home by attending board and management meetings through video conferencing (VC) and getting daily sales and production reports via WhatsApp.

In a perfect example of worklife balance,

during free time, CEOs are meditating, practising yoga or cooking for their family PANDEMIC members.

like Tata group Chairman N Chandrasekaran, Mahindra Group Chairman Anand Mahindra, RPG Enterprises Chairman Harsh Goenka, Bajaj Auto CEO and MD Rajiv Bajaj are working from home and are making sure that all office staff are also safe and sound while company' opera-



from home, tweeted that the

group's project team would

assist the government and the

army in erecting temporary care

facilities. The group is also

immediately begin working on

making ventilators and its

Mahindra Holidays resorts are

ready to be converted as tem-

working from home and is a

several ways how to spend time

talks among other activities.

Harsh Goenka, who is also

porary care facilities.

(From left) Tata group Chairman N Chadrasekaran, Mahindra Group Chairman Anand Mahindra and Bajaj Auto CEO and MD Rajiv Bajaj are working from home

tions are not affected. ructed their employees not to Mailers have gone from the venture out and avoid unnec-CEO offices that no staff should essary travel and help the nation be asked to travel and only the fight the virus, even if it means 'mission critical' staff should be monetary losses for few weeks. asked to come to work. The Mahindra, who is working

CEOs have also identified 25 per cent employees in the top rung who are needed for day-to-day running of company's operations across India and the world.

"For the past few days, I see almost no loss of efficiency so far, barring my inability to review new product sketches Indian CEOs models and prototypes. All other discussions are often sharper

and crisper," said Bajaj. "On the upside, work from home saves social media influencer, listed travel time, congestion and pollution. I am also getting more at home by praying, exercising, time for my dogs, yoga and painting, and watching TED swimming," he said. With the government exte-

According to the CEOs, it is nding the *janata* curfew until important to remain in selfquarantine like other developed March 31, the CEOs have inst-

MD and CEO of JLL, said he created a designated place in his house as 'home office'. "I believe this is extremely essential for each one of us to do as we begin working from home. I have also shifted my Cisco DX80 from office to home that enables me to connect frequently with my leadership team via video conferencing," he said. "It is amazing how in the grind of our daily lives, we miss taking notice of the things that make our lives fuller and richer. As I work from home, I am also taking time to enjoy this greenery during the

nations are doing. Ramesh Nair,

short breaks," he said. Vikas Oberoi, CMD of Oberoi Realty, said the current crisis adversity is going to teach us a lot, especially how to work from home. "Working from home is extremely efficient as we waste a lot of time commuting and trying to meet each other face-to-face. All this is being avoided now because we have to keep this social distancing," Oberoi said. He said a lot work was getting down via FaceTime and without meeting face to face. "We have been Skyping a lot with our global consultants, who are based out of Singapore, the UK and the US. We are using a lot of this time to look inward and see how we can do things better and faster," he said.

(With Shally Seth Mohile and Raghavendra Kamath)

IOC becomes 1st firm to begin supply of BS-VI fuel in country

PRESS TRUST OF INDIA New Delhi, 22 March

Indian Oil Corp (IOC), the nation's biggest oil firm, has begun the supply of the world's cleanest petrol and diesel across the country with all its 28,000 petrol pumps dispensing ultra-low sulphur fuel a good two weeks before the April 1 deadline.

We have successfully rolled out the supply of BS-VI grade fuel across the country," IOC Chairman Sanjiv Singh said. "All our 28,000 petrol pumps across the country are dispensing BS-VI grade fuel for more than a week now." Other fuel retailers. Bharat Petroleum Corp Ltd (BPCL) and Hindustan Petroleum Corp Ltd (HPCL), are also progressively supplying BS-VI grade fuel and the entire country will switch to the cleanest fuel within this week.

The government had set April 1 as the deadline for starting supply of Euro-VI emission compliant fuels. With this India joins the select league of nations using petrol and diesel containing just 10 parts per million of sulphur in an attempt to cut vehicular emissions that are said to be one of the reasons for the choking pollution in major cities. "We have leapfrogged from BS-IV (equivalent to Euro-VI grade fuel) straight to BS-VI in just three years," the IOC chairman said adding this is an achievement not seen in any large

Singh, whose firm controls roughly half of the country's fuel market, said almost all the company's refineries began producing ultra-low sulphur BS-VI (equivalent to Euro-VI grade) petrol and diesel by the end of 2019 and thereafter the mammoth exercise was undertaken to replace every drop of fuel in the country with the new one

Aramco says it'll focus on investments in markets with high growth like India

PRESS TRUST OF INDIA New Delhi, 22 March

The world's biggest oil exporter Saudi Aramco has said it is focusing its downstream investments in high-growth nations such as India as it negotiates a deal to buy up to 20 per cent stake in Reliance Industries' \$75 billion oil-to-chemical business.

In its latest annual report, Aramco said it is looking at investment opportunities in high-growth markets as well as nations that rely on importing crude oil. India is the world's fastest-growing energy market with fuel consumption rising at 4-5 per cent annually. It also relies on imports to meet its 83 per cent of oil needs. Saudi Arabia is its secondbiggest oil supplier, exporting close to a fifth of India's oil sourced from abroad.

"Saudi Aramco is focusing its downstream investments in areas of high growth, including China, India and Southeast Asia, material demand centers such as the US, and countries that rely on importing crude oil. such as Japan and South Korea," the firm said in its annual report. Besides, the integration of the firm's upstream and downstream segments provides a unique opportunity for Saudi Aramco to secure crude oil demand by selling to refineries designed specifically to economically process Arabian crude oil. "Saudi Aramco intends to enhance its domestic and global marketing businesses to support the position of its upstream business in key, high-growth geographies, including China, India and Southeast Asia, which are integral to Saudi Aramco's existing business and future expansion strategy," it said adding the firm intends to maintain its presence in key large countries that rely on importing crude oil. Mukesh Ambani had in

August last year announced ini-



Saudi Arabia is Aramco's second-biggest oil supplier, exporting close to a fifth of India's oil sourced from abroad

tial agreements to sell a 20 per cent stake in the oil-to-chemical business to the Saudi national oil company. Also, a 49 per cent interest in fuel retailing business was sold to the UK's BP plc for ₹7,000 crore.

Morgan Stanley in a March 19 research note stated that Aramco had in a conference call stated that it is still conducting due diligence on a potential investment in RIL's oil to chemicals operation. "Once evaluation is complete, it will move to the next stage of the approval process," it said.

Refining and petrochemicals are a cash cow for Reliance. As part of the August deal, Aramco will supply 500,000 barrels per day of crude (25 million tonnes per annum) on a longterm basis to Reliance's Jamnagar refinery complex (40 per cent of the refining capacity). Market analyst firm Bern-

stein in a recent report had stated that Reliance's partnership with Aramco signals expansion rather than retreat as growth opportunities are expected to boost the petrochemical and refining vertical.

Brookfield may take over ₹1,500-cr Piramal loan to Bengaluru realtor

RAGHAVENDRA KAMATH Mumbai, 22 March

In one of the largest among refinancing deals, Canada-based Brookfield Asset Management is in talks with Piramal Capital & Housing Finance to take over a loan given to Bengaluru-based Adarsh Developers, say sources. The debt is around \$200 million or ₹1.500 crore.

Significant because refinancing deals had almost stopped for non-banking financial companies after the IL&FS defaults in September 2018, leading to a liquidity crunch in the segment. "It is part of Piramal's strategy to reduce single borrower exposure and reduce the share of big-ticket loans in real estate," said the sources.

The terms of the proposed deal are not known. Brookfield declined to comment when asked. E-mails to Piramal did years. In 2017, it lent ₹800 crore



Javeshankar, chairman of Environment of Bengaluru, In Adarsh Developers, said the 2018, it invested \$100 million in deal was in the initial stages. a bunch of housing projects of Brookfield is steadily build-Hyderabad-based INCOR.

Recently, it bought a 40 per Finance for ₹1,450 crore

tree Capital. Brookfield bought a majority of US-based Oaktree last year. DHFL had sold some of its loans to Oaktree and was in the process of selling its wholesale book to the US-based investor. As mentioned earlier, Piramal Capital & Housing Finance has been reducing the share of wholesale real estate loans in its portfolio and single borrower exposure. At end-December 2019, the share of wholesale loans to real estate developers vas 70 per cent.

Last year, it sold loans worth ₹2,000 crore, given to Lodha Developers (now Macrotech), to Goldman Sachs Piramal is also in talks with other investors to sell its big-ticket loans, according to recent reports.

Last year, Adarsh raised cent stake in Indostar Capital money from JM Financial, Kotak Realty Fund, HDFC Prop-

loans of lender DHFL from Oak-

economies around the globe.

ing a credit portfolio in real

estate. It has built a loan book of

\$1 billion in the past couple of

CORONAVIRUS IMPACT

not elicit a response. B M to property developer Total field has also taken over some to expand its portfolio.

According to sources, Brook- erty Fund and Piramal Capital

Vedanta announces ₹100-cr fund to fight pandemic

Metals and mining giant Vedanta on Sunday announced setting up of a ₹100crore fund to combat the coronavirus outbreak.

The fund will be utilised to provide preventive healthcare to daily wage workers, company employees and contract workers in and around various plants of the company, Vedanta said in a statement. "I commit ₹100 crore towards fighting the pandemic. We will increase the corpus if the need arises," Anil Agarwal, executive chairman, Vedanta Resources, said.

As part of other measures, Vedanta said the company will not cut salaries or fire any of its staff, including temporary workers during this crisis period. Besides, the company has also decided to provide a special one-time insurance to cover Vedanta's employees and their families against COVID-19.

Further, all mobile health vans in operational areas will aide in preventive healthcare and each business unit will contribute towards the livelihood of daily wage earners around plant locations like tea sellers and vegetable vendors.

The fund will cater to livelihood of daily wage workers, employees and contract workers, preventive health care and provide timely help to communities in and around various plant locations

Hoteliers want deferment ofloans, GST holiday

JAYAJIT DASH

Bhubaneswar, 22 March

Fearing huge financial burden owing to cancellation of conferences as well as marriage and banquet bookings to stave off coronavirus (COVID-19) spread, the hotel industry has asked for deferment of bank loans and statutory dues. Besides, they have sought GST (goods and services tax) holiday till the besieged industry hits the revival route.

"Most of the hotel owners have taken loans from banks and in the current situation, it seems difficult for us to pay interest and bank EMIs (Equated Monthly Instalments). Banks should be advised to consider the situation and cooperate with us and defer the EMIs and interest till the situation becomes normal. Also, CIBIL (Credit Information Bureau Ltd) score should not be affected in the current business environment. Similar measures have already been taken by countries like USA and

China", J K Mohanty, cochairman. Ficci tourism national council and chairman (eastern region), Indian Association of Tour Operators (IATO) wrote in a memorandum to Prime



Minister Narendra Modi. The hoteliers have also demanded to defer payment of statutory dues like advance tax payments and provident fund to employees, among others.

Such interventions from the central government will support the travel and hospitality industries in this

moment of exigent crisis, they reasoned. At the level of among others

state governments, they have called for waiver of fees for upcoming

licenses, permits or renewals such as municipality holding tax, bar license fee, ground

water fee and electricity fee till the travel and tourism industry recoups from the crisis precipitated by COVID-19 pandemic.

recovery of hotel and travel businesses,

The hoteliers have also demanded deferring payment of statutory dues like advance tax payments and

next 12 months. He has also demanded immediate sanc-

tion of funds on the lines of Mahatma

Rural Employment Guarantee Act (MGNREGA) for employees engaged in tourism sector till revival happens.

To facilitate the smooth Mohanty has advocated GST holiday for the

provident fund to employees,

Gandhi National

4 CORONAVIRUS IMPACT

STATES ON A WAR FOOTING



Faced with the COVID-19 pandemic, state governments are launching their own efforts to fight it in tandem with the Centre's initiatives. Many states are opting for a partial or near-lockdown, and are also coming out with a raft of measures to mitigate the economic fallout of such measures

DELHI

City put under lockdown till March 31

Delhi will be locked down in view of the growing coronavirus threat, from 6 am on March 23 till 12 am on March 31, Chief Minister Arvind Kejriwal announced at a joint press conference with Lt Governor Anil Baijal on Sunday.

No public transport will operate and Delhi's borders will remain sealed during the lockdown, but the essential services related to health, food, water and power supply

> My sincere appeal to all senior

citizens. Please,

indoors as far as

possible. As the

most vulnerable

group, we need

to take special

care so that you

remain free from

infection. I urge

you to skip your

walks for the

time being"

morning/evening

ARVIND

Delhi CM

KEJRIWAL

please stay

will continue, he said, adding that 25 per cent of the DTC buses will run to transport people associated with essential services. 'We know people will face

difficulties, but lockdown is necessary to contain the spread of coronavirus," the chief minister said.

Kejriwal on Saturday announced several measures to ameliorate the hardships the poor are about to face as economic activity declines in the wake of the coronavirus outbreak

The Delhi government will distribute free ration for the month of April to 7.2 million beneficiaries, or nearly 1.8 million families. The quantity of the ration under the Public Distribution System has also been increased by 50 per cent.

Kejriwal said the government was also doubling the monthly

pension of 250,000 widows, 500,000 senior citizens and 100,000 differently-abled persons. "These beneficiaries come from poor families and would get hit the hardest because of the spread of coronavirus," Kejriwal said. Widows and the differently-abled currently get ₹2,500, and senior citizens get ₹2,000, while those above 70 get ₹2,500 as pension. Moreover, the Delhi CM announced that all homeless will be given free food, lunch and dinner at night shelters run by the state government.

GUJARAT

1,200-bed hospital for coronavirus patients

Apart from imposing Section 144 of Criminal Procedure Code (CrPC) across major cities, the Gujarat government has announced that a 1,200-bed hospital in Ahmedabad will be exclusively devoted to treating coronavirus patients. The number of positive COVID-19 cases in Gujarat jumped to 13 in three days with no casualties so far.

'We are keeping a 1,200-bed Ahmedabad civil hospital exclusively for coronavirus patients. The existing patients undergoing other treatments will be shifted to the old campus of the civil hospital," said Gujarat Chief Minister Vijay Rupani.

Infection control hospitals are also being set up at our locations — in Ahmedabad, Surat, Raikot and Vadodara. The state government has also added one more testing lab to its existing two laboratories with a capacity to test 200 samples in a day. Moreover, all intra-city and inter-city state transport bus services were suspended for a day.



Telangana will be under complete lockdown till March 31 as a precautionary measure to prevent the spread of coronavirus, CM K Chandrasekhar Rao said on Sunday. The number of coronavirus positive cases has gone up to 26 in the state.

KARNATAKA

₹200-crore fund planned towards immediate expenses

The Karnataka government has pledged a ₹200-crore fund towards immediate expenses to contain the







DEATHS

2

Note: 10 new

cases were

overnight, including

6 in Mumba

and 4 in Pun

reported



Maharashtra, which on Sunday extended the lockdown to all urban centres, is putting a plan in place to tackle the economic challenges thrown up by the pandemic.

'We are working to find a solution to the financial challenges caused by the COVID-19 crisis and a working group has been formed to look into it," said Chief Minister Uddhav Thackeray. COVID-19 has so far infected 74 persons in the state. On Friday, the state government announced

that all non-essential services, including private offices and stores in Mumbai, Pune and Nagpur would remain shut till March 31. Stock exchanges, stock broking offices, clearing corporation and primary dealers under the ambit of the Reserve Bank of India (RBI) and the Securities and Exchange Board of India will remain open. On Sunday, the restrictions were enhanced and Section 144 of the Indian Penal Code was imposed in all urban areas in the state.

Groceries, milk centres, pharmacies and banks are exempt from the restrictions. Suburban trains, state and city transport buses will be shut for public. Buses will be only available to those providing essential services. All government offices will function with 5 per cent attendance and local trains and buses will continue to operate as usual in Mumbai to allow smooth functioning of essential services. Factories can function at 50 per cent staff strength, the state government said.

"If the crisis continues or intensifies after March 31 we will not hesitate to take further steps for public safety,' Thackeray said.

UTTAR PRADESH Financial package of ₹353 crore



The Yogi Adityanath government on Saturday announced a financial package of more than ₹353 crore to give cash handouts to an estimated 3.53 million daily wage earners and labourers, who are likely to be hit due to the coronavirus outbreak.

The beneficiaries include 2.03 million labourers registered with the UP labour department and 1.5 million rickshaw pullers, hawkers and kiosk owners, who will get the money directly into their bank accounts.

The state has also decided to provide free food grains for the months of April and May in advance to more than 8.38 million widow, old age and handicapped pensioners next month The 16.53 million beneficiaries enrolled under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) and Antyodaya in UP would also be paid a month's free food grain comprising 20 kg and 15 kg of wheat and rice, respectively. This would cost the exchequer ₹94.50 crore.









NUMBER

OF CASES

67

ISOLATION/

QUARANTINE

With the number of COVID-19 cases in the state rising, the government has formed 100 teams, each consisting of one doctor, one staff nurse, and one medico social worker for contact tracing.

Free ration for the next two months will be given to all who avail ration in one go, Karnataka Chief Minister B S Yediyurappa said on Sunday.

Twenty-six COVID-19 patients including one death, have so far been confirmed in the state.

While a government hospital with

1,700 beds has been directed to be converted into a special hospital to treat COVID-19 patients, the state said facilities would be equipped and

SAMPLE HUME QUARANTINE TESTED 3.390

capacity improved immediately, so that for every one million population minimum 200 tests can be conducted. The state has also sealed its borders.

Karnataka has also shut down all educational institutions, malls, theatres, restaurants, cafes, and pubs till March-end.

Besides, the government has urged the Centre to sanction ₹556 crore for payment towards the jobs rendered by beneficiaries under the MNREGS.

The chief minister has also urged businesses under the lockdown due to the coronavirus not to deduct their employees' wages.

NORTH EAST

but measures in place

No +ve case,

Although no positive case of COVID-19 infection has been

reported from the Northeast

not letting their guard down.

Assam has ordered schools

as yet, the Seven Sisters are

to remain shut till March 31

and asked barber shops,

and so on to down their

government employees,

shutters till March 31.

Fifty per cent of

beauty parlours, coaching

centres, museum, libraries

WEST BENGAL

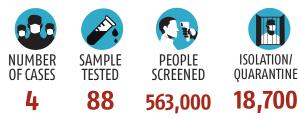
Free ration under PDS for six months

The state, which announced a complete lockdown of Kolkata and other major towns on Sunday, has adopted several measures to combat the economic fallout of the coronavirus pandemic. Chief Minister

Mamata Banerjee's government will offer free food grains and ration under the Public Distribution System for the next six months.

The move will benefit 75 million people in the state. Moreover, an extra 2 kg of rice will go to the houses of children under the Integrated Child Development Services (ICDS) and the Mid-Day Meal scheme.

For the one million workers directly involved in preventing the spread of coronavirus, the state is providing insurance coverage of more than ₹5 lakh. A ₹200-crore special fund has been set up to fight the pandemic.



KERALA ₹20,000-crore special package to tackle the impact

On March 19, the Kerala government declared a ₹20,000-crore special package to tackle the impact of the COVID-19 outbreak. This includes ₹14,000 crore to clear all arrears pending in various sectors and a ₹500 crore health package.

"Normal life has been affected, which has also impacted the economy and the financial package is expected to revive the economy," said chief minister Pinarayi Vijayan. The state government will

also facilitate loans worth 59.295 ₹2,000 crore through the selfhelp group Kudumbasree to those who are impacted by COVID-19. Another ₹2,000 crore

will be distributed as part of a village employment assurance programme in April and May.

Social welfare pensions, due in April, will be distributed in March. Food grains will be provided to families from across segments. The government has allowed a one-month extension for the payment of water and electricity bills.

TAMIL NADU Task force to closely monitor preventive measures



The Tamil Nadu government has closed its borders with Andhra Pradesh, Kerala, and Karnataka. The state has also constituted a task force to closely monitor the preventive measures against the virus outbreak.

A sum of ₹60 crore has been allocated to beef up the efforts against the spread of the disease. However, Tamil Nadu chief minister K Palaniswami has ruled out suspending the ongoing Assembly session, insisting that all legislators were being screened before entering the House.

The number of COVID-19 positive cases detected in the State has gone up to seven, with a traveller from Spain testing positive, said the Tamil Nadu Minister for Health and Family Welfare CViiavabaskar.

The state government was among the first to launch measures to tackle COVID-19. On January 30, it had put under quarantine 78 people who arrived from China. The Janata Curfew was extended to Monday morning 5 am.

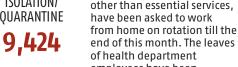
- -



205,396



ISOLATION/ QUARANTINE



of health department employees have been cancelled. The Assam government

has announced financial assistance of \$2,000 each to citizens of its state who are stranded in foreign countries.

Neighbouring Meghalaya and Manipur have gone a step ahead and ordered the closure of markets as well for a short time period.

SCREENED

Note: Schools, colleg closed till April 2; Tourist places closed till March 31

SAMPLE

TESTED

41

PEOPLE

SCREENED

79,000

ISOLATION/

OUARANTINE

1,000+

Note: The numbers are is only for Assar

443

(WITH INPUTS FROM ARCHIS MOHAN, ANEESH PHADNIS, SAMREEN AHMAD, AVISHEK RAKSHIT, T E NARASIMHAN, GIREESH BABU, VINAY UMARJI, VIRENDRA SINGH RAWAT, B DASARATH REDDY)

Rural India less prepared for contagion

Cutting off train travel may help rural areas cope better; most people feel hospitalisation is a financial blow

SACHIN P MAMPATTA

Mumbai, 22 March

ailway Minister Piyush Goyal's announcement on stopping even longdistance train services, barring goods trains, may come as a boon for rural areas.

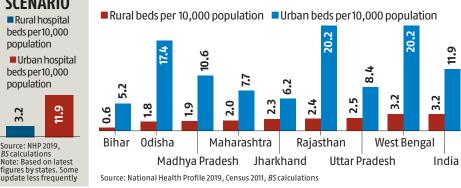
The people, reportedly rushing back after governments began shutting down major cities, may well

be heading to regions more vulnerable to the pandemic. Many are said to be returning to their families in

rural India. A major pan-

demic like the coronavirus (COVID-19) is more likely to leave the average rural Indian in greater debt; and he or she is also less likely to be able to find the necessary infrastructure to seek treatment, shows an analysis of the government data. Around 24.9 per cent of rural households reported the major source of hospitalisation expenditure as borrowings. It is 18.2 per cent for urban India (see *chart 1*). This is based on information from the Key Indicators of Social Consumption in India-

Health, 2014, NSS 71st Round data found in the 2019 National Health Profile. Other data from the profile suggests that **INDIA VS BHARAT** BED KEY STATES LACKING RURAL HOSPITAL ACCESS **SCENARIO** Rural India Urban India



hospitalisation may itself be a is most accessible to the public. But even government hoschallenge

Borrowings 24.9

Sale of physical 0.8

assets

Others

Contribution*

18.2

0.4

5.4

5.0

0.7

1.3

Rural India had 3.2 governpitals are skewed in location. ment hospital beds per 10,000 Over two-thirds of the populapeople. The urban number is tion is in rural areas, according 11.9 (see chart 2). The data looks to the last Census. But it has at government hospitals as this only over a third of the hospital

beds, the data shows. There are more government hospital beds in urban rather than rural areas individually in the majority of states and Union Territories too, showed an analysis of the data.

The study also looked at hospital beds relative to their urban or rural population. Many major states have significantly lower number of rural beds than the national average. Uttar Pradesh is at 2.5 beds per

10,000 people in rural areas. Rajasthan and Jharkhand are at 2.4 and 2.3, respectively. Maharashtra, which has seen the largest number of cases, is at 2. Bihar is at 0.6 (see chart 3).

Private sector hospital beds account for 40 per cent of the market, according to an India Brand Equity Foundation's February 2018 note on India's health care segment.

But major hospital chains are concentrated in metro cities, according to an August 2019 'Re-engineering Indian Healthcare 2.0' paper from industry body Federation of Indian Chambers of Commerce and Industry (FICCI) and consultancy firm EY.

most people find hospitalisation to be a financial blow.

"Cost of a single episode of hospitalisation was at least 2X of the average annual expenditure, if availed in a private facility for the bottom three quintiles of population, i.e., 60 per cent of population," it said.

The report added that the cost of a single hospitalisation even in a public facility is equal to a whole year's expenditure for the bottom 20 per cent of the population.

The introduction of insurance through Ayushman Bharat may provide some cushion, though health coverage is not vet universal.

The report also noted that

and negatives it in a case of excess payment of tax. Bunching of refund claims will be allowed across

Mix of needed

financial years, to facilitate

EXIM MATTERS

T N C RAJAGOPALAN

decision

In its 39th meeting, on March 14, the Goods and Services Tax (GST) Council took some practical and useful decisions. And, some controversial ones.

The most notable was to ing of this return and statecharge interest for delay in ment for financial years payment of GST on net cash 2017-18 and 2018-19 for taxtax liability, with effect from payers July 1, 2017. For

Late fee for this purpose, the law is proposed to delayed filing of returns and be amended retrospectively. This statements for will financial years bring consider-2017-18 and able relief to 2018-19 for many who had taxpayers with notices from the aggregate turnover of less government to pay tax on the **than₹2crore** gross tax liability. will be waived The govern-

ment should now examine clarifysome issues, extendwhether it should issue suitable circulars or invoke the powers under Section 172 of the Central CGST Act and issue an order for removal of difficulties, rather than go for a legislative amendment, a tedious process that all state legislatures will then

have to go through. Second, the changes must include provision for refund of interest paid by many on the basis of gross tax liability.

Third, suitable safeguard must be built-in to make sure that freshly accumulated input tax credit is not used for working out the net tax liability. Fourth, the GST Network should enable part -payment of the tax

liability. Another useful decision was to amend the law by prescribing a procedure for reversal of input tax credit in respect of capital goods partly used for affecting taxable supplies and partly for exempt supplies under Rule 43 (1) (c) of the CGST Rules. The rules will be amended to allow for refund to be sancexporters. The Council decided to defer implementation of the new e-invoice system and the new returns system by six months. state-

Reconciliation ments in Form GSTR-9C need be furnished by only those with annual turnover of at least ₹5 crore. The due dates for filing of

the annual return and reconciliation statement for financial year 2018-19 are to be extended till end-June 2020.

Late fees for delayed filwith aggregate turnover less than ₹2 crore will be

waived. The present system of furnishing GSTR-1 and GSTR-3 returns will be continued till the end of September. There are

many other useful decisions. These include issuing of circulars

ing the exemption from Integrated GST on import by export-oriented units, and under advance authorisations and export promotion capital goods authorisations, and so on.

The controversial decisions include a ceiling to be fixed for the value of export for the purpose of calculation of refund on zero-rated supplies. And, to provide for recovery of refund on export of goods where the proceeds are not realised within the time prescribed under the

Exchange Foreign Management Act of 1999 These proposed changes were not under discussion at

any stage and are a surprise for exporters. If implemented, these will cause a lot of nuisance for exporters. The Customs Valuation Rules and Fema regulations have enough provisions to deal with overvaluation or nonrealisation of export proceeds. GST laws need not

(Fema).

deal with these issues.

E-mail: tioned in both cash and cred- tncrajagopalan@gmail.com

India has grain cushion against COVID-19

Stocks with states are enough to supply ration shops for a year SANJEEB MUKHERJEE

New Delhi, 22 March

As India battles the COVID-19 outbreak, it does have a cushion in the stocks of grain, pulses, oilseed and sugar.

The governments of Uttar Pradesh, Delhi, Kerala, Rajasthan, Karnataka and Punjab have already decided to deliver free rations in advance to poor and vulnerable sections such as daily wagers, rickshaw pullers and the like.

The said cushion enables more. By official estimates, the stock of foodgrain (wheat and rice) on March 10 was 58.49 million tonnes (mt), much more than required as a buffer in normal times. Also, there are stocks of around 3 mt of pulses, 1.1 mt of oilseed and 4 million tonnes of sugar.

That 58.49 mt of grain can enable the distribution of a full year's quota in in full swing from next month and the and rice was distributed in the coun-



advance to all ration card holders and crop size in 2020 is estimated at an ell-time high of over 106 mt. beneficiaries of other welfare schemes. That is after assuming not a single grain is added on to the central to the Centre for allowing states to lift pool from April 1. The reality is that their quotas of ration stock for six months in advance this stock position is bound to get bigger — wheat procurement will start

GOVT DECISIONS

UP: Free one-month ration for almost 16.5 million poor **Delhi:** Monthly allocation per head of wheat and rice raised to 7 kg, from 5 kg, without any charge Pune city: Three months' ration in advance to needy Kerala: Free foodgrain

to the vulnerable

people outside the

try through the ration shops network. That included grain for schemes such as National Food Security Mission (NFSM), Mid-day Meal Scheme, Integrated Child Development Scheme (ICDS) and the Annapurna Yojana, apart from the needs of defence forces.

In the case of pulses, officials said central agency Nafed has around 3 mt. Half of this is chana dal (Bengal gram) and this can be immediately offloaded in the market through ration shops if the need arises. "Chana can be consumed in multiple forms. Except arhar (red gram), which we have and needs some amount for processing, all other pulses in our stock are ready for consumption," a senior Nafed official said.

In the case of oilseed, one problem is that processing has to be quick, as they need to be converted into the edible form. This could mean some supply disruption. Even so, the oilseed stock with the government is around 1.1 mt. Of this, 800,000 tonnes is groundnut seed and the rest is of mustard. Mustard seed's conversion into oil is easier and quicker than groundnut's.

In the case of wheat and rice, so far most state governments have decided to distribute free to vulnerable sections. That means the states

This has given enough confidence

In 2018-19, around 57 mt of wheat

1: IN MARCH 2019, ADVANCES BEGAN DECLINING.

would bear the expenses.

families below the poverty line (BPL) to get free wheat for two months in advance. Food packets with essential items for

Rajasthan: 10 million

Karnataka: Two

NFSA ambit

months' quota of 10 kg rice and 2 kg wheat for each BPL family, free of cost

*From friends or relatives Note: Data is for proportion (in %) of those not able to meet hospitalisation expenses through savings Source: National Health Profile 2019



Essential bank services to **STATSGURU** be available at branches

ABHIJIT LELE

Mumbai, 22 March

Amid lockdown in several states to contain the spread of COVID-19, banks will ensure at least four essential services - cash deposits and withdrawals, cheque deposition, remittances, and government transactions — at their branches from March 23. For the rest, depending on the situation in each branch, the banks may suspend other services, Indian Banks Association (IBA) Chief Executive Sunil Mehta said.

IBA, lobby group of the Indian banking industry, said bank customers should visit the branch only in case of absolute necessity. Bank employees are also facing the same challenges that all people are. Most of the services that banks offer are available online. Customers should use the mobile and online banking channels for non-essential services.

The banks are working round-theclock to ensure all digital channels are up to date and have all the information that you may need during this period.

Mehta said management committee of the association had discussed options to support customers, includ-



ing emergency credit, keeping in mind hardships that many establishments may face due to economic slump and lockdown. State Bank of India has framed a scheme to offer emergency loans to existing borrowers whose operations are impacted by COVID-19.

The loans — at 7.25 per cent (per annum) fixed rate of interest — is aimed at meeting the temporary liquidity mismatch arising out of COVID-19. It will be in force till June 30. The association has advised member banks to explore similar scheme for their customers, Mehta said

Parliament's Budget session likely to be concluded today



PRESS TRUST OF INDIA Mumbai, 22 March

The Budget Session of Parliament is likely to be concluded on Monday after passage of the Finance Bill in both Houses, sources said on Sunday.

The session, which was earlier scheduled to conclude on April 3, is now likely to be adjourned sine die on March 23, sources said.

The session is likely to be concluded almost 12 days before its scheduled

winding up due to the looming threat of COVID-19. Many political parties including TMC have decided not to attend the session on Monday due to the coronavirus scare amid lockdowns announced by many states for varied periods, sources said.

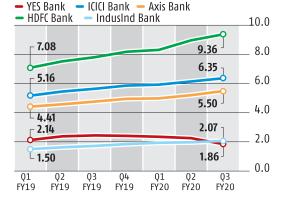


The YES Bank rescue

THE PROBLEM at YES Bank was not so apparent till the Reserve Bank of India (RBI) refused to grant an extension to its managing director and chief executive officer Rana Kapoor, back in September 2018. The bank board then hired Ravneet Gill of Deutsche Bank to replace Kapoor. However, the problems started emerging as it struggled to raise capital. The lender started shrinking its loan book since March 2019 (Chart 1), but deposits remained healthy (Chart 2) as the general public was sure that, despite the troubles at the bank, they won't fail.

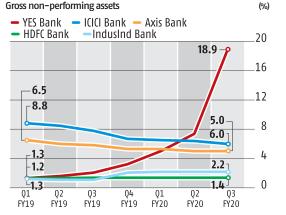
The bank, however, could not hide its bad debt under the carpet for long as RBI auditors forced all banks to disclose their bad debts. YES Bank had the highest divergence among private sector banks, and cautioned by the RBI auditors, it started reporting higher bad debt since the September 2018 quarter (Chart 3). Even as the bank struggled to raise capital, its capital adequacy remained strong till the December quarter numbers were disclosed. We now know that the bank under-reported bad debt.

But it all changed after the central bank's crackdown and the December 2019 quarter results showed the rot in the bank. Capital adequacy ratio plummeted (Chart 4) as the bank had to provide for its huge pile of bad debt, and share price nosedived, sinking the market capitalisation (Chart 5) till the government and the RBI decided to rescue the bank and bring other lenders, including State Bank of India, to put in equity capital (Chart 6). With the moratorium lifted on March 18, YES Bank has restarted its operations as a full service bank. It has enough liquidity to honour its deposits of ₹1.65 trillion. And the RBI has now opened a credit line of ₹60,000 crore for the bank to tap. SUBRATA PANDA Advances (₹ trillion)





3: RISING BAD DEBT Gross non-performing assets

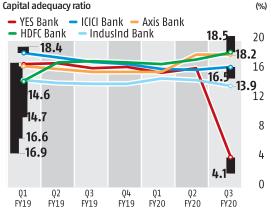


5: THE VALUE DESTRUCTION

- Market capitalisation - YES Bank - ICICI Bank - Axis Bank
- HDFC Bank IndusInd Bank 8.0 6.96 5.48 6.0 2.11 0.78 3.48 1.16 4.0 1.31 .77 2.0 1.04 0.11 0.0 Q1 Q2 FY20 FY20 03 FY19 FY19 FY20 FY19 FÝ19

WHILE DEPOSITS PEAK TO A LIFETIME HIGH (₹ trillion) Deposits





6: DOMESTIC LENDERS COME TO YES BANK'S RESCUE

Equity investors

(₹ trillion

	% stake	Amount invested (₹ cr)
State Bank of India	48.21	6,050
HDFC	7.97	1,000
ICICI Bank	7.97	1,000
Axis Bank	4.78	600
Kotak Mahindra Bank	3.98	500
Bandhan Bank	2.39	300
Federal Bank	2.39	300
IDFC First Bank	1.99	250
Total	79.68	10,000

According to the latest dis

StatsGuru is a weekly feature. Every Monday, Business Standard guides you through the numbers you need to know to make sense of the headlines

Source: CapitalLine; compiled by BS Research Bureau















6 CORONAVIRUS EFFECT

Don't sack staff, protect wages: Centre to firms

EPFO will continue to provide essential services to claimants

SOMESH JHA New Delhi, 22 March

he central government has asked all companies to ensure that workers, especially contract labour, who take leave as a precaution against the COVID-19 outbreak, should be treated 'on duty' and their salaries not be deducted.

"Against the backdrop of such challenging situation, all the employers of public or private establishments are advised to extend their coordination by not terminating their employees, partic-

ularly casual or contractual workers from job or reduced their wages," Union labour and employment ministry Joint Secretary Kalpana Rajsinghot said in a March 20 letter to employers' associations. "If any worker takes leave, he should be deemed to be on duty without any consequential deduction in wages for

this period," the letter added. A labour ministry official explained that if workers are considered to be 'on duty', they will CORONAVIRUS be entitled to wages and other benefits, if they are entitled to. PANDEMIC

The advisory stated that "if the place of employment is to be made non-operational due to the COVID-19, the employees of such unit will be deemed to be on duty." This means that if any establishment is closed due to a positive case of COVID-19 virus on the premises, then the employees will be considered to be 'on



Around 90% of workers in India are in the unorganised sector and do not come under the purview of the labour laws related to social security

duty' and not on leave.

The government's advisory stated that the companies may look to terminate the contract of workers "on the pretext" of the

COVID-19 or may force their employees to go on leave without pay. "The termination of employees from the job or reduction in wages in this scenario would fur-

ther deepen the crisis and will not only weaken the financial condition of the employee but also hamper their morale to combat their fight with this epidemic. the labour ministry's letter stated.

The Employees' Provident Fund Organisation (EPFO) will continue to provide essential services to workers related to their provident fund claims and pension disbursement, according to an EPFO official. The EPFO will further send an advisory to employers to ensure that they pass on provident fund dues to their workers during the pandemic, the official added.

State government such as Maharashtra and Delhi has ordered closure of all establishments or factories as a matter of precaution so that the virus does not spread further. Prime Minister Narendra Modi had said in a public address on Thursday that employers should allow employees to

'work from home' as much as possible and appealed to them to not deduct their wages during this period, especially those in the unorganised sector.

All the sectors of the economy are under severe stress as fallout of the COVID-19 outbreak, especially the airline companies as travel curb is being imposed on flights. Recently, low-cost airline GoAir asked some of its employees to go on short-term leave without pay. Many companies had to also shut down as some positive cases of the virus emerged among their employees.

Companies in the organised sector have the option of laying off their workers, which is a form of temporary retrenchment, after giving them statutory dues. But in India, around 90 per cent of the workers are in the unorganised sector and do not come under the purview of the labour laws related to social security.

Tough quarter ahead 'Will take relook at GDP forecasts for FY20, FY21; but it's too early' for state-run banks

NAMRATA ACHARYA & ISHITA AYAN DUTT Kolkata, 22 March

Public sector banks (PSBs) are staring at a difficult quarter ahead. While coronavirus spread may lead to restructuring in the present and next quarters, higher provisioning needs on account of failed resolution of accounts under the inter-creditor agreement (ICA) will further add to their woes.

In addition, no visibility on recovery from Bhushan Power, currently under the National Company Law Tribunal (NCLT), seems to be in sight.

Many PSBs, which had recently turned profitable after months of losses, may once again slip into the red, say bankers.

Last quarter, a number of banks had drawn comfort from the resolution of Essar Steel, which alone yielded close to ₹42,000 crore for them. From Bhushan Power, banks were expecting a recovery of nearly ₹20,000 crore in the present quarter. However, they may now need to wait as it is still caught in a legal wrangle.

JSW has been legally advised that it is not obligatory to implement the resolution plan during pendancy of appeals. The next date of hearing in the Supreme Court is around mid-April. Bankers were pinning their hopes on the resolution being completed this quarter.

"Due to the coronavirus, ctors like micro, small an



NUMBERS GAME

PSBs posted aggregate operating profits during FY18 and FY19 of ₹1,55 trillion and ₹1,54 trillion, respectively

PSBs made aggregate provision of ₹2.40 trillion and ₹2,36 trillion in FY18 and FY19, respectively. Thev incurred net loss of

₹85,370 crore and ₹81,752 crore in FY18 and FY19, respectively

They saw an aggregate profit of ₹3,221 crore in the first half of the current FY PSBs recorded a net profit

of₹507 crore in the first three quarters of this FY Source: Lok Sabha

exposure of more than

₹2,000 crore. After the 30-day review period, 180 days were allowed for implementing a resolution plan, which ended in the first week of January.

Failing the deadline, banks have to make a 20 per cent provision and refer cases to the NCLT within 30 days. This is followed by an additional 15 per cent if no resolution is found within 365 days

PSBs had started showing signs of recovery after months of stress. Anurag Singh Thakur, minister of state for finance, in a reply to a question in the Lok Sabha in December 2019, said PSBs returned to profitability in 2019-20, posting an aggregate profit of ₹3,221 crore in the irst half ending September.

Chief Economic Advisor KRISHNAMURTHY SUBRAMANIAN tells Arup Roychoudhury that economic activity is set to be hit as parts of the country have headed for a lockdown, at least till March 31, because of the spread of COVID-19. Edited excerpts:

How serious is this for the Indian economy? Can it be compared with events like the 2008 global financial crisis, in terms of impact?

In the Indian context what I would say is, looking at the data and an event like this you always have to be very careful about tomorrow ver sus today. But based on data today, if you look at all the other countries, and follow statistical model-

ling, there is a way this is happening. That is stage I, then stage II. We are at stage II currently. And I think the good news that has come is that we still haven't seen community spreading, according to the Indian Council of Medical Research,

because it's community spread that creates exponential growth. So in that sense, the linear growth, together with the evidence on absence of community spread

seems to suggest, I actually would be very careful about saying anything about the future. But as of today, the data seems to suggest that we are doing better than other countries.

But we clearly see a negative shock on the health side. Economically, there will be an impact. For instance, health experts are saving you need to flatten the curve. You do this to bring equilibrium between the health resources and the number of people that would be sick at a particular point in time. But that flattening the

curve will require measures like lockdown. That also has an economic impact. So there is clearly a trade-off between the two. Then there are important distinctions in my opinion between a global financial crisis and a pandemic. Because the global financial crisis actually stemmed from the financial sector. And when crises emanate from the financial sector. they're far more long-drawn.

> Is it time to relook the GDP forecasts for 2019-20 and 2020-21? This is a period of significant uncertainty. of unknown unknowns. While you can sense directionally, but I think giving any magnitudes will lead to a significant

prospect for error. Given the kind of uncertainty there is, putting quantitative estimates is actually very hard. We do have our internal assessments on this, but I think that is something prone to significant error. We know that indicators for March will get impacted. April and May will also get hit. It is, however, too early to give new numbers as the situation is still ever-changing.

What sort of impact are we seeing on tax revenue and divestment collections?

There will be an impact. The good thing though is that the targets are for the full year. There was work that was already getting done on these. I think



"THERE ARE IMPORTANT DISTINCTIONS BETWEEN A **GLOBAL FINANCIAL CRISIS AND A PANDEMIC BECAUSE** THE GLOBAL FINANCIAL CRISIS ACTUALLY STEMMED FROM THE FINANCIAL SECTOR"

the timing may be affected. That is something which will have to be factored in. I think it's very hard to speculate at this point but my sense is that given that this is actually has to be done in the year.

How should the government deal with this going ahead, from the

Delhi, Centre flip-flop on IGI Airport closure

economic perspective?

Broadly, I think this basically calls for a sort of a coordinated response from the Centre, the RBI and the financial sector. The measures will have to focus on the broader macro picture and at the same time the specific sectors which have been the worst hit.

months as demand falters. To

save the sector from bankruptcy,

the Centre is planning a relief

package — tax holiday on jet

fuel, waiver on landing and

parking charges, loans at 1 per

cent annual interest and more.

Runway now a parking bay

One of the three runways at the

Delhi airport is being used for

parking of planes for the

past two days as airlines are

cancelling flights owing to low

demand and travel bans. Delhi

is the busiest airport in the

country and its three runways

handle over 1,300 flights daily.

planes and

grounding

KRISHNAMURTHY **SUBRAMANIAN** Chief Economic Advisor

medium enterprise (MSME), hospitality and airlines are

badly hit. Many banks may slip into losses due to this. Further, banks are required to make higher provisioning on accounts which have not yet been resolved under the ICA," said a top executive of a PSB.

Banks have the option to refer them to the NCLT but in most cases, the resolution value is as low as the liquidation value. "So, this will be a very difficult quarter for banks. If the resolution of Bhushan Power had taken place, it would have come as a big comfort to banks," the executive added.

Another head of a PSB, however, said that he was still

Bhushan Power in the operating profits during FY18 near term.

According to an earlier data from rating agency ICRA, an estimated ₹3.8 trillion of loans across 72 large accounts were to be resolved under the ICA. Bankers said a substantial number of

accounts remain unresolved. "There is no unanimity among lenders on the ICA. Many banks have not signed the ICA, even though six months have elapsed," a senior official of the State Bank of

India (SBI) told Business Standard recently. A circular of the RBI on June 7, 2019, mandated banks

to sign ICAs within 30 days hoping for a resolution from by companies with bank

PSBs had posted aggregate

and FY19 of about ₹1.55 trillion and ₹1.54 trillion, respectively. However, due to the continuing ageing provision for NPAs, they made aggregate provision for NPAs and other contingencies of ₹2.41 trillion and ₹2.36 trillion. respectively. This resulted in aggregate net losses of ₹85,370 crore and ₹81,752

crore, respectively. PSU banks recorded a net profit of ₹507 crore in the first three quarters of this financial year, Thakur had further said in the Lok Sabha recently.

"In the next quarter, the restructuring pressure may be high due to the ongoing from the first date of default economic conditions," said a senior official of a PSB.

ARINDAM MAJUMDER New Delhi, 22 March

Confusion emanated over Delhi chief minister Arvind Kejriwal announcing the city's airport would be shut from Monday till March 31. The central government later overruled him, clarifying that flight operations would continue.

Union government officials and executives of airports and airlines said they were caught off-guard by the CM's announcement, of which there had been no prior intimation.

Kejriwal had at a 6 pm press meet on Sunday announced the city government was imposing a 'lockdown' of the Union Territory and barring all to and fro movement across its bor-



ders. With Lieutenant Governor the Directorate General of Civil Anil Baijal present, he said all Aviation announced flights would continue as before. "This domestic flights into the city had also been banned till March is hara-kiri (the popular term 31. However, within 30 minutes. for Japanese ritual suicide). It's the civil aviation ministry and impossible to cancel flights,

passengers and have to ground 68 per cent of inform bring back aircraft at six hours their fleet in the next two notice. There should be more coordination in times of crisis between different wings of the government," said an airline executive.

Other states have issued orders of lockdown, banning bus and other public transport, but kept airports and railway stations out of the purview. For instance, the West Bengal government's order of lockdown from Monday does this.

IndiGo, SpiceJet, Vistara, and Air India are based out of Delhi airport. "If Delhi operations are shut, we will have to close operations," said an executive at one.

According to a government estimate, airlines will anyway (With inputs from Aneesh Phadnis)

Business interruption loss not covered under insurance

SUBRATA PANDA

Mumbai, 22 March

Many state governments have enforced a partial lockdown to contain the spread of COVID-19, resulting in business interruption losses for small and large companies, shops, and others. But the losses cannot be made good by claiming for insurance as the 'loss of profit' clause does not get triggered in the policies unless there is physical damage.

"The non-life industry does not foresee business interruption loss claims arising due to COVID-19 like quarantine or close down of operations due to non-availability of staff because there would be no property damage due to any accident or event," a General Insurance Council spokesperson said.

'The current business interruption policies for commercial establishments do not offer any cover for epidemic or pandemic declared by the World Health Organization (WHO) or



the government," the spokesperson added.

Normally, business interruption losses are covered under property damage policy. So, only if there is property damage then the 'loss of

triggered and business which have suffered losses can make claims for their losses.

Sanjay Datta, chief (underwriting & claims) at ICICI Lombard, said: "Business loss from physical damage is covered but not the notional loss. Notional loss can happen for economic slowdown also. There was a slowdown due to the global financial crisis and several companies shut shops but that was not covered under insurance policies because there was no physical damage".

Generally, major industries, hotels, and big shops take business loss policy along with property insurance wherein any claims arising due to physical damage from any of the insured peril is admissible.

"In this case, since none of the insured perils have happened and the businesses have been closed under government action, no claim arising out of business loss due to COVID-19 can be admissible," said CR Mohan, senior vice-president,

Bajaj Allianz General Insurance.

"However, there may be some all-risk covers which may include coverage due to COVID-19. But such policies are very rare and have to be underwritten, specifically with terms and conditions, subject to reinsurance support," the General Insurance Council spokesperson said.

The partial lockdown has also resulted in many film productions getting stopped temporarily causing budget over-runs. However, film insurance if taken by the production house or the producer may come in handy here.

"At present, film insurance does offer coverage against losses incurred due to stoppage of production due to an epidemic or pandemic in a limited way subject to the disease being declared as an epidemic/pandemic by the WHO or the government. However, it may not cover loss of profit since the same cannot be estimated," the spokesperson added.

LIC declares relaxation on premium payments

State-owned Life **Insurance** Corporation said it would give relaxation to policyholders in payment of premiums due on inforce policies up to April 15 owing to the COVID-19 outbreak in the country.



"This is aimed at helping policyholders who have not been able to pay the premiums on time because of the virus outbreak," LIC has said.

Policyholders are requested to stay indoors and avoid visiting any office to pay premium. They can, however, use online services of LIC.

To contain the spread of the COVID-19, a majority of the states have asked people to maintain social distancing and avoid travel unless necessary. **BS REPORTER**







breakdown of machinery due to riots, terrorist activities or natural events like floods, cyclones and earthquake, the 'loss of profit' policy gets

profit' policy gets triggered. Cases



where there has been a fire.

'Small-world' networks

The lack of random testing means we simply don't know about extent of community spread in India



TECH-ENABLED

DEVANGSHU DATTA

a pandemic like hen COVID-19 hits, policymakers must find the most efficient ways to allocate key resources like test kits, medicines, hospital beds, ventilators, etc. They also have to make guesses about the likely speed of propagation of the disease. This leads to decisions such as ordering shutdowns, and possible emergency fiscal and monetary measures.

Obviously, data is crucial and one of the problems is that governments routinely lie, even to themselves, when it comes to the magnitude of bad news. However, even though official data understates levels of infection and mortality rate, epidemiologists use an array of mathematical techniques to model epidemics.

Most epidemics are routinely described as "exponential". That is, after a certain base level of infections is hit, the number will grow at great speed, until the epidemic is brought under control. The mathematical understanding can be obscured by the casual use of "exponential". The number of infections can grow at speed without being exponential, and the number of infections may be governed by other mathematical functions.

An exponential curve is created when a base number is multiplied many times by itself. For example, let's say one infected person returned to

infected two persons, who in turn, infected two more persons each, and so on. In each infection cycle, the number of infected increases by two raised to

the power of the infection cycle itself. The first cycle starts with 1, then 2, then 4, 8, etc, until the infected population jumps to 16,384 at the 14th cycle. The first phase of an epidemic seems to go like this. Once an epidemic comes under control, this curve ceases to be exponential and the number levels off. 'Flattening the curve" as the popular phrase goes, involves cutting growth rates, one way or another.

An important mathematical technique involves examining social networks when testing for an infectious disease. First of course, there's the contact tracing and testing of anybody known to have been in touch with an infected person. This is targeted and designed to pick up people in constant contact with any individual such as family, work colleagues, domestic help, neighbours, friends, etc.

But testing should also involve the random sampling of the population at large, as done during an opinion poll. Delhi from Wuhan. Then that person Public health officials need to pick ran- and much fewer links to other small

dom individuals, as representative of world networks. This means the the population, and test them to see if there's community spread.

For example, one patient may have sat on a bus or a plane, or gone to a religious event, and infected a stranger. Contact tracing will not pick up such examples of community spread. Random sampling on a large scale as in South Korea and China may be necessary to find such patients, and to isolate them as soon as possible.

Importantly, most people belong to "small world" networks. That is, we tend to have a cluster of friends, family and professional colleagues, etc., who know each other too. Any Facebook user will understand what it means when you discover you and some FB friend have "55 mutual friends". You are both part of the same "small world" network.

Characteristically, you will also have peripheral acquaintances, who belong to other small world networks. For example, your best friend's second cousin who you've met once at your friend's wedding, has just one mutual friend in common with you. Hence, she has just one link to your small world network. But she has an entire separate small world network of her own.

Small world networks therefore. have multiple internal connections,

chances of catching an infection from somebody outside of your own small world is much lower than the chances of catching it from someone in the same network. If your friend's cousin is infected, she had just one shot at directly infecting you.

This has an important mathematical implication. If one person is infected, exponential growth is likely, until everybody within that person's small world network gets infected (or proves immune). But if there are no linkages to other small world networks, the infection also levels off quickly.

Shutdowns of public transport services, flights, malls, movies, religious gatherings, etc., are designed to cut linkages between different small world networks. There are huge implications to shutdowns, so this is not something any government should undertake lightly.

Some non-peer reviewed papers do suggest the small world hypothesis is working with COVID-19. The data is insufficient to prove this yet, one way or another. In India's case, the lack of random testing means we simply don't know about extent of community spread. But shutdowns could bring the pandemic under control quicker, even if there's a massive economic cost.

Virus shadow on polls

CHINESE WHISPERS

The coronavirus scare has not only disrupted society and business, it has cast its long shadow on the forthcoming Vidhan Parishad or the Legislative Council polls in Uttar Pradesh as well. The elections to fill 11 teacher and graduate constituency seats were slated to be held next month. However, the Adityanath government has already shut educational institutions till April 2 even as most of the government offices are also following the work-from-home model. Since the Election Commission has not released the schedule for the Upper House elections, political parties are still waiting for the notification to this effect. However, given the current crisis, it is likely these polls would be postponed to allow candidates ample time to file nomination and canvass support.

'It's all Digvijaya's fault!'

After Jyotiraditya Scindia joined the Bharatiya Janata Party (BJP) and his supporter MLAs resigned from the Congress, the Kamal Nath-led Congress government in Madhya Pradesh had to fall. But most leaders of the MP Congress don't blame Scindia for the debacle. One such leader and former minister, Mukesh Nayak, said the former CM and general secretary of the All India Congress Committee, Digvijaya Singh, was responsible for the current crisis. "Singh's political ambition led to this. He was the preferred candidate for the Raiva Sabha. which irritated Scindia who was already miffed with the working style of the Singh-Nath duo," said another. After losing the Lok Sabha elections, Scindia was eyeing a Rajya Sabha berth from the state where three seats are up for grabs. But Congress' wafer-thin majority, even when it was in government, meant party leaders were not sure of winning a second seat. Now Scindia is the BJP's Rajya Sabha candidate.

From KYC to KYB – know your bank

Customers have the right to know their banks as much as the banks do their customers



BANKERS' TRUST TAMAL BANDYOPADHYAY

or quite some time now, most senior bankers working for government-owned banks have been suffering from a fear psychosis. Now the paranoia has spilled over to depositors in many private banks although the triggers are different. The bankers are scared of sanctioning new loans for fear of being hounded by the investigative agencies if the loans turn bad while the depositors' trust in banks is diminishing as some of them feel their money is not safe with banks.

While welcoming a customer into their fold — both depositors as well as borrowers — banks follow the ritual of know-your-customer (KYC) to be sure where the money is coming from (in case of a depositor) and where the money is going (for a borrower). It's a earn any interest on such loans; on top rather tiresome process but no one can escape it. It's time bank customers, particularly depositors, knew their their profitability. banks well.

A bank collects money in the form of deposits and lends that money as the nature of the business. Let's not get

speaking, the difference between the cost of funds and earnings from credit and other investments, net of operational cost, is a bank's profit. For every ₹100 deposit, a bank keeps

₹4 with the Reserve Bank of India (RBI) in the form of cash reserve ratio and invests at least ₹18.25 in government bonds (statutory liquidity ratio). This money comes in handy for exigencies. such as sudden rush to withdraw deposits. The rest of the deposits and capital are used to give loans, 40 per cent of which must flow into the socalled priority sector. Of course, a bank needs to keep enough liquid assets to cover its short-term liabilities.

Banks can have the best of both worlds: When the interest rate rises, they make money on their loan portfolio; when the rate drops, money comes from investment in bonds. But this is in theory. The real world of banking is complex.

How does one get to know one's bank? What are the parameters one should look for? The first and obvious thing to check is the profitability of a bank but that's not the only symptom of health. The quality of its assets is critical. It is gauged looking at the bad loans as a percentage of a bank's overall loan book. A loan turns bad when a borrower does not service it for three months. Bad loans are bad because banks do not of that, they need to provide for or set aside money for such loans. That hits

Even the best of banks can have some bad loans in their portfolio. That's credit and invests in bonds. Loosely perturbed over this as long as a bank is



running well and is adequately capitalised. Under the RBI norms, the current capital to risk-weighted assets ratio is 10.875 per cent which could go up to 11.5 per cent by March end. Different sets of loan assets carry different risks. Simply speaking, a bank needs to have ₹10.875

capital for every ₹100 risk-weighted assets. For small finance banks, the requirement is higher — ₹15. Another important health indicator

is the provision coverage ratio. Even for good assets, banks are required to make 0.40 per cent provision.

The higher the capital to riskweighted assets and provision coverage ratio and the lower the bad loan ratio, the stronger the bank. None of these parameters should be seen in isolation. As long as a bank is adequately capitalised and profitable, one does not need to worry too much about its bad assets, unless the bank is hiding the pile.

Some of the public sector banks have been in losses and have heaps of bad loans but since the government is their

majority owner, the depositors feel secure. The government takes care of these banks by pumping in capital periodically. The private banks fend for themselves. For the record, no scheduled commercial bank has been allowed

to fail at least in the past three decades. Every time a bank has been on the verge of collapse, the RBI has stepped in and worked out a rescue package to protect its depositors. This is, however, not the case with co-operative banks. Many of them have failed and their depositors have lost money.

All banks, including the cooperative banks, are required to buy insurance cover for their depositors' money. For each depositor, the cover is now for ₹5 lakh, inclusive of interest. This means even if a bank goes bust, the depositor is sure to get back at least ₹5 lakh. One can ensure a higher insurance cover by keeping money through different family members as depositors.

The investor's way of looking at a bank is different. If one wants to buy a Twitter: TamalBandyo

bank stock, apart from capital and bad loans, one looks at ratios such as return on assets and return on equity besides the average cost of deposits and the business model. One also looks at the price-to-book ratio which compares a bank's market value to its book value. The market value or market cap is arrived at by multiplying the price of the share by the number of shares while the book value is its assets. India hosts some of the most valued banks in the world.

Finally, the quality of management and its corporate governance make one bank different from another. All these build trust, essential in the business of banking.

Once upon a time, banks used their acade to inspire awe and trust among their customers. The magnificent structure of their headquarters made people believe their money was safe with their banks. That is why the Hong Kong and Shanghai Banking Corporation wanted to build "the best bank building in the world" for its office in Hong Kong. Most bank headquarters in the developed markets are a must-see on every tourist's itinerary.

The grand façade of the headquarters alone cannot create trust any nore in the new age of banking. Let banks start displaying their key health indicators at their branches along with the RBI licence. The customers have the right to know their banks as much as the banks do their customers

The writer, a consulting editor with Business Standard, is an author and senior adviser to Jana Small Finance Bank Ltd.

Surprise & anger

The two Houses of Parliament will start proceedings at 2 pm, and not the usual 11 am, on Monday, as Speaker Om Birla felt members might need more time to return from their constituencies, given the restrictions at airports to thwart the spread of coronavirus. However, several MPs said they were not planning to return to the national capital. There was some apprehension among MPs when they came to know that a Bharatiya Janata Party (BJP) Lok Sabha member had attended a party in Lucknow where singer Kanika Kapoor, who has been afflicted by COVID-19, was also present. In their internal communication service, MPs vented their displeasure at the government for not ordering the session to be curtailed. Even Parliament staff, many of whom have worked there for decades, said they were intrigued at the obstinacy.

INSIGHT Using flexibility in fuel pricing

The government control on pricing continues via tax tweaks



CHARGING POINT JYOTI MUKUL

he fall in global oil prices over the past 10 days has heightened the expectation of cheaper fuel among retail buyers. But there is outrage against the Union government for milking this opportunity to earn some more revenue, and this outrage is also against government-owned oil marketing companies (OMCs). They are told they are non-transparent about pricing. This was said even when the government controlled the prices of diesel, petrol, LPG and kerosene and even now when OMCs are supposedly free to fix prices of the first three.

The Union petroleum ministry's Petroleum Policy and Analysis Cell and OMCs do give out the price build-up of petrol, diesel and kerosene. For LPG, the NDA government has stopped the practice of giving information both on the price build-up and also on the subsidised rates of LPG cylinders. This may be because of the general distrust of the media and to mitigate criticism by giving less information out in the public domain. Nonetheless, the information on petrol, diesel and kerosene given out on their websites brings in pricing transparency which is absent in most other commodities across sectors. Do consumers know the price build-up of, say, hand wash products that are so much in demand these days?

Transparency aside, the criticism

enjoy the full benefit of low global prices. Companies benchmark products to global and margins of both dealers and OMCs are added. The reason they are benchmarked to global prices and are not costbased is because more than 80 per cent of India's crude oil requirement is imported. Unlike the earlier practice, the benchonly 80 per cent since 2006 when the UPA government asked OMCs to move to trade parity pricing.

The fall in product prices, therefore, will never be in the same proportion to crude oil since neither are they benchmarked to crude prices nor is there a 100 per cent import parity with products. The falling rupee also plays a role but OMCs are hedged to a large extent because their products are linked to dollar rates of a particular product.

The most flexible component in petroleum pricing is the tax. While that pricing via tax tweaks continues, there is need for flexibility. Ironically, this freeat the time of high global prices when the UPA government moved to specific duty from the ad-valorem (percentage) tax structure in 2008.

In 2005, the then finance minister P Chidambaram introduced an excise duty of 8 per cent plus ₹5 for every litre of petrol, replacing 23 per cent excise duty; for diesel the excise duty was kept at 8 per cent along with an additional specific duty of ₹1.25 a litre. So, the Centre only partially gave up on an ad-valorem duty which meant the government continued to take benefit of a fixed percentage of the price as tax when global prices went up. It worked the other way round, too. If prices fell, the collection from the ad-valorem component also fell.

While presenting his Budget in 2008, Chidambaram completely did away

against the government is for raking in with the ad-valorem component of the the moolah and not letting the consumers excise duty which meant the revenue collection from the Centre was fixed whether prices fell or rose. The state prices on which freight, government tax value added tax continues to be on an ad-valorem basis and they may now take cues from the Centre to increase tax.

It was a month after the full decontrol in diesel pricing that the NDA government in November 2014 started increasing the excise duty on both petrol marking is not on full import parity but and diesel which prevented full passthrough of the price fall to the consumers. Though a precedent was set and the government again followed this on March 14 when it raised the excise duty on petrol and diesel by ₹3 a litre, the intention behind moving to fixed duty was precisely this flexibility. If the government does not use the excise tool by changing the fixed duty, its revenue will stagnate, and any increase in tax collection will solely depend on higher sales. Moving back to an ad-valorem structure will be bad for consumers since it will have a cascading effect on prices at a does mean the government control on time of high global prices. For the government, too, it will lead to a fall in revenue in times like these when sale voldom to change the tax component came umes are not expected to pick up because of slowing mobility.

The government is within its rights to use the fixed duty on petrol and diesel to its advantage. It is short of revenue because of the slowdown, some of which maybe of its own making. An additional revenue of around ₹43,000 crore on an annualised basis could be put into public use while ensuring that the not-socheap fuel is used efficiently even though the price elasticity of cooking and automobile fuel is very less.

Consumers can take comfort from the fact that global prices will continue to be low and retail prices of petrol will continue to be around 8-10 per cent lower than the January level. They may become even cheaper despite the recent excise duty hike and even if excise duty is hiked further.

LETTERS



Need of the hour

The recent lockdown because of the coronavirus scare has affected the productivity of many employees across the globe. The employers – private corporations and the government have now switched to alternative options. These include reduced number of working hours and enabling work from home. The move to encourage working from home is welcome at a time when the pandemic is on the rise and threatens public health and safety.

The work from home option should be explored not only during such a crisis but even after it subsides. If regular commute by employees is taken out of the picture, it may help in combating air pollution and beating traffic chaos. People-friendly policies should now be framed to impose work from home wherever feasible. especially in the IT sector, and even in government offices. Most of the government departments now rely on internet and computers rather than paperwork. An online approval mechanism or a dashboard-tracking system can be created for government offices to track the productivity and quality when employees work from home. By experimenting with such a model, governments can help improve the productivity of their employees, as also reduce the burden on traffic and environment. This will reduce carbon emission levels, and

we can achieve work-life balance in an effective manner.

Varun Dambal Bengaluru

A long way to go

The hanging of four convicts in the infamous Delhi gang rape and murder case of December 2012 brought down the curtain on one of Independent India's most heinous sexual assault cases. The case not only shook the conscience of the country but also prompted the government to usher in concrete changes in its legal framework and make stringent punishment the norm rather than the exception in sexual crime cases. Ever since the death warrants were issued against all the four convicts, they resorted to every available legal means to delay their hanging. While we have every reason to heave a sigh of relief and celebrate the fact that justice has been done, we should not be blind to the fact that we still have a long way to go to ensure that women in the country are safe. Statistics from the National Crime Records Bureau still point to the fact that there is no let-up in crimes against women. More than the severity of the punishment, it is the certainty of the punishment that will act as an effective deterrent and will prevent instances of women ending up as victims of sexual crimes.

(RBI) Governor Shaktikanta Das as saying: "Never in the history of banks (in India) have depositors lost money... The point made is that depositor's money is absolutely safe. This may mislead gullible public to deposit money in a bank, irrespective of its financial health. I remember that during the Second World War, numerous banks mushroomed all over the country and in the post-war period, almost all of them became defunct causing depositors to lose their money. Only a few banks were saved by being merged into a larger bank. The liability of the shareholder of a bank is limited. If the value of bank assets are inadequate to meet the bank's liabilities, in case of any liguidation process, its depositors will not get back their money, except the amount guaranteed under the Deposit Insurance Scheme (proposed to be increased now from ₹1 lakh to ₹5 lakh).

I wonder even in the case of nationalised banks whether a 100 per cent repayment of deposits is guaranteed. However, the public may like to believe that the government has a moral responsibility to repay. To remove any doubt in the mind of the public, some clarification about the statement purported to have been made by the RBI governor should be urgently issued. Biswajit Sen Kolkata

M Jeyaram Tamil Nadu Letters can be mailed, faxed or e-mailed to: The Editor, Business Standard **Clarification needed** Nehru House, 4 Bahadur Shah Zafar Marg New Delhi 110 002

This refers to "YES Bank gets 60k crore Fax: (011) 23720201 · E-mail: letters@bsmail.in line of credit from RBI" (March 19). The All letters must have a postal address and article quotes Reserve Bank of India telephone number

HAMBONE NOBODY TAKES ME SERIOUSLY



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Disinfect the economy

Large policy interventions required in the near term

he world is still coming to terms with the havoc caused by the outbreak of COVID-19. India decided to shut itself down completely on Sunday, but many parts of the country are likely to remain locked down for weeks, with the Railways deciding to stop all passenger trains, including suburban service, till March 31. Such shutdowns, which are necessary to contain the virus, will of course have a significant impact on economic activity. While the government has done well to announce an economic response task force under Finance Minister Nirmala Sitharaman to come up with measures to support the economy, the scale of disruption is such that solutions that would normally take months to debate in more placid times must be pushed through fast. The economy has anyway been decelerating for several quarters and government finances are already under significant stress. So, while the primary objective at the moment should be to contain the virus, the government will simultaneously need to minimise the economic fallout.

Along with the central bank, it will have to intervene at multiple levels. For instance, a number of businesses will face a cash-flow crunch and find it difficult to survive. Regulatory forbearance alone may not be sufficient to save a large number of small businesses. The pandemic has also caused a severe disruptive impact on both the demand and supply side, which has the potential to derail the growth story. Further, a lot of businesses have borrowed from abroad and will find it difficult to roll over credit because of a shortage of US dollars in the global financial system. Given the state of the Indian banks, it will not be easy to refinance those businesses domestically. The Reserve Bank of India has taken some steps, but will need to do a lot more in the coming days. For example, to ensure liquidity in the economy, the RBI may need to consider changing the definition of recognition of non-performing assets for some time. A moratorium on debt repayments may also be required to help companies tide over their immediate cash flow issues.

The government will have to step in to compensate for loss of income, particularly in the unorganised sector. A direct cash transfer has been advocated by economists and commentators, which could be a good way to meet the crisis. The Uttar Pradesh and Kerala governments have taken some good initiatives on this aspect. It may also be worth considering suggestions made by industry associations that a fiscal stimulus of around 1 per cent of gross domestic product, amounting to ₹2 trillion, would be required to put money in the hands of people through the Aadhaar-based direct benefit transfer. But the steps have to be thought through carefully as the government will have to contend with a shrinking tax kitty. It is by now clear that fiscal expansion is unavoidable, but that's a big challenge as any significant increase in deficit would push up the cost of money and affect businesses that are already under stress. It is also important to recognise India's macroeconomic limitations. Unlike advanced economies, fiscal and monetary stimulus after the financial crisis did result in economic instability in India. Therefore, while large policy interventions would be warranted in the near term, policymakers should make sure that the way out of the current crisis doesn't lead India to another one.

Containing volatility

Sebi's action pragmatic, but will not change market reality

he Securities and Exchange Board of India (Sebi) has taken several measures to reduce volatility across markets. The regulator has raised margins for stocks, and lowered the market-wide position limit for stock futures to curb speculation. It has also set a limit of ₹500 crore on index derivatives positions taken by mutual funds, financial institutions, and proprietary traders. It has imposed penalties at up to 10 times the prescribed minimum for non-compliance.

These measures are broadly in line with actions taken by many overseas market regulators, which are all struggling to cope with the pandemic. European exchanges have placed restrictions on short trading. The Philippine Stock Exchange has been shut down. There have even been suggestions that the world's premier stock exchange, the New York Stock Exchange, be closed. However, while tighter controls might lead to less wild price fluctuations, the trend is likely to remain bearish. Even strong supportive action by the Federal Reserve and the European Central Bank has not reversed poor investor sentiment. It's clear that, until such time as the threat of the pandemic recedes, investors are likely to avoid risk. They will seek the safety of hard currency instruments like US government bonds. This "risk-off" attitude has hit every emerging market hard. In March, the Nifty has already dropped by over 21 per cent in three weeks. One primary cause of the downturn has been heavy selling by foreign investors. They have been net equity



Use the private health care sector

The experience of government-funded health insurance schemes has created knowledge on how to engage with the private sector, and that should be built upon

n responding to the COVID-19 epidemic, there is a need to surge the quantities of testing and health care. Most of the capacity in testing and health care in India is in the private sector. Hence, the thinking about health policy should envision how to utilise these capabilities. The right combination involves public funding and private production. This involves complexities of addressing market failure through purchasing, and government capability in contracting.

Testing is extremely important, when faced with an epidemic, for two reasons. The first, and non-specific factor,

lies in situational awareness. For decision makers, public and private, to understand the situation and to make the right decisions, the foundation of sound facts is essential. The second reason con-

cerns a practical and sustained path to reducing the spread of the epidemic. Extreme lock- AJAY SHAH downs are in fashion right

now. But they are not sustainable for long periods. The adverse impact on livelihood and lifestyle is extreme. Particularly in a country like India, where the stock of wealth in the hands of the bottom 70 per cent of the population is low, income interruption is a catastrophe. The economy can hold its breath for seven days, but can it hold its breath for seven months?

If there was enough data, isolation could be focused upon narrow regions (where there is an outbreak), narrow at-risk groups such as elderly men, and individuals who tested positive. If cred ible testing data shows that the dangers are indeed



SNAKES & LADDERS

buys 0.25 million tests/day. What about health care? While health care is a private good, there is market failure in this field, and as COVID-19 is highly infectious, there is a large externalities problem. This creates the case for public expenditures on health care.

high, then individuals are more likely to self-iso-

late, which is much better than blunt state-

egy of low testing and blanket isolation, and a strat-

egy of high testing and judicious use of isolation.

As the economic impact of the latter will be smaller,

How can we get up to about 0.25 million tests/day in India? Most of the testing capacity in

India is in the private

sector. Whether it is the estab-

lished RT-PCR test for COVID-

19, or it is other innovations in

testing that are now coming

up, all these are fully within

the capabilities of the private

sector. Health policy should

harness these capabilities.

There is a case for public

financing and private produc-

tion of testing on scale. At a

price of ₹2,000 per test, an

expenditure of ₹50 crore/day

We are then faced with two possibilities: A strat-

induced lock downs.

it is a more desirable path.

So far, we in India have not got a surge of health care requirements associated with COVID-19. But there is a possibility that this may come. The supportive care required for COVID-19 is not that complicated, but it does require hospitals of a certain minimum capability.

The bulk of the health care capacity in India is found in the private sector. Hence, if a surge in

health care requirement comes, the private sector will be essential. The pathway for health policy, then, lies in purchasing services from the private sector.

There is a possibility of a surge of patients that exceeds the capacity of the private sector. It would be useful to analyse a hundred regions of the country, and envision how things will work out if faced with certain adverse scenarios. There is a case for creating plans for transient health care facilities which will be built, work through a peak period of requirements of a few months, and then be dismantled. The management capability for doing this in India lies in the private sector.

Thus, when thinking about COVID-19, health policy needs to recognise that the dominant capacity in testing and health care in India lies with the private sector, and find ways to harness these capabilities. This will not be easy.

There is market failure in the relationship between private health care companies and the individual. Consumer protection in India in this field has been weak. We have quacks and incompetent doctors, and we have mis-selling in the form of over-charging patients.

State capacity requires the ability to perform the homeostatic functions of human resources, facilities management, finance and accounting, and contracts with the private sector. One important source of low state capacity in India is low capabilities in these four dimensions.

The Indian state finds it difficult to make contracts with the private sector: (a) To do sensible procurement, (b) to engage in contract management for the life of the contract, and (c) to pay people on time. Whether it is defence procurement or public-private partnership infrastructure, we have seen difficulties at all these three stages. Complex contracts are always incomplete ones, and ruleof-law frameworks are required for renegotiation and dispute resolution. Private persons have been repeatedly burned in their dealings with the state, and some of the best firms have decided to never participate in government procurement. Officials have come to dread contracting with the private sector, which might draw the attention of the enforcement agencies.

The private sector in testing and health care suffers from certain kinds of market failure. The Indian state fumbles when contracting with the private sector. These are long-standing problems, and while we may wish that they had been solved in the past 25 years, the fact is that we are now in this place. And yet, when faced with COVID-19, contracting with private persons is the need of the hour, and we must address these questions. Who is the private sector? What capabilities are at what locations? How to make purchasing work well? How can patients, firms, and officials be protected? The experience of government-funded health insurance schemes such as Ayushman Bharat has created knowledge on how to engage with the private sector, and that should be built upon.

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Water in the age of coronavirus

arch 22 (Sunday) was World Water Day. As we lock down economies to battle coronavirus, we need to understand how critical the issue of water - clean, safe, and accessible to all - is. Today, the only defence against the pandemic is that we wash hands frequently - for 20 seconds each time. The fact is clean water remains the most important preventive health

wash; washing hands frequently would mean we need 15-20 litres of water per person; a household of five would need 100 litres just for handwashing. And, even assuming that you do not leave the tap running when you rub your hands with soap, water consumption will be high, but it is necessary to keep the virus away and to keep you safe.

This then is the challenge. A large nu

ater. Now, we need to get this right.

But the most important lesson of the current pandemic is that we need to make sure everybody has access. This means that we must rework our water and wastewater management systems so that they are affordable for all; the current paradigm is so expensive that it can reach some households but not all. The longer the pipeline to bring water from further distances away, the higher the cost of supply. This adds to the inequities in water distribution - large numbers of people in our cities do not get access to piped water supply. They get water in tankers or depend on dirty and unreliable water sources for drinking and other needs, which in turn adds to their health burden. But this is not all. The higher the cost of water supply, the less the water utility has to spend on taking back the sewage and treating it. So, dirty water flows into our waterbodies and the cost of cleaning this becomes prohibitive. It is not enough any more for us to plan for more water or more sewage treatment plants. We need to re-design supply so that we cut the length of the pipeline, by investing in local water-harvesting systems. We need to re-design demand by reducing water usage so that we reduce water wastage. We need to re-design sewage management so that we treat wastewater to return manure to the land and clean water to our rivers. But the bottom line is that it must be affordable for all, or it will not be sustainable for any.

sellers to the tune of ₹49,500 crore in March so far and have also sold ₹49,200 crore worth of rupee-denominated debt. Consequently, the rupee has fallen to historic lows, breaching the ₹75 barrier versus the US dollar.

There are uncertainties about how long the lockdown will last, and the full extent of the damage it will cause, both in terms of deaths and economic losses. COVID-19 is likely to have triggered a global recession. Right now, the world economy is struggling to contain a supply shock caused by lockdowns and cessations of normal economic activity. But it will soon become a demand issue as more and more people suffer income losses. Even before coronavirus surfaced, the Indian markets were widely perceived as overvalued, given the slower growth over the past seven quarters. The first six months of 2020 could be worse. Growth may slide further and the corporate results will be dismal. While sectors such as aviation, tourism, transport, and entertainment will be hit particularly hard, there will be losses and slowdowns across the board.

There are a few silver linings to the current sell-off. Investors may find value in beaten-down stocks and a weaker rupee could help improve India's competitiveness. Another positive is low energy prices, which help the trade balance and assist in containing the fiscal deficit. But the bottom line is, markets hate uncertainty and the pandemic is the proverbial black swan, causing huge amounts of it. Until there's clarity on the pandemic front, and a promise that the disease can be contained, investors will continue their flight to safety. While Sebi's actions are pragmatic, they will, at best, reduce volatility. Investors will wait for good news on the coronavirus front before they start buying emerging-market stocks again.

measure in the world. So,

today, as we confront the new global enemy in the form of coronavirus, the availability of water will be a crucial determinant for a successful outcome in this war.

Most of us take comfort from the fact that we can get water from our taps and if we find that this is not clean enough, we simply switch to buying and drinking bottled water. We opt out of the public water system and move to private water, forgetting two



SUNITA NARAIN

things. One, that the water we buy also comes from public sources in most cases, and two, that even if we buy bottled water, we still excrete water as urine - the more water we use, the more sewage we will generate. If this sewage is not intercepted and then taken for treatment, it will add to pollution and degrade waterbodies. We are back to square one, in terms of dirty water.

The water crisis is our health crisis. Take coronavirus. The 20-second hand-wash, advised to kill the virus, would mean roughly 1.5 to 2 litres per

people in India and vast parts of the still emerging world do not have access to water, forget whether it's potable. How then will they be free of the virus? The pandemic teaches us that we are as weak as the weakest link in the chain the contagion requires we ensure that everybody has access to public health so that nobody is left out and nobody can be the carrier of the virus. It is the same with water. If people do not have access to clean water, they will not be

able to prevent the spread of the disease. The contagion will not be controlled. So, access to clean water is not just a fundamental right, it is absolutely necessary for preventing and controlling diseases.

The good news is that we know what needs to be done. Water, as I have said before, is a replenishable resource: we can make sure that we harvest every drop of rainwater, build local water storage systems, change diets so that we eat water-prudent crops, and recycle and reuse every drop of wastew-

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From democracy to tyranny



ow does the rise of Hitler look since H the election of Donald Trump? Historians and activists were already busy drawing parallels with fascist demagogues as they watched Marine le Pen gain surprising vote totals in the 2012 race for the French presidency.

Peter Fritzsche's answer to these questions has been to go back and reassess what we think we know about Hitler's rise. Gone is the straightforward narrative of the old elites lifting Hitler into power. In Hitler's First Hundred Days, Fritzsche's dramatic retelling, even in the final meeting between the key players at 10.45 am on January 30, 1933, nothing was certain. With an anti-

Weimar, antidemocratic majority of Communists and Nazis in the Reichstag, no coalition could be assembled to make Parliament work.

There was a time, in the 1970s and 1980s, when the attention of historians was on this level of high politics, seeing Hitler's rise to power essentially as a result of political machinations and the fundamental opposition of all German elites to democratic government. But since then, historians have moved on to consider other sectors of German society, in part because focusing on elites does not illuminate the character of modern right-wing populism.

But what Fritzsche does with tremendous verve is to turn that auestion back to 1933: Hitler's first 101 days marked the key moments, from his appointment as chancellor, which immediately unleashed full-scale political terror against the left, through the March elections to the nationwide boycott of Jewish shops on April 1 and the disbanding of trade unions a month later. By May 1, the basic contours of the

Nazi dictatorship may have been still emergent and not entirely secure. But they were unmistakable.

Events that made the Hitler of September 1934 into the prototypical dictator had not all happened yet: Banningother

political parties, the execution of -----Nazi radicals and HITLER'S the death of Hindenburg were FIRST still to come before Hitler could merge HUNDRED the offices of president and chancellor, and before all new

military recruits swore an oath of personal loyalty to him. But Fritzsche's 101 days certainly capture the scale of the upheaval and a swiftly coalescing sense of where the new Germany was headed. If this history sounds familiar, that is only because it has been recounted so

many times. What makes Fritzsche's

telling so refreshing is that he uses all his skills as a writer and historian to stop us from drifting into that sense of foreknowledge.

After the November 1932 elections, with a significant fall in the Nazi vote, members started to drift away and at Christmas shoppers seemed more interested in the new craze for yo-yos than in political change. On January 1, 1933, the Berlin Tageblatt asked whether

HITLER'S FIRST

the Third Reich

Author: Peter

Fritzsche

Books

Price: \$32

Pages: 421

its future readers would wonder, HUNDRED DAYS: When "What was his first **Germans Embraced** name again. Adalbert Hitler?' As with Brecht's Arturo Ui, so for Publisher: Basic Fritzsche: The rise of Hitler is eminently "resistible." Especially thought-

provoking are the eyewitnesses in this book, Germans who had nothing to do with the machinations of the elites, who watched events as they unfolded in the street, in their workplaces and apartment blocks, or frequented the great halls where the Nazi mass

meetings were held. And this is where populist antipolitics are evoked. As Fritzsche describes a rally where the speaker railed against the Weimar system and its politicians, he translates the audience's chorus as "Hang them up! Bust their ass!" The pre-echo of "Lock her up!" is audible.

Mostly, though, Fritzsche creates the sense of angry energy through the repetition of one paramount chant that largely distinguishes the Nazis from populists today: "Jews drop dead! Juda verrecke!" This chant reveals a restless, destructive power that permeates the narrative. On day 61 came the nationwide boycott of Jewish shops, which, combined with the purge of Jews from the public service, created a new line of legal and social exclusion. By the end of the first 100 days, civil servants and other professionals were busy proving that they had no Jews in their families.

Violence, spectacle, intimidation, and terror were not just aimed at bludgeoning opponents, silencing critics and empowering activists. They were also aimed at turning economic and political crisis into antipolitics and antipolitics into the basis for a fundamentally different, but still

broadly popular, legitimacy. Fritzsche's lens tilts here from the speaker on the podium to individuals in the crowd, like the young architect Albert Speer, who became a convert after hearing Hitler.

And it is here that the full value of telling his story through eyewitness testimony becomes clear. Fritzsche turns their surprise, ambivalence, enthusiasm or horror into far greater account than most other historians. Even Victor Klemperer, the Jewish-turned-Protestant professor whose diaries have been cited more often than any other in the last 25 years, is held up against the mirror of his own hopes and aspirations.

Klemperer may have been reporting on 14-year-old girls disrupting lessons and intimidating their teachers by singing Nazi songs, but even he was not completely immune to the need to construct a future bridge back to the mainstream of German society. Peter Fritzsche has long sought to understand Germany's cultural and political transformation from the inside. But it is his capacity for turning the lens back onto the viewer that makes his work so profound and so convincing.

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10 PERSONAL FINANCE

NEW DELHI | MONDAY, 23 MARCH 2020 Business Standard



Don't give up on international equities

The low long-term co-relation between developed and Indian markets will reduce portfolio volatility

SANJAY KUMAR SINGH

routed stock markets across the globe. In recent years, many Indian investors have forayed into global equities — both directly and via the international mutual funds available in the country. If you are one of them, hold on to these investments. Resist the urge to withdraw from foreign markets and deploy the money in the more familiar, and hence comforting, domestic market.

Not every foreign stock will be hit: Though markets across the world have gone into a tailspin, stocks of some companies available on bourses abroad stand to benefit from the pandemic. "E-commerce has benefited from practices like social distancing and work from home. Amazon has actually hired more people and enlarged its employee base," says Rajeev Thakkar, chief investment officer, PPFAS Mutual Fund. Thakkar is the fund manager of Parag Parikh Long-Term Equity Fund, about 30 per cent of whose portfolio is allocated to international stocks. Shares of video-conferencing companies like Zoom have also gained.

While both the Indian (28 per cent) and the US markets (31 per cent) have fallen over the past month, investors exposed to the latter will be cushioned to some extent by the decline of the rupee against the dollar (the rupee has breached 75 against the dollar, falling 4.9 per cent

over the past month).

The concentrated nature of the largehe COVID-19 pandemic has cap rally in India over the past year or so had meant that many Indian blue chips had become far more expensive than those in the US. Valuations of US blue chips were more comforting. "This remains true even today," says Thakkar. Current events have, in fact,

reaffirmed the logic behind geographical diversification. Even though China is the epicentre of the COVID-19 pandemic, the Shanghai Stock Exchange Composite Index has declined much less (9.4 per cent) than the Nifty (27.6 per cent) over the past month.

Basic premise still holds true: The longer-term premise behind diversifying

internationally still remains valid. The primary reason a stock investor with a value bent ventures beyond his country's stock market is to be able to pick bargains from a bigger pool. At any given time, markets across the globe are in different stages - some are overvalued, some reasonably valued, and others undervalued. If stocks in your home market have become over-priced, then instead of waiting for years for valuations to return to turn reasonable, it makes sense to venture abroad in search of bargains.

Investors also venture abroad to diversify their portfolios geographically. "Your portfolio risk increases if you have single-country exposure. Most Indian investors have nearly 100 per cent of their portfolios in Indian stocks and mutual funds,



"Entering foreign markets like the US which means they are missing out on global economic growth," says Vinay gives you the option to invest in global Bharathwaj, founder and executive chairwealth creators," says Nandkishore Purohit, head-digital strategy and anaman. Stockal. Stockal is a global investment platform that allows investors. lytics, HDFC Securities. HDFC has partnered with US-based digital brokerage including those in India, to invest in mulfirm DriveWealth and enables Indian tiple markets abroad. If you look up the periodic table of returns (like this one: investors to invest in US equities and https://bit.ly/2UtnzDJ), it becomes apparexchange traded funds. ent that market performance tends to

COVID-19 is a global epidemic that has hurt markets across the globe. Though India has far fewer cases, its market has not escaped the carnage. So, there is no reason for investors to pull out of international equities, as the home market does not provide much greater comfort. In fact, the downturn has made valuations abroad also more attractive. "If you are a value investor, this is the right

time to pick stocks with good fundamentals that are priced fairly. Even in the past, value investing has shown superior returns in the long term, especially after an economic crisis," Bharathwaj.

PEratio NSE100

167.8

128.5

86.9

81.7

80.4

65.3

53.6

48.9

46.7

46.5

80.6

InterGlobe Aviation

Avenue Supermarts

Berger Paints India

Pidilite Industries

Procter & Gamble

Hindustan Unilever

Hygiene & Health Care

HDFC Life Insurance Co

Asian Paints

Nestle India

Shree Cement

Yes, risks do exist: One of the key risks of investing in foreign markets arises from lack of familiarity. This can sometimes induce a panic reaction in investors when markets witness a precipitous fall. "Suppose that an Indian investor holds both HDFC Bank and JP Morgan in his portfolio. Imagine a situation where both fall 20 per cent. He is likely to be far less perturbed about the decline in the former than in the latter," says Vishal Dhawan, chief financial planner, Plan Ahead Wealth Advisors. Avoid knee-

jerk reactions.

PE ratio

213.1

132.5

87.8

82.5

77.4

76.1

73.4

69.2

65.9

65.4

94.3

Source: Bloomberg, Exchanges

loan

5

tenure (yrs)

Risk in foreign equities also arises from lack of information. Investors need to treat this as an advantage rather than as a handicap. If you are an early investor in an emerging market stock about which less is known, that can work to your benefit, provided you are prepared to roll up your sleeves and do your homework. Once a stock becomes widely covered, it does not remain a bargain.

Foreign equities are for the long term:

At present, it may appear like an apocalyptic scenario, with stock markets across the world falling in tandem. "This is a short-term phenomenon. Over the longer term, there is a low correlation, especially between the Indian markets and those in the developed world," says Dhawan. He adds that investors should treat their foreign investments as a longterm asset allocation cum diversification decision, and not get intimidated by the current rout. Also, many Indian investors' financial goals, like educating their child at a US university, are dollardenominated. Being invested in dollar assets will help guard investors against the long-term depreciation of the rupee against the dollar.

If the ongoing decline has left you petrified, seek a good financial advisor's help. As Shankar Sharma, founder and vice-chairman of the First Global group, with over two decades' experience of investing in international markets, says: "People venturing out to invest globally without getting proper advice or guidance on asset allocation are destined to lose. It's a difficult game, not to be played blindly via ETFs and feeder funds.

Foreclosure

charges²

Nil

Part-prepayment

charges

Nil

Telecom duopoly will be bad for economy

A hike in tariffs is guaranteed. But it would not necessarily lead to higher ARPU



DEVANGSHU DATTA

MARKET INSIGHT

doesn't have a legacy 2G network so, 2G users would also have to migrate to 4G, with new handsets. The government may choose to change spectrum allocation rules in a hurry, and sell the VIL assets at great speed and reallocate that spectrum. Or else, it will suffer the embarrassment of shutting down

300 million users. In the event of VIL shutting down, lenders would also be in a fix until bankruptcy resolution The telecom sector is fast took place. They would surely take approaching its endgame. The a large haircut. The government would also not miss out on a larg makes it clear that there will be no easy reworking of adjusted there is every incentive for the gross revenue (AGR) dues. The government to find a way out of a mess largely of its own making. It calculation of what's owed, and might have to seek a legislative solution, rewriting laws to forgive A duopoly would be bad for the economy. Tariffs would be hiked for sure. There would be no demand for 5G spectrum and those auctions would be postponed indefinitely. Airtel would lack the resources to invest in building more capacity on the existing network. There would be big job losses, since most of the 13,500 employees of VIL would not be absorbed.

USED CAR LOAN: IDEAL FOR THOS ON A TIGHT BUD

rotate. No single market (or asset class)

remains an outperformer all the time,

which is why one needs to be globally

liberally on global brands such as

Amazon, Apple, Alphabet, Facebook,

Pizza Hut, Starbucks, etc. So why not, as

investors, also benefit from their growth?

As consumers, Indians already spend

diversified.

A longer tenure will mean lower EMI but higher interest cost



	RATES AND CHARGES: PRE-OWNED CAR LOANS								
E	Bank	Interest rates (%)	Processing fees (₹)*						
CET	Punjab National Bank	8.55-9	1,000-1,500						
GET	UCO Bank	9.70-10.20	1% of loan amount						

1% of loan amount (Max: 1,500) 5 Nil Nil Union Bank of India 10.10-11.70 Up to 0.50% of loan amount (Max: 15,000) Nil Nil 5 Nil State Bank of India 10.25-11.25 Nil 1,000-1,500 5 Indian Bank 0.23% of loan amount 12.15 Nil Nil (Max: 10,236) Dhanlaxmi Bank 12.20-15.70 1% of loan amount Nil 2% 4 Allowed after **HDFC Bank** 13.75-16 2,500-5,000 7 Allowed after 6 12 months: 3-5% months: 3-6% Nil 14.55 1,500-2,500 5 Nil Federal Bank Axis Bank 14.75-16.75 % of loan amount (Max: 6,000) 5 5% 5%

1. Percentage of part-payment amount. 2. Percentage of principal outstanding, Processing fee is in ₹ except where stated as percentage of loan. Rates and charges is on March 18, 2020 Source: Paisabazaar.

BINDISHA SARANG

Salaried individuals and

The rate of interest on this loan varies from 8.55–16.75 per cent.

total cost of the loan. Most banks don't charge a

Supreme Court hearing discrepancy between the October self-assessment by telecom service providers amounts to over part of the dues. ₹82.000 crore.

There is one faint sliver of hope if the court agrees to the government's suggestion that the dues be payable over 20 years, and calculated at a reduced interest rate of 8 per cent instead of 12 per cent. We'll have clarity on that at the next hearing in April.

Even if the court agrees to this formula, it may not be enough to save Vodafone Idea (VIL). As of December 2019, VIL had over ₹27,500 crore in debt, plus over ₹88.000 crore Sectors like software and in deferred spectrum e-commerce that liability. It has less than ₹7,000 crore of cash on are dependent the balance sheet after on telecom will suffer. There may paying one instalment of self-assessed dues. be no demand Q3 (Octoberfor 5G spectrum In

December 2019) Ebitda (Earnings before interest, tax, com-dependent industries. India depreciation and amortisation) was just about ₹3,400 crore. It's hard to see how it can meet its outstandings. The parents are unwilling to throw more into a losing proposition.

The Tata Group also owes about ₹14,600 crore over and above its self-assessed dues, while Airtel owes about ₹31,000 crore more. Airtel can meet its dues even if it has to fork out the Supreme Court mandated amount by October. But it won't have average revenue per user (ARPU). much in the kitty for capex. Reliance Jio has far less AGR liability but it would clearly like to ease out of the investment cycle.

If VIL goes bankrupt, the sector becomes an effective duopoly, with two private businesses, alongside the ailing PSUs, BSNL and MTNL. VIL has about 300 million subscribers, many of whom are still on 2G. There is no way that approximately 25 per cent of India's subscriber base can be instantly ported out to the zone if there are no policy solu-Airtel and Jio networks. Jio tions to the current morass.

The resulting scenario would

be lose-lose for everybody. Other industries would suffer from poor quality of service. This would hurt software, entertainment, e-commerce, banking, government service delivery, IT, to name just a few tele-

would fall behind in the race to induct 5G, as well as slow down the adoption of Internet of Things, etc.

Can policymakers find a pragmatic solution to stave off this pessimistic scenario? If they can, we'll see relief rallies in April. If not, investors need to re-evaluate the survivors. Let's assume that Airtel and Jio will eventually absorb the bulk of the 300 million VIL subscribers. Those VIL users have low

A hike in tariffs is guaranteed. But it would not necessarily lead to higher ARPU. Telecom usage is highly price-elastic. Both voice minutes and data consumption shot up when tariffs were reduced. Usage might ease down and ARPU may stagnate, if tariffs are hiked. Airtel and Jio have substantial debt. Neither is likely to be cashflow positive for a while. BSNL is unlisted but incurring huge losses. Telecom could turn into a dead

self–employed professionals can apply for used car loans.

Some lenders offer flexi EMI car loans that allow you to repay your loan according to convenience.

You can get a loan tenure of up to five years, or in some cases, even seven years.

Longer the tenure, more affordable the EMI, but that also means higher

part-prepayment penalty. Some charge up to 5 per cent of the outstanding loan amount.

■ The loan amount goes up to 90-100 per cent of the car's value.

An expensive puff

A classy cigar is new-age smoker's equivalent of French wine

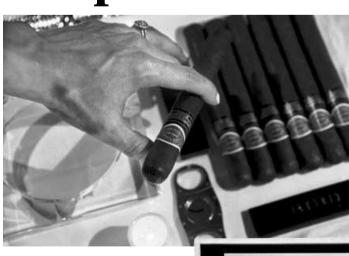
NAMRATA KOHLI

"The culture of tobacco connoisseurship has long been exemplified in the cigar. A symbol of wealth and power, its smokers have always been criticised for their extravagance, with the most expensive and prized cigars being Cuban." This is how historian Jarrett Rudy traced the origins of cigar smoking. From Cuban dictator Fidel Castro to Indian cigar czar Chetan Seth, there is a growing breed of cigar aficionados across the world, despite the campaign against tobacco.

Marketers talk of premium cigar as a symbol of the good life. A single stick can set you back by at least ₹1,500. Upmarket brands such as a box of 25 Cohiba cigars can cost a staggering ₹80,000-1,25,000. No wonder, the place for this expensive indulgence is the capital's five-star hotels, such as The Oberoi New Delhi, Gurugram and Leela Ambience, which have exclusive cigar lounges. Recently, India's first Habanos Terrace opened at Vasant Kunj in collaboration with the members-only club. Home. Mumbai has its own seafacing lounges such as The Dome at the Intercontinental and Atrium at Taj Land's Ends.

Kev brands

According to Rahul Rai, chief executive officer, Fox Cigars Inc, the top 10 cigars in India, sales- and brand value-wise, include Cohiba, Romeo Y Julieta, My father, H Upmann, Davidoff, Acid, Gurkha, Black Tiger (Indian), Dunhill and Jose L Piedra. Prices of regular cigars range from ₹400-4,000 and that of exotics, from ₹4,000 to upwards of ₹2 lakh for a box.



WHAT A SINGLE CIGAR

Cohiba 3,200-5,000 Gurkha 2,200-7,000 Dunhill 2,200-5,000 My father 2,200-4,500 Davidoff 2,000-6,000 Acid 1,900-3,000 HUpmann 1,800-3,800 Romeo Y Julieta 1,200-2,000 Black Tiger (Indian) 850 Jose L Piedra 700-1,200 Source: Fox Cigars

Who is a connoisseur?

The typical age bracket for a connoisseur is upwards of 35 years. Chetan Seth, the Cigar Czar of India who introduced Cuban cigars some 20 years back, and retails through his brand Cingari, compares cigars not to cigarettes but to luxury items such as French wines, Swiss watches, and German cars. "Cigar

RUCHA

A vintage 1990 Tubo Box of cigar. The price of exotics can range from ₹4,000 to ₹2 lakh a box or more. (Top) A single box can hold 3-50 cigars

enthusiasts are generally the well-heeled and well-travelled types," says Sapna Kakkar, business development manager at Cingari. According to Nancy, manager of Cigar Connexion at New Delhi's Khan Market: "Politicians, business tycoons have been regulars. These days a lot of young lawyers buy cigars because they like to emulate their older, super-

successful colleagues."

Cigar versus cigarette

Apart from the pricing and the way the two are smoked — cigarettes are inhaled, while the cigar is taken as a mouth sack what sets the cigar apart is the way the tobaccoleafis fermented, cured and aged. Says Kakkar: "The difference starts from the construction. Cigarettes are wrapped in paper, with crushed tobacco mixed with ash and sawdust. A cigar, on the other hand, has a minimum five

Beware that cigars have higher nicotine content than cigarettes. Even if you don't inhale cigar smoke, you could absorb the nicotine through the lining of your mouth

layers solely of plain tobacco leaves with no other element. The leaves are cured, fermented, and then aged. The process not only enhances flavour but also gets rid of extra tar and nicotine, and external elements like pesticides. Cigars do have nicotine, but they are the purest form of tobacco and hence the lesser of the two evils.' Healthcare

practitioners, however. assert that there is "no safe form" of tobacco. Like cigarettes, smoking cigars too puts you at the risk of cancers of the mouth, throat and lung. Says Kirti Chadha, head of laboratory, Metropolis

Health care

"Cigars contain higher levels of nicotine than cigarettes. Even second-hand smoke poses a risk. Even if you don't inhale cigar smoke, you could absorb nicotine through the lining of your mouth."

Lighting up

Cigars are enjoyed in a celebratory fashion, usually with friends. Says Joy Sarker, head-operations, Cigar Conexion: "Single malt and cigars represent elegance, relaxation, and a taste for finer things. They are both heavily reliant on age, proper timing, and the right combination of ingredients to make a great blend."

CAN COST YOU Brand Price range (₹)

STT collection up 5% on higher derivatives trade

Tax payouts from dividend distribution tax are up 2%

SHRIMI CHOUDHARY New Delhi, 22 March

he weak markets have not had an impact on the government's securities transaction tax (STT) kitty, which went up about 5 per cent year-on-year (YoY) in the current fiscal year to date.

According to an official in the Income Tax Department, STT collection stood at ₹11.247 crore for fiscal year 2019-20 (FY20), until March 15, against the targeted ₹12,500 crore. The department is hoping that the target will be crossed. The reason for the higher

STT is heightened volumes in the futures and options segment during April 2019 to January 2020, even as volumes fell in February. So far this fiscal year, equity derivatives turnover have gone up 43 per cent, while overall market turnover across both cash and derivatives segments was up 39 per cent.

Even tax payouts from dividend distribution tax (DDT) are up 2 per cent because of from April 1, which require firms to shell out more on dividends in the next fiscal year.

Typically, collections had declined during weak market conditions or fall in stock prices, but this year's activity on the futures and options front is helping tax collections. For instance, collection dropped below ₹500 crore in FY13 amid a downturn in the market. Since then, collection has been on the rise thanks to an upward trend in the market. In FY19, the government collected ₹11,528 crore from STT, of which Mumbai contributed ₹11, 235 crore.

The market performed rel-



MARKET TURNOVER

	Cash	F&0		Total
FY19	87	2,376		2,463
FY20 #	93	3,401		3,494
# Data up to March 20, 2020; combined for BSE and NSE Source Compiled by BS Research Bureau				e: Exchang

February, the sharp sell-off collection was ₹57,114 crore,

sparked by the coronavirus according to data. This is because dividends outbreak pushed the Nifty and Sensex into bear territory, payouts were advanced by the companies in February after

eroding billions of rupees of investor wealth. Total derivatives trading volume fell 22 per changes in the tax structure cent in February, while in the Budget announced abolition of DDT of 20.56 per cent paid cash segment total volumes were down 2 per cent. Introduced in 2004, the

on dividends would be levied STT is levied on all stock maron individuals. ket transactions. The tax is in Market players say compathe range of 0.017 per cent and nies are advancing their dividend payouts to lower the 0.125 per cent of the transaction amount. The STT rate for tax burden of promoters, who delivery-based trades is 0.1 per will have to pay tax in excess of cent, while that on intra-day 40 per cent from April. In trades is 0.025 per cent. February, about 200 compa-Similarly, the tax levy on derivnies atives trade is between 0.01 per dividends, which was over cent and 0.05 per cent, unless double that of the corresponding period last year. Payouts, an option contract is exertoo, were higher than last year. cised. Meanwhile, DDT collection

Total direct tax (net collection) (up to March 15) stood at up to March 15, however, slipped by 5.3 per cent ₹51,873 crore. Of this domestic and stood at ₹9.57 trillion companies paid ₹46,720 crore atively well between April 2019 and mutual funds payout was against the revised target of and January 2020, but in ₹5.153 crore. In FY19, the total ₹11.7 trillion.

FROM PAGE 1

Nation responds...

A meeting of chief secretaries of all the states held by Cabinet Secretary Raiiy Gauba noted there was "overwhelming and spontaneous response to the janata curfew". According to trade bodies, as many as 70 million traders and 60,000 markets joined movement. The Confederation of All India Traders has asked the PM to declare an economic package for domestic trade.

In Mumbai, passengers arriving at the airport faced inconvenience. "We waited for 10-15 minutes but there were no taxis, so we had to walk to the nearest railway station," Vaishali Prashant, who arrived from Chennai, said. In Delhi, women protestors at Shaheen Bagh kept their slippers at the site as a symbol of their battle continuing, but stayed home.

The Congress welcomed the people acknowledging their gratitude for those providing essential services, but said it was time to ask whether health workers had sufficient masks, rubber boots and other such protective gear. Congress spokesperson Randeep Singh Surjewala said there were only 30,000 ventilators for a population of 1.3 billion, and one 'isolation bed' on every 84,000 Indians. He said people needed to question why the government had tested only 16,109 people so far and why there was blackmarketing of hand sanitizers.

Nationalist Congress Party (NCP) leader Sharad Pawar appealed to MPs to skip Parliament from Monday.

"Request all MPs of NCP - Lok Sabha and Rajya Sabha - not to go back to Delhi, please stay where you are and assist government agencies help citizens to fight coronavirus pandemic," he tweeted.

Pawar and several politicians, including those from the Opposition, however, stepped out of their homes at 5 pm to show their gratitude to emergency service providers. Trinamool Congress said it was withdrawing its MPs from the Parliament session. It blamed the government for postponing the decision to call an early end to the Budget session of Parliament.

The government also tried to counter some of the misinformation with the Press Information Bureau tweeting that the "clapping initiative at 5pm is to express gratitude" to those providing essential services, and that it will not create any energy that could kill the virus.

In Kolkata, as sirens blared at 5 pm, Governor Jagdeep Dhankhar came on the grand staircase of Raj Bhavan to applaud essential service providers

80 districts to be isolated...

Those affected by the railways order on Sunday include premium trains, mail/express, passenger trains, suburban train services, Kolkata Metro, and the Konkan Railway services. However, bare minimum services will be provided in suburban trains and Kolkata Metro, till late Sunday.

Full refunds for all cancelled trains can be taken till June 21. The railways, as a special case, relaxed refund rules for tickets generated at reservation counters. According to the guidelines, if a train runs but a pas-

senger does not want to travel, ticket deposit receipt can Fuel demand may burn... be filed within three months of the date of journey at the station instead of the existing rule of three days.

The extraordinary decisions were taken a day after the Railways reported three incidents (12 positive cases) of people asked to remain in quarantine travelling on trains and amid an exodus of people from urban areas to their home states, raising fears of the virus spreading to the countryside. "I don't think the railways' decision will have any major financial implications because passenger traffic is running in losses, subsidised by revenue from freight operations," said V N Mathur, former member (traffic) of the Railway Board.

hospital in Surat.

ticularly in Pune.'

Automakers...

Of the three deaths reported on

Sunday, a 38-year-old man who had

recently traveled to Qatar, died of

renal failure at Patna's All India

Fiat Chrysler Automobiles together

with Fiat India Automobiles (FCA),

FCA's joint venture manufacturing

facility in Ranjangaon, said: "The

suspension is in response to the

increasing prevalence of positive

COVID-19 cases in Maharashtra, par-

Pawan Munjal, through two digital

town hall meetings held in quick

succession last week, conveyed the

organisation's commitment to stand

by the employees despite the severe

Hero MotoCorp Chairman

OVER 80 DISTRICTS **UNDER LOCKDOWN**

Institute of Medical Sciences. In 1 (district): Chandigarh, Maharashtra, a 63-year-old man Chhattisgarh, Himachal admitted to a private hospital in Pradesh, Madhya Pradesh, Mumbai died this morning. In Odisha, Puducherry, Gujarat, a 69-year-old man died at a Uttarakhand

2 (districts): J&K, UT of Ladakh, West Bengal 3 (districts): Punjab, Andhra Pradesh, Tamil Nadu **4** (districts): Rajasthan 5 (districts): Haryana, Karnataka, Telangana 6 (districts): Uttar Pradesh, Gujarat

7 (districts): Delhi **10** (districts): Kerala Maharashtra

> disruptions caused by the ongoing situation, the firm said.

Fiat would continue to be staffed with a small number of employees, who are engaged in emergency services, it added, "There will be no retrenchment of any plant employees as a result of the plant closure and all will continue to receive their salaries during this closure period," the company said.

Hyundai, however, said they would continue production while taking necessary precautions and welfare of company' customers, employees, dealers and vendors. TVS Motor said its facilities were operating in staggered shifts. Ashok Leyland said it was continuing with the production as of now.

The economic condition of Gurugram and Manesar's industrial areas' has already been grim as the slowdown has decelerated production. Less than 15 days are left to go for an emission norms overhaul in the country and dealerships have to liquidate their BS-IV stocks. The industrial belt is home to an estimated 1,000 medium and small ancillary units. Each units employs a workforce ranging from 20 to 200 in the area.

The ultimate impact of coronavirus is still getting monitored by the Indian automakers, as in the case with all the sectors, forecasts are being jettisoned. "We have received the information that two of our members in Pune have been asked by the local police to shut their dealerships." Ashish Kale, president, Federation Of Automobile Dealers Associations (Fada).

An industry analyst said, "The problem could also arise on the demand side as people may defer buying cars now, and sales volumes getting affected with reduced number of dealership visits

Another oil-marketing company executive indicated there was a 4-5 per cent dip in consumer sales in the past week. "We have seen more decline in petrol," he said.

ECONOMY 11

Road-sector experts have cautioned movements of commercial vehicles in the coming weeks will slow. The executive also attributed the decline in demand to the fall in crude oil prices. "Our data is based on what dealers are picking from us. Two factors are at play. One, there is weak retail demand, and two, dealers cut down on inventories when crude oil prices decline," he said.

The executive also said things in India were changing rapidly, and demand during the week starting March 23 could be lower because of the shutdowns till March 31, announced by various state governments.

IOC has estimated a 10-11 per cent demand decline in March, with diesel consumption falling over 13 per cent, jet fuel 10 per cent, petrol 2 per cent, and bunker fuel 10 per cent, said Emkay. Against 2 per cent oil demand growth year-on-year built for the next year if one-month volumes fall by 25 per cent, the full-year demand would be flat, it said.

City gas distribution (CGD) companies have stated the initial hit will be 5-7 per cent in Delhi and 7-8 per cent in Mumbai because piped natural gas and compressed natural gas supplies may be affected. In the case of CGD, against 10 per cent growth estimates if one month records 10 per cent de-growth, full-year growth would come down to 8.5 per cent.

Petrol-pump dealers have stated that the overall hit could be 25-30 per cent, the report said. Fuel outlets have sought to lower outlet timings.

"In the last two weeks, overall demand has fallen 15-20 per cent," said Ravi Shinde, former president of the Petrol Dealers Association, Mumbai. "In the current scenario, where citizens are being asked to stay home, I would have expected a 50 per cent dip in sales, which has not happened, so far. The turnout is still in significant numbers, specifically of two-wheelers."

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9	2	1	5	6	8	7	3	4	that every row,
4	5	7	8	9	3	2	1	6	every column
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8	1	9	2	4	6	5	7	3	box contains the digits 1 to 9



the Union Budget announced

changes in DDT structure. The

by companies, but said taxes

declared interim

(in ₹ trillion)

12 THE SMART INVESTOR

BSE 200: TOP 5 GAINERS OF LAST WEEK

ng
33 Shar
32 2
30 503 UP
94
20 Feb 1 2020

2019's valuation high of 26.3 times,

makes the market look most

appealing in the last six years. But

here's the catch. Global econ-

omies, including India, may be

headed for another wave of reces-

sion and if that be the case, the

Nifty trades significantly higher

compared to the global financial

matter is that when about a decade

ago, the markets slipped into the

recessionary phase caused by the

meltdown of large financial insti-

tutions, abundant injection of

liquidity was a good enough solu-

tion. But, this time around prob-

lems are different. "In 2008, ahead

of the market crash, the economy

was at its peak. In the current cor-

rection, several economic factors

have been depressed for some

time," says Mahesh Patil, chief

investment officer-Equity, Aditya

Birla Sun Life Mutual Fund. Also,

as Mihir Vora, director and chief

investment officer, Max Life

Insurance, points out, the GFC was

What also complicates the

crisis (GFC) levels in 2008-09.

QUICK TAKE: UPL ATTRACTIVELY VALUED AFTER CORRECTION

510

UPL has fallen by nearly 50% over the past month on worries are price in ₹ related to growth in international markets and a stressed balance sheet. Analysts feel that the concerns are overdone as prospects driven by its core Latin America and Indian operations remain strong. Stock valuations are also attractive at 6 times estimated FY21 enterprise value to operating profit.

NEW DELHI | MONDAY, 23 MARCH 2020 Business Standard

"WE THINK THAT VOLATILITY NEEDS TO STABILISE BEFORE THE BROADER MARKET CAN HEAL. THERE IS PRECEDENT FOR THIS: IN 2008, 2011, 2015 AND 2018, EOUITY **VOLATILITY PEAKED WELL AHEAD OF THE ULTIMATE LOW"**

> ANDREW SHEETS, Chief cross-asset strategist, Morgan Stanley



Few bottom-fishing opportunities in blue-chip stocks

Over half the CNX100 stocks still expensive; Nifty, too, in higher valuation zone compared to 2008-09

HAMSINI KARTHIK Mumbai, 22 March

he 5 per cent correction past week and the frontline indices almost retracting to their 2014-15 levels have resulted in some temptation creeping into investors' mind. They are thinking: Is now the time to bottom fish large-cap stocks? But no, the grand stock market clearance sale may not offer the best price yet, for one to turn optimistic on the markets and more so on India's blue-chip stocks.

"The Indian markets are reacting to what's happening globally, and while some stocks look compelling after the correction, it is still early to predict if equities have ebbed or there could be more fall," cautions Sunil Singhania, founder, Abakkus Asset Management. For him, it's critical to see some more clarity on where the market is headed to before he can go all out on stocks.

At 16.9 times 12-month trailing a case of financial sector stress price-earnings (PE); a correction impacting the real economy in the

HOW VALUATIONS STACK UP

PE(X) ON			
'09	Mar 20, '20		
13.4	87.8		
19.2	82.5		
9.0	77.4		
27.6	73.4		
21.2	57.2		
8.4	2.4		
8.4	3.0		
6.2	4.3		
2.0	4.7		
4.2	4.8		
	iling v		

Source: Capitaline Compiled by BS Research Bureau

shutdown is impacting the finan- the demand and profit fronts. cial markets. A series of events and uncertainties lingering for long and sentimentally, things are different from the GFC times."

This is why, experts feel, India Inc's earnings for the two quarters starting March 2020 may come under severe pressure. When seen in this context, valuations of stocks, such as Tata Consultancy extreme demand and supply con-Services. Titan. Asian Paints. Dabur Britannia and Havells under severe pressure for twodespite the correction, remain expensive for investors considerof 36 per cent since November West. "Today, a forced economic ing the growing uncertainties on ITC, Indian Oil, ONGC, Bharat

While valuations of HDFC, HDFC Bank, L&T, and Reliance Industries are near-about their GFC levels, they haven't become completely affordable just yet.

Names such as JSW Steel, Adani Ports, Mahindra and Mahindra, Hindalco and Motherson Sumi faced with straints, where growth has been three quarters, are some that have become cheaper now. That said,

Petroleum, Bajaj Auto, Cipla, and Aurobindo Pharma are among stocks trading below their GFC valuation levels.

This is why domestic fund managers advise investors not to take their eyes off equities in the current downturn. "The market may bottom out one day, but all stocks will not bottom out on the same day as the overall indices. Investors may want to keep a list of stocks ready," says Vora. In addition, Sampath Reddy, chief investment officer, Bajaj Allianz Life Insurance, says the prudent

thing is to at least get started and not to panic and sell-off. "Historical data has shown that investments made in challenging/volatile times have generally been quite rewarding for investors over the medium to long term," he adds.

Therefore, while the large-cap stocks may not have turned entirely attractive, depending on the individual risk profile, the current market conditions offer an opportunity to accumulate some of them, though not in large quantities, just yet.

STREET SIGNS

Focus on nine F&O stocks

The Securities and Exchange Board of India's (Sebi's) move to tighten the norms for derivatives trading has placed the spotlight on nine stocks in the derivatives segment. Analysts say Adani Enterprises, Indiabulls Housing Finance, Vodafone Idea, Jindal Steel, Just Dial, NCC, Punjab National Bank, PVR, and YES Bank will enter the "ban period", where fresh positions will be barred and only unwinding of existing positions will be allowed. Further, there are over a dozen other companies which could be on the verge of entering the "ban period". "While one cannot say for sure if these stocks will correct or rally. However, one can expect frenetic activity as traders align themselves to the new rules," said an analyst. SAMIE MODA

MF distributor commissions to be hit

Persistent selling in the markets has significantly eroded commission-linked investor assets, handled by mutual fund (MF) distributors. Industry participants say this will further erode commissions on which MF distributors were depending on after the scrapping of upfront commission by Sebi. "Large asset base was helping some individual distributors as this still yielded decent trail-based commissions. However, erosion of asset base will deepen the cut on distribution income,' said an individual adviser. "Higher asset base had become crucial in the industry to absorb cost of client acquisition and other operational costs, after removal of upfront payouts," he added. JASH KRIPLANI

Coal India's m–cap less than dividend payouts

Shares of Coal India plunged to all-time low of ₹122 last week. At that price, the state-owned company was valued at ₹75,000 crore – less than the total dividend of ₹79,000 crore paid by the company in FY14 and FY15. Coal India made its stock market debut in October 2010. In the IPO, stock was priced at ₹245. Now. the stock trades at nearly half the issue price. Even if one adds all the dividends paid since listing, the adjusted stock price works out to ₹290. Market players said the stock has proved to be a value trap. "It has been a decade since Coal India's listing. The stock has always topped the dividend vield charts. but failed to make real appreciation. It's an example why the market doesn't value PSUs," said an analyst.

SAMIE MODAK

EVENTS THIS WEEK

Date	Particulars
23-Mar	US – Chicago Fed Nat activity figures
	Ex-dividend: BPCL, ONGC, Indian Oil & RBL Bank
24-Mar	US – Markit PMI services, manufacturing & composite

US – new home sales

& Piramal Enterprises

manufacturing, services &

Ex-dividend: Larsen & Toubro

UK – Markit/CIPS PM

composite

Fund managers weather market storm better

JASH KRIPLANI

Investors putting money in activelymanaged mutual fund (MF) schemes are likely to have seen less wealth erosion than those who have switched to index-linked 'passively' managed schemes. Passive funds gained popularity as fund managers under-performed index returns last year, Sample this: 94 per cent of largecap schemes have fallen less than their benchmark indices over 3month period, data sourced from Morningstar shows. About 90 per cent of the schemes in the midcap category have fared better than

their benchmarks. But, in the case of small-cap schemes the share is down at 73 per cent, with 17 of the 23 schemes in the category having fallen less than their benchmarks. In the past three months, the Sensex is down 30 per cent, the BSE Midcap and BSE Smallcap have fallen 24 per cent apiece.

The data points out the relevance of active fund management, which had come under question in the past few years given the failure of most schemes to beat benchmark returns.

"This re-iterates our stance that in Indian markets, active fund management has an important role to play. Even during past bull markets, we have seen actively-managed funds slightly underperform indices and fall less than their benchmarks during the bearish phase," said Kaustubh Belapurkar, director (fund research) at Morningstar Investment.

Across large-cap, mid- and smallcaps, 87 per cent of the schemes have fallen less than their benchmarks.

SHOWING RESILIENCE

Rush for buybacks to lift sentiment

UJJVAL JAUHARI & HAMSINI KARTIK New Delhi/Mumbai, 22 March

With the equity markets going down so sharply, certain companies and promoters have opted to make the best use of the situation. Buyback announcements are on the rise and even marquee names, such as Sun Pharma, find this a lucrative way of lifting the mood around their stock prices. The latest to join the bandwagon are Dalmia Bharat, Motilal Oswal Financial Services and which Ramkrishna Forgings, announced their buyback plans on Saturday. Earlier in the week, Emami and Sterlite Technologies also disclosed their intention to buyback shares. Prior to these companies, names, such as Thomas Cook India and Granules India, announced buyback schemes.

Experts like Vikas Khattar, head of equity, Capital Markets and Financial Sponsors Group, Ambit Capital, say that buyback is a good capital allocation strategy, where the management feels that the stock price has corrected shamly and is well below the intrinsic price of the business. "However, it tionately participate in the buybacks, should be executed only where businesses have a strong balance sheet and surplus cash, after providing for adequate cash to brace through challenging announcements. "However, much will times in the near future," he adds. Buyback proposals also send a posi- ness to relook the 20 per cent tax le tive signal to bump up the Street sen- on buvbacks" says Pankaj Bobad timent around the stock, as it results in Fundamental Research, Axis Se a lower supply of shares in the market, Looking at the higher expenses

as well as an increased return profile, MAKING USE OF PRICE FALL mainly return on equity (ROE) which in turn helps bring stability to share prices,

according to experts. Many a time, buybacks are prompted when promoters' stake in the company falls and the owners decide to utilise lower share prices and valuations to their benefit and raise their stake in the firm. Higher promoter holding and return ratios in the longer term will also mean firms can benefit from these moves when times A turn good and when they (companies) approach investors for raising capital.

Certain experts say buybacks and the process of promoters increasing their stake in companies are features of a typical bear market. In such times, companies believe cash could be put to better use through buybacks rather than other activities "It's natural for companies to use the current situation to announce buybacks as it is the easiest way of improving their return profile." said UR Bhat, director and chief investment strategist, Dalton Capital Advisors.

The equation, however, would be a their requirement for cash. "Their equity different if promoters too propor-

(₹crore) Buyback Debt Cash in price (₹) Amt Equity (x) hand *

un Pharma	425	1,700	0.2	6,662	
upreme Petro	185	63	0.0	53	
homas Cook	57.5	150	0.0	1,025	
iHCL	250	80	0.5	59	
iranules India	200	250	0.5	107	
)ishman Carb.	150	75	0.2	116	
ster DM Health.	210	120	1.7	184	
cash & bank balances as on Dec 2019; ource: Capitaline; Complied By BS Research Bureau					

of buyback tax, promoters may consider buying shares directly from the market, as has been the case in recent years.

From an investors' standpoint, while buyback indicates promoter's confidence in their business and future prospects, it does not necessarily have to lure them in terms of buying stocks which have announced such buybacks. Also, for them, whether to participate in a buyback plan should depend on exposure in overall portfolio and their



Most actively–managed schemes have done better than their benchmarks recently Outperforming * (%) Avg returns (%) Category 3-mth 3-mth 6-mth 6-mth Smallcap -11 74 78 -15 -8 Midcap 90 -15 90 94 89 -23 -14 Largecap Note:*Percentage schemes in respective category that have

fallen less than their benchmark; Source: Morningsta which may not necessarily be a positive signal. For now, as times remain tepid, many say there could be more buyback depend on the government's willing-

own view on the company's prospects will play an important role," explains Deepak Jasani, Head - Retail Research, HDFC Securities. Kartik Soral, senior fund manager-equity, YES Asset Management Company, says buybacks

Italy -1.9 per cent (pre-corona 0.1 per

cent) and Germany -1.2 per cent (pre-

corona 0.6 per cent). For India, we

expect growth of 3.6 per cent in calen-

dar 2020 (pre-corona 5.7 per cent). In terms of fiscal 2020-21, this is 4.2 per

How are investors viewing India as

Hugo: India, like other emerging mar-

kets (EMs), is bearing the brunt of the

global flight to safe assets. Our EM

Vulnerability Heatmap shows that

India at the moment is not one of the

most vulnerable EMs, but also not one

of the most attractive. There are some

structural issues that the Modi gov-

ernment needs to fix in order to push

economic growth again to acceptable

levels (after the current crisis) and

attract a sufficient amount of overseas

investment. There is a possibility

India might also benefit from the

COVID-19 health scare. International

firms have found out the hard way just

how vulnerable their globally inte-

an investment destination now?

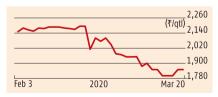
cent of growth.

ax levied	do provide investors money in the near	25-Mar	US – FHFA house price
de, head-	term. "But, sometimes, they end up los-		UK – RPI, CPI & core CPI figures
ecurities.	ing their shares in the company and		UK – House Price Index figures
sbecause	chance on its future profits."	26-Mar	US – GDP annualised figures
			US – GDP price index
			US – initial jobless claims
	A • A •		Ex-dividend: NTPC
	****	27-Mar	Ex-dividend: ACC
U	<i>tunity</i>	28-Mar	UK – Nationwide House Price
			Index

Source: exchange/websites/Bloomberg Compiled by BS Research Bureau

COMMODITY PICKS

WHEAT



Wheat prices in Indore are trading at ₹1,850 per quintal. Prices are expected to trade lower towards ₹1,800 per quintal following expected record production of wheat and ample supplies with government.

BARLEY



Barley is trading at ₹1,700 per quintal in Jaipur. Prices are expected to trade lower towards ₹1,600 per quintal given the expected new arrivals, record wheat production and weakness in maize prices.

> Prerana Desai, Research Head - Edelweiss Agri Services and Credit

'This isn't an automatic be	uying opportunity'
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London-based JAN LAMBREGTS, managing director (MD) and global head of financial markets research at Rabobank International, and HUGO ERKEN, senior economist and country analyst for North America, Mexico and India, share their views on the road ahead for the global financial markets and the economic forecast for India with Puneet Wadhwa. Edited excerpts:



JAN LAMBREGTS Managing director & global head of financial markets research, Rabobank International

HUGO ERKEN

Senior economist & country analyst for North America, Mexico and India

Global financial markets have been roiled by the recent turn of events. Is the selling overdone?

Jan: Given the severity of the challenges posed by coronavirus (COVID-19) and the rapid way in which we are overtaken by events, the significant reaction we have seen in financial markets is not overdone. In recent years, we have grown used to every wobbly being met by government measures and this time around is no different. In fact, government measures are equally drastic, but this time around, the market is mostly judging policymakers actions to be more reflective of the scope of the scale of the problem rather than giving rise to any hope of a solution.

By when do you see stability returning?

Jan: The world is still trying to come to terms with the economic fall-out of this virus and stability isn't around the immediate corner as we are trying to come to grips with it. It's certainly not business as usual, and as such this isn't an automatic "buying opportunity". Policy rates across the world are being slashed to zero or negative, while bond yields have fallen rapidly in many countries due to safe haven demand as money flows outside of riskier assets. Yet with governments having to share much of the burden, the longer-term impact remains in question.

Can the coronavirus pandemic push the global economy into a recession?

Jan: A deep global recession is pretty much unavoidable as we ready to fight the war against this virus. Even before the virus broke out, we were looking for a mild recession globally, so we were hardly thinking the world economy was in good shape. This virus, though, is an outlier materialising and throwing any doubt out of the way. For many companies, earnings are in surreal territory and survival is going to be their foremost concern.

Are the global central banks justified in cutting policy rates, since coronavirus has created more of a supply-side problem and not a



FOR MANY COMPANIES, EARNINGS ARE IN SURREAL TERRITORY AND SURVIVAL IS GOING TO BE THEIR FOREMOST CONCERN: LAMBREGTS

demand-side one?

Jan: We would argue the coronavirus is increasingly a simultaneous supply and demand shock. Central banks, alongside fiscal policymakers, are asked to intervene and act. But obviously, this is a problem they can help pave over the crack, but they can't fix the root source. Again, currently financial markets mostly judge their actions to be indicative of the scope of the problem, rather than offer a real solution.

What are your estimates for global economic growth?

Hugo: Our forecasts are surrounded with much uncertainty and there are several downward risks. That said, we expect global growth to level off to 0.7 per cent in 2020 (before corona we estimated 2.9 per cent). We expect China's growth to edge to zero in 2020 (precorona: 5.7 per cent). Most countries will end up in recession, with Japan -2.5 per cent (pre-corona: 0.5 per cent).



Full interview on: www.business-standard.com















M J ANTONY

BRIEF CASE

A weekly selection of key court orders

Building worker can move consumer forum



A construction worker registered under the Building and Other Construction Workers' Act is a 'beneficiary' of the scheme made under it and also a "consumer", who can move consumer fora, the Supreme Court ruled last week. The judgment is

significant because it will extend to all beneficiaries of statutory welfare schemes like employees' provident fund. The case also showed how ordinary people are harassed by demanding dozens of documents, which normally they are not expected to have. In this appeal case, Joint Labour Commissioner vs Kesar Lal, the worker had obtained a Labour Beneficiary ID after paying a fee. When he sought financial assistance for his daughter's marriage, the commissioner rejected it after nine months with a long list of defects in the application – it did not have a valid date of birth, the affidavit was not proper, the application form was incomplete in details, and the certificate of the planner was not attached. After the rejection of 327 such applications from construction workers, the matter was taken to the consumer fora. These fora accepted the claim of Kesar Lal, and the commissioner's appeal was dismissed.

Jurisdiction in arbitration appeals



The question of choosing the court where an appeal against an arbitration award is to be filed came up again in the Supreme Court and it shifted the case from Faridabad in Haryana to the Delhi High Court. In this appeal, Hindustan Construction vs NHPC, the commercial

special court in Faridabad decided that the seat of adjudication is Faridabad. According to the contract, Delhi, as well as Faridabad courts, would have jurisdiction as the contract was executed between the parties at Faridabad, and part of the cause of action arose there, and the Faridabad court was invoked first. Section 42 of the Arbitration and Conciliation is meant to avoid conflicts in the iurisdiction of courts by placing the supervisory jurisdiction over all arbitral proceedings in connection with the arbitration in one court exclusively. If the agreement is clear on the jurisdiction of the court, there is no problem. But conflict arises when the contract is vague on the seat or venue of the arbitration and the cause of action arise in several states. In this case, though the Faridabad court was invoked first, the Supreme Court, citing its 2019 judgment involving NHPC again, ruled that the Delhi High Court will hear the appeal.

Coal e-auction in Jharkhand upheld



judgment of the Jharkhand High Court, which had quashed the e-auction of coal extraction in Kusunda area. The high court had further directed new e-auction and ordered a vigilance inquiry into the

matter. In this appeal case, Bharat Coking Coal vs AMR Dev Prabha, the auction was conducted by C1 India with technical assistance from Tata Communications. The online bidding was marred at one stage by technical hitch and time had to be extended. The award was finally given to R K Transport. AMR Dev Prabha, the rival bidder, challenged the e-auction in the high court with success. The coal company appealed to the Supreme Court. It did not go into the technical problems like that of limited bandwidth, as it maintained that they were questions of fact. Moreover, there were concurrent findings of technical experts like CERTIN and TCL, as well as the CVC, holding that there were no technical difficulties.

All building planners are not architects



The Architects Act does not prohibit individuals not registered under it from undertaking the practice of architecture and related activities. However, if a person has to use the title 'architect', he must hold a degree in architecture and register

himself before the Council of Architecture. The Supreme Court declared so in its judgment last week in the appeal case. Council of Architecture vs Mukesh Goval. The ated that a plain reading of Section 37 of the A made it clear that it prohibited individuals not registered with the Council of Architecture from using the title and style of 'architect'. But it did not prohibit unregistered individuals from practising activities, such as design, supervision, and construction of buildings. The court was dealing with an appeal against the judgment of the Allahabad High Court in which the promotion of departmental architects was challenged by one group. This necessitated the interpretation of the term architect. A government department may change its name avoiding the word architect and function with the normal activity of town planning and construction..

An opportunity in default threat

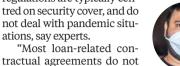
It is a chance for stakeholders in the banking sector to revisit contractual obligations, say experts

their obligation to fund.

he prospect of wide-scale defaults in banking-related contractual obligations on curement, and construction), account of the pandemic has stirred lenders into action. The Indian nance) and supply, generally Banks' Association (IBA) plans to recommend to the Reserve Bank of India and the government a host of relaxations in repayment of loans and relief in classifying accounts as non-performing assets.

SUDIPTO DEY

What makes any banking-related defaults complicated, both for lender and borrower, is that banking laws and regulations are typically cen-



have force majeure clause that **CORONAVIRUS** could be triggered to terminate the loan agreement and PANDEMIC seek relief from repayment obligations," says Leena

Chacko, partner, Cyril Amarchand Mangaldas. Experts note banking-related con-

tractual obligations primarily pertain to lending agreements. "Such agreements describe the manner of repayment of the loan, along with the applicable rate of interest. In case the terms of banking-related contractual obligations aren't met, the default clause is triggered," says Varsha Banerjee, partner,

Dhir & Dhir Associates. Experts say there do not seem to be specific banking regulatory guidelines for dealing with pandemics. Some lending agreements, especially those related have force majeure clauses that provide protection to the lenders in terms of and the government, the IBA has high-

Bollywood singer Kanika Kapoor

recently hit the headlines after she

tested positive for the novel corona-

virus (COVID-19) and attended sev-

eral high-profile parties. The singer,

who had returned from London,

reportedly skipped the mandatory

14-day quarantine, which was recom-

to individuals to quarantine them-

selves voluntarily. Most of the infec-

tions that have passed on are because

people failed to observe the man-

datory quarantine and decided to

"The regulations to enforce man-

datory quarantine while a person is

asymptomatic are still not in place,

and that has resulted in a steep rise

in infections," says Nipun Saxena,

public healthcare laws in India fall

short of meeting the needs of a pan-

structure of Indian democracy. Public

This is just one example of how

advocate, Supreme Court.

demic situation.

Even as the go

mingle with the crowd, they add.

Experts point out in India it is left

mended by the Centre.

GEETIKA SRIVASTAVA

Similarly, financing contracts, such as those dealing with EPC (engineering, pro-O&M (operations and maintecontain force majeure clause. While the government through a notification has clari-

fied that the COVID-19 pandemic is a force majeure event, legal experts say this relief does not in most

cases impact the repayment obligations of the borrower under the financing documents.

For lenders, a payment default by a borrower could trigger a number of other events of default across the financing documents. This could include occurrence of material adverse event, breach of financial ratios, failure to comply with underlying project documents, and inability to achieve commercial operations

on time, among others, say experts. "Inability to recover dues by lenders may also affect the lending ability of banks even under already committed Siddharth loans," says Srivastava, partner, Khaitan & Co.

Srivastava

advises lenders

encountering a potential default situation to carefully ILLUSTRATION: AJAY MOHANTY review the underlying the project doc-

uments and analyse the impact on timedays in classifying loans as NPAs, sixlines on account force majeure before month deferment in interest of term to corporate or balance sheet funding, approving fresh funding for greenfield projects. In its suggestions to the RBI loans and working capital loans, and longer resolution period for companies

under the IBC, among others.

Legal experts say borrowers must immediately revisit all their critical loan agreement to analyse if they can claim any genuine concession from the lender on account of the COVID-19 pandemic. "There are information covenants in the loan agreement which obligates borrower to inform about a material or a force majeure event. The borrower may immediately send such intimation to the lenders and also request for a moratorium on account

of this," says Srivastava. In addition to seeking waiver of payment defaults, borrowers may have to seek specific covenant reliefs and ensure that such defaults don't result in defaults across other financings, savs Chacko.

Typically, in contracts that do not include the force majeure clause, the India Contracts Act recognises the doctrine of frustration under Section 56 - to terminate a contract. Banerjee, however, points out that in case of banking-related contractual obligations, it might be difficult to achieve the termination of the contract on account of applicability of doctrine of frustration as it is premised on prepayment of the loan

amount Many legal experts feel the COVID-19 pandemic event is an opportunity for all the stakeholders

in the banking sector to revisit their contractual obligations. "It will help them crystallise their respective rights and obligations so that they are better prepared for a COVID-19- like situation in the near future" says Srivastava.

TROUBLE WITH DEFAULTS ON BANK LOANS

There are no specific banking regulatory guidelines for dealing with pandemics

▶ Most loan-related contractual agreements don't have force maieure clause

► A payment default could trigger default in other financing documents

Inability to recover dues may also affect the lending ability of banks

WHAT SHOULD LENDERS **& BORROWERS DO:**

LENDERS: Must carefully review the underlying project documents and analyse the impact on timelines

BORROWERS:

Immediately revisit all their critical loan agreement to analyse if they can claim any genuine concession from the lender

The borrower should intimate the lender of any impending default and request for a moratorium on payments

India needs an overarching health care law

lighted the need for an extension of 90

FIGHTING PANDEMICS

AUSTRALIA: An overarching law called the National Health Security Act and Agreement has been put in place

UNITED STATES: Under the Public Health and Service Act, the US Department of Health and Human Services has laid down specific guidelines to assist states during health emergencies and prevent the spread of communicable diseases

EU: EU Decision 1082/13 is the key legal instrument for threats to health, which endorses compliance with WHO's IHR

SPAIN: All private hospitals have been nationalised in the wake of the pandemic

INDIA: The Epidemic Diseases Act, 1897, governs health care emergencies

health features in the state list under the Seventh Schedule of the Constitution. The Centre can only advise states to invoke the laws and regulations, not mandatorily impose



Health Regulations (IHR), several gaps need to be plugged in domestic laws, say experts. For instance, a complete ban on commercial flights may not align with Article 43 of the IHR, which calls

India is a signatory to the World

Health Organization's International

for proportionality of such bans to potential risk. Similarly, the privacy of a patient and disclosure of their medical information needs to balance with public needs. Experts say no such provision to maintain this balance is available under the current laws. An overarching law could also include provisions for an emergency fund to deal with such situations.

"The present framework does not give much attention to surveillance. vaccination and public health response," points out Shashwat Awasthi, a researcher at National Law University, Lucknow.

the Disaster Management Act, the fact remains Around the world, countries have that India does not have dedicated laid great emphasis on strengthening legislation for a pandemic situation. their public healthcare laws to pre-An overarching law governing public pare themselves for such pandemics. In Australia, for instance healthcare is a glaring gap in India's ection 51 of the Constitution provides the ures, such as rationing of resources, Federal government with legislative enforced isolation or quarantine, or powers to quarantine. An overarching law called the National Health Security Act and Agreement has been use of legal frameworks to support put in place to abide by Australia's obligations toward the IHR. The Australian government's 2011 National Health Emergency Response Arrangements also highlights how the government will While the government also investments needed to meet the respond to public health emer-

In the United States, the Department of Health and Human Services (HHS) has laid down specific guidelines to assist states during health emergencies and prevent the spread of communicable diseases. The Robert T Stafford Act allowed President Donald Trump to unilaterally invoke an emergency. The HHS' secretary can make grants and conduct investigations into the cause, treatment and prevention. Under the Federal Food, Drug and Cosmetic Act, the HHS secretary can justify an emergency use authorisation of medical countermeasures, whereby unapproved drugs, vaccines, or countermeasures can be used in times of emergency. Such a provision does not exist in India.

Within the European Union (EU). EU Decision 1082/13 is the key legal instrument for threats to health. They endorse compliance with the IHR. Both the IHR and Decision 1082/13 require signatory states to develop national plans for pandemic preparedness. Many countries have plans in place which can include me seizure of goods and property. The WHO and the EU also encourage the those plans. In Spain, all private hospitals have been nationalised in the wake of the pandemic. While such a drastic measure may not take in India, experts speculate about guidelines for public-private partnerships in the medical field.

BUSINESS LAW 13

Post office not liable for stolen IVPs



The Supreme Court has asserted that the postal authorities are not liable to pay the maturity value of Indira Vikas Patras, which were allegedly stolen from their holders. Two persons complained that their IVPs were stolen and the matter was reported to the Odisha police. When they

claimed the amounts from the post office, the authorities refused to pay them, arguing that in case the IVPs were purchased by cash, the identity of the purchaser would not be recorded and that all IVPs were bearer instruments like currency notes. When the holders approached the consumer forum, the postal authorities were directed to pay them the maturity value as no one had claimed it for a long time. Their appeals were dismissed. But the Supreme Court exonerated the postal authorities of any liability (Supt vs Jambu Kumar).

Disney gets copyright protection



The Delhi High Court has restrained more than 130 websites from infringing the copyright of Disney Enterprises, which complained of illegal and unauthorised distribution, broadcasting, rebroadcasting, and streaming of its motion pictures. The global entertainment

company has also added ISPs of these websites and the Department of Telecommunications as parties to the injunction suit requiring them to disable access to the websites. The company engaged an investigative agency and found that these "rogue websites", according to it, were facilitating the use of their websites to download and stream original films, television programmes and audio-visual content. It also alleged these websites are primarily engaged in making available contents from entertainment giants like Paramount Pictures Corporation, Columbia Pictures, Universal City Studios, and Netflix Entertainment Services India. This was an infringement of copyright. The high court passed injunction stating that Disney has established prima case of infringement of copyright and it would suffer irreparable damage if this activity was not stopped. It listed tests to find out whether they are "rogue" websites. The websites named have to pay the costs of litigation to Disney.

efforts to tackle the COVID-19 pandemic, the primary law its resorts to Diseases Act, 1897, that governs healthcare emergencies in India. The colonial-era law, enacted to fight the bubonic plague in the erstwhile Bombay, comprises of four sections spread over just three pages. Experts point out one of the primary issues facing administrators dealing with the pandemic situation is the federal

"The power granted to the Centre fight against the COVID-19 pandemic.

under this Act is very limited, and it is the 123-year old The Epidemic is the ultimate discretion of the state government to take a step by framing appropriate regulation," says Saxena. Moreover, not all states have framed regulations to contain the pandemic. 'Those that have made these regulations have spent valuable time in mulling the pros and cons before notifying them," he adds.

declared the disease as a "notified dis-

under

Kashish Aneja, a global health lawyer associated with the World Health Organisation, points out that The Epidemic Act doesn't meet thresholds under Article 19 and 21 of the Constitution.

He highlights four major gaps plaguing the Act. These relate to rights of healthcare personnel, travel restrictions, privacy rights, and healthcare challenge. Even though gencies.

Challenges in enhancing audit quality

aster"



The most discussed topic today in the audit profession is audit quality. The Ministry of Corporate Affairs (MCA) recently published a consultation paper, the success of which is predicated on a strong framework, consistent application, and engagement. I have examined certain key concepts that impact audit quality, the central theme of the MCA paper.

Audit reporting on subsidiaries' accounts

To avoid negative consequences of an auditor not having visibility over a corporate group, the paper requires mandatory comment by the parent's auditor on its subsidiaries' accounts. This cannot be effectively achieved by reviewing the subsidiary auditors' work and will be inefficient to have the parent auditor reperform the audit of the subsidiary.

One solution is to replace the current SA 600 of the ICAI, which allows reliance on the work of other auditors, with the international standard ISA 600, which does not permit division of responsibility between auditors of the holding and subsidiary companies. Alternatively, regulation could require a significant majority of a group's entities to be audited by the same auditor, as also reflected in a 2017 report of Sebi.

Restrictions on audit firm composition

The MCA paper considers limiting the number of audits and partners for a firm to improve quality. What the market really needs is capacity-building - larger

firms with experience and diverse skill sets to serve large companies, whose audits demand industry knowledge, deep technical competence, and judgement. Such firms will be better able to integrate their resources and respond to emerging complexities in the framework and technology.

To achieve this quickly, smaller firms with varied capabilities need to

consolidate, creating a positive correlation between larger firms and improved audit quality. This echoes the prime minister's thoughts from his speech in July 2017 on the occasion of CA Day.

Audit Quality Index (AQI)

The MCA paper deals with implementing the AQI, a framework that considers qualitative and quantitative factors to rate or rank each auditor. This was also recommended by Sebi's 2017 report. AQI will help companies identify the firm(s) most suited to audit them.

Relevant, objective parameters need to be

considered in developing the AQI framework, complemented by specific needs determined by company boards or audit committees. Firms can also be mandated to publish information (transparency reports) containing qualitative and quantitative information necessary to understand their processes and other inputs for AQI.

The AQI alone could perhaps replace many other proposals in the paper.

Implemented properly, The AQI will lead to consolidation of smaller firms and building capacity, resulting in a natural "panel" of firms, without regulator intervention -- a selfbalancing free market. It also means fewer firms for the regulator to regulate, leading to better quality regulation.

There may also not be a need to restrict the number of audits by a firm, or the number of partners per firm, as long as the AOI score of the firm is

high, and there is a healthy partner-to-client ratio. It will also ensure that the experience of a firm's partners reflects the complexity of audits and the number of clients of the firm. Companies, including unlisted companies, will have the benefit of choice when

selecting their auditor, based on the AQI and their own needs.

Continuous engagement

Over the years, corporate failures, sudden auditor resignations, and other market events have led to a negative perception of auditors

as a whole, resulting in a significant trust deficit between auditors and regulators. Fortunately, this situation can be repaired by greater engagement.

The paper recommends deterring improper audits through inspection. This is indeed the right direction. Auditing involves the application of skill, expertise, judgement and experience; and goes beyond a checklist. Inspections, therefore, should be robust. carried out by competent, experienced auditors, and go beyond audit files to cover the firm's quality-related processes. To strengthen inspections and provide a reasonable and practical perspective, the regulator can engage experienced audit professionals, on the lines of what the PCAOB (Public Company Accounting Oversight Board) has successfully done over the years.

In the US and the UK, regulators invest significant effort in understanding auditors' methodologies, inspections, assessing emerging audit risks and auditor responses, discussing newer approaches to audit, etc. The auditor also needs to know that the regulator is engaged, aware, and constantly monitoring the auditor. For this to be successful, trust, open-mindedness and a quality-oriented approach are needed on all sides.

There needs to be a lot of engagement among the key stakeholders - auditor, auditee and regulator - to make this work. It takes two hands to clap, but these three stakeholders to build trust and improve audit quality.

The writer is partner, SR Batliboi & Associates LLP









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score of the firm is

high, and there is a

healthy partner-to-

client ratio







14 POLITICS & PUBLIC AFFAIRS



"IN MY 40-YEAR PUBLIC LIFE, I'VE ALWAYS DONE POLITICS OF PURITY AND VALUED **DEMOCRATIC NORMS''** Kamal Nath, while stepping down as chief minister **OF MADHYA PRADESH**



"... POLITICS SHOULD BE A MEDIUM OF SERVING PEOPLE. HOWEVER, THE (KAMAL NATH-LED) GOVERNMENT HAD **DIGRESSED FROM THAT PATH"** Jyotiraditya Scindia, BJP LEADER NEW DELHI | MONDAY, 23 MARCH 2020 Business Standard



"WHAT WE HAVE WITNESSED TODAY IN MADHYA PRADESH IS A BLATANT **KILLING OF DEMOCRACY IN BROAD** DAYLIGHT" Ashok Gehlot, RAJASTHAN CHIEF MINISTER

Equations are on an even keel

RSS isn't keen to rock Modi's boat because its relationship with BJP is smoother now post Hindu consolidation

RADHIKA RAMASESHAN

he Rashtriya Swayamsevak Sangh's (RSS') executive committee. scheduled to meet in

Bengaluru from March 15, called off the annual event because of the coronavirus (COVID-19) pandemic, but the Sangh released three resolutions, which were on the agenda. Read in tandem with the recent statements from Suresh Bhaiyya Joshi, the RSS general secretary and sarsanghachalak's deputy, the views and comments bespoke the present state of the Sangh's relationship with the Bharativa Janata Party (BJP). The BJP is the RSS's political progeny but not necessarily the family favourite because of the vicissitude that the equation was subject to: Whenever the BJP ruled the country, it apparently acquired an upper hand over the parent, but in the Opposition, the tables turned in the RSS's favour.

The resolutions on the Ram temple's "reconstruction", the invalidation of Article 35A and the

reading down of Article 370, and the amended Citizenship Act praised the Narendra Modi government, but with a cautionary tale for the BJP. It was asked to "convince" the Opposition that the CAA was in the nation's interest. It was an admission that the Democratic Alliance statute had breached the polity and the ruling party did nothing

to heal. How did the BJP and the Sangh interpret the nuanced articulations from the progenitor? A veteran swayamsevak said: "The relationship with the BJP cannot be smoother than now, despite periodic provocations from the BJP. Like it or not, the RSS is so completely identified with the BJP that it is blamed for the BJP's reversals. On its part, didn't deter him from functioning the Janata Party (with which the Progressive Alliance or UPA govthe Sangh only wants to work in a as a super PM at times, bouncing Bharatiya Jana Sangh had ernment, he started the campaign spirit of consensus with the BJP." off unworkable ideas", the merged) when its fall seemed

Earlier, whenever the BJP ruled the country, it apparently acquired an upper hand over the parent, but in the Opposition, the tables turned in the RSS's favour

Mohanrao Bhagwat, the sarsanghachalak, reset the ground (the first tenure of

Bhagwat's

the National rule at the Centre), the RSS was convinced that the BJP was naive and the Atal Bihari Vajpayee government needed to be micro-managed," RSS an insider said. K S Sudarshan. the RSS chief of the

day, was eight years

insider said. A BJP functionary, familiar rules governing the kinship in with the RSS, said Bhagwat was 2014, when the BJP first won a from the "Balasaheb Deoras" linmajority on its own. "In NDA I eage and that made him a "100 per cent political animal". Balasaheb,

Madhukar or Dattatraya Deoras, discovered

imminent (in 1979). Deoras informed the Socialist leaders (of the Janata Party) that Jana Sangh representatives in the government would dissociate themselves from the RSS if that could save the government. But things went too far," the functionary recalled.

The RSS insider said: "Bhagwat learned from the Janata Party and Vajpayee's experiences and decided that the RSS must not occupy the Opposition space. If the Modi government fulfils six of the 10 items on the Sangh's Kushabhau Thakre, agenda and leaves out four, it's good enough for Bhagwat. Take the case of R K Singh (the power minister). As home secretary in Congress-led United the

against the Sangh over 'saffron

terror'. The RSS was unhappy when he became a minister. But Bhagwat did not make an issue of it.' Bhagwat's association with

Modi went back a long way, to the days when his father, Madhukar Rao Bhagwat, was the pranth (provincial) pracharak of Gujarat and Modi was a fledgeling pracharak, who was nurtured by Bhagwat senior and Lakshmanrao Inamdar. In an e-book called Jyotipunj, Modi wrote of Bhagwat senior, "Some of the people we meet leave a lasting impression on us, but with Madhukar Raoji, it seemed as if he had entered us. Like sugar in milk."

A more profound and underlying reason for the RSS' keenness not to rock the Modi boat was because unlike Vajpayee and Advani, Modi managed to consolidate the Hindus like never before. "In 2014, when the BJP crossed the 272-mark, the Sangh realised that the minority factor was neutralised and the Hindus could never be ignored ever again. The Sachar (committee) narrative was over and an era in which Rahul Gandhi would publicly display a sacred thread and (Arvind) Kejriwal would recite the Hanuman Chalisa had dawned. Under Modi, the BJP will never let go of this Hindu catchment basis and the Sangh knows that," an RSS source said.

So, while the Swadeshi Jagaran Manch (SJM) continued to be a protector of the RSS' economic orthodoxy, the government bought peace with the outfit by inducting the former SJM convenor, S Gurumurthy, into the Reserve Bank of India's board and dropping Nachiket Mor from the panel because of Mor's alleged allegiance to Bill and Melinda Gates, the swadeshi lobby's bugbear. In attempting a "balancing" act, the RSS has leaned more towards the BJP than its other constituents.

CONSIDER THE EVIDENCE



BJP back in MP; the real battle begins now

SANDEEP KUMAR

The succession of political occurrences in Madhya Pradesh, leading to the resignation of Chief Minister which these rebel MLAs had won. Kamal Nath, was somewhat a reenactment of what happened in many seats. In 11 seats it was less than Karnataka last year, when a coalition 10 per cent. As a result, if political government was brought down to make way for a BJP-led one.

The departure of Jyotiraditya Scindia, who crossed over to the BJP, was a work in progress since December 2018, when the Congress chose Nath chief minister after its election victory.

Since then he found himself increasingly sidelined. After Nath resigned, Scindia tweeted: "People have won in Madhya Pradesh today. I have always believed politics should be a medium of public service, but the state government had deviated from this path. Truth has won again. Satyameva Jayate."

Any deal?

There is strong speculation that Scinida's induction into the Central government is just a matter of time and likely to happen in April itself. But what about the MLAs who have been his loyalists and, by resigning from the Congress, have paved the way for the formation of a BJP government in Madhya Pradesh.

A close aide of Scindia said: "These MLAs put their political is the biggest reward one can ask for."

by-elections to the Assembly seats ment among smaller groups in the that have fallen vacant due to the res-

Congress MLAs (who now have joined the BJP), 15 had represented the Gwalior-Chambal region. The BJP was the runner-up in 20 seats in The margin of victory was thin in commentators are to be believed. winning them may not be a doddle.

The BJP has 107 MLAs in the Assembly, whose current strength is 206. To secure a majority, the party has to win at least six seats even if all the independent MLAs support the BJP. Otherwise the party will have to win nine seats.

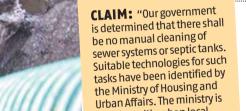
"Digvijaya Singh and Nath are experienced politicians. Nath will not forget this defeat easily. They will leave no stone unturned to secure those seats. Nath possesses the kitty, and Singh enjoys enormous political experience and also some influence in that area. Local BJP leaders might also turn hostile," said political analyst Anil Jain.

Congress spokesperson Syed Jafar thinks the party stands a fair chance of winning the by-elections.

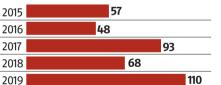
"I am sure the voters would punish the defectors. This will be a lesson for their backers," said Jafar. The Congress will contest the by-elections on the slogan "15 months vs 15 years", he said.

The road ahead

careers at stake for 'Maharaj', who After the by-elections, when new respects their love and affection. This members (Scindia lovalists) serve in the cabinet, the BJP has to fine-tune There are rumours that after the things. There may be some resentparty but overall the BIP in a position to hold the reins. Political analyst Girija Shankar thinks the BJP coming back to power was bound to happen because the people of Madhya Pradesh never really voted it out. "The Congress government failed because it resembled the 2003 era of Digvijava Singh's government. People hadn't voted for the Congress for another dark era of bad governance. It ended pro-people schemes of the previous regime."



DEATHS WHILE CLEANING SEWERS AND SEPTIC TANKS



association with Modi went back was the third RSS chief — after K B a long way, to the days when Hedgewar and M S his father Golwalkar — who **Madhukar Rao** and **Bhagwat was** groomed BJP leaders the pranth K Advani and pracharak of among others. "He Gujarat was a political pragmatist who tried

younger than Vajpayee, "but that hard to save the government of



Finance Minister Nirmala Sitharaman said the government would employ technology for cleaning sewer systems and septic tanks, and eliminate the need for manual cleaning both through technology and legislation in her Budget speech on February 1. But, even though a law to ban the manual cleaning of

sewers was passed in 1993, more than 370 sanitation workers have died in the five years to 2019 while manually cleaning sewers. Developing technology to eliminate human involvement in sewer cleaning in India is still in the nascent stages and caste is a major barrier to eliminating manual cleaning.

these technologies. We will now take this to its logical conclusion through legislative and institutional changes. Financial support for wider acceptance of such technologies will be provided." (Budget 2020-21)

working with urban local

bodies for the adoption of

FACT: There were 376 deaths in five years to 2019, while cleaning sewers and septic tanks, with 110 deaths in 2019. Technology for cleaning sewers and septic tanks is at a nascent stage and does not offer a comprehensive solution.

UNIMPLEMENTED LEGISLATION

The direct handling of human excreta by sanitation workers has been banned since 1993 under the Employment of Manual Scavenging and Construction of Dry Latrines (Prohibition) Act, which also prohibited the construction and maintenance of dry latrines. Since December 6. 2013, manual scavenging has been banned under the Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013. Yet, manual scavenging and cleaning sewers and septic tanks continues. Even in the age of robotic technology, there has not been much headway in changing how sanitation work is carried out in India, experts said.

SOURCE: INDIASPEND

ignations, Tulsi Silawat will be deputy chief minister. He was considered the Dalit face of the Congress until Nath removed him, along with five other rebel ministers, from his cabinet. At least 10 other MLAs will be inducted into the new government. Praduman Singh Tomar, Imarti Devi, Govind Singh Rajput, and Prabhram Choudhary are some of them.

Tough road ahead

Many of these MLAs are from the Gwalior-Chambal region, the stronghold of Scindia. a former royal. All of them have to face by-election. However, there are a few facts one

should bear in mind. Of the 22 rebel

A dejected party worker in the now silent Congress office in Bhopal said: "The party lacked a survival instinct. The state unit was fragmented. We have to learn a lot from the BJP."

Amid setback, Congress confident of repeating RS success

The party, with 68 MLAs now, can't win two seats because it needs 72. It's in talks with NCP, Bharatiya Tribal Party, and independent MLA Jignesh Mevani

VINAY UMARJI

Despite the resignations of five of its members of the legislative assembly (MLAs), the Guiarat unit of the Congress is confident of repeating past successes in the coming Rajya Sabha elections.

The state will see polls to the Upper House for four seats, for which the ruling Bharatiya Janata Party (BJP) is fielding three candidates and the Congress two.

The BJP has nominated Abhay Bharadwaj, Ramilaben Bara, and Narhari Amin while GUJARAT the Congress' candidates are heavyweights Bharatsinh Solanki and Shaktisinh Gohil.

However, the Congress' dreams of a smooth ride were shattered when five of its MLAs - Mangal Gavit, Pradhymansinh Jadeja, Soma Patel, JV Kakadia, and Pravin Maru - resigned.

On the one hand, the move by the five MLAs led to exchanges between the BJP and the Congress, each blaming the other for the resignations. On the other hand, because of this, the Congress packed off its remaining MLAs to Jaipur to prevent more switchovers. For instance, in the 182member Assembly, the Congress had 73 seats but its strength has come down to 68. There are now 175 MLAs in the Assembly. They include

the BJP's 103, the Bharatiya Tribal Party's two, the Nationalist Congress Party's (NCP's) one, and one Independent. Two seats are vacant

from before.

The polls, to be held on March 26, require 36 first-preference votes for each of the four seats.

The Congress, with 68 MLAs, can't win two seats because it needs 72.



The Congress has fielded heavyweights Bharatsinh Solanki (centre) and Shaktisinh Gohil (right) for the Rajya Sabha polls. The BJP has three nominees

Similarly, the BJP needs 111 votes to comfortably win all the seats it is contesting.

In fact, the reason the Congress has gone ahead with two nominations is because even the BJP does not have the numbers of its own to get its three

candidates elected. As of now, both the BJP and the

Congress are dependent on others and expecting cross-voting.

Recently, Gujarat Pradesh Congress Committee (GPCC) chief Amit Chavda said the party was in talks with the NCP and the Bharatiya Tribal Party, apart from independent MLA Jignesh Mevani.

"Looking at the numbers, we are confident of winning the polls," said Manish Doshi, Gujarat Congress spokesperson.

However, NCP MLA Kandhal Jadeja has said he will vote for the BJP candidates.

The Congress is training its MLAs on how first-and second-preference voting works in the Rajya Sabha polls.

The party is confident of winning the assembly seats that have become vacant because of the resignations.

"In the past too, when resignations happened, we won because the voters recognised the betraval. Congress functionaries work with more passion in seats where they have been betrayed," Doshi added.

In May 2019, the BJP had trounced the Congress in bypolls held for four assembly seats of Unjha, Dhangadhra, Manavadar, and Jamnagar Rural. Of these. Uniha. Dhangadhra and Manavadar were won by three Congress turncoats Asha Patel, Parsottam Sabaria, and Jawahar Chavda on the BJP ticket.

The bypolls, held alongside the Lok Sabha elections, brought down the

Congress' tally in the Gujarat Assembly from 77, won in 2017, to 73.

However, political analysts too say the Congress could will win back those seats in bypolls.

"Most of these seats are in regions where farmers and jobless youngsters are unhappy with the government. Hence, it may be difficult for the BJP to win those five seats," said Achyut Yagnik, a political analyst.

Similarly, according to Gaurang Jani, another political analyst, the Congress' history has shown it could win. "The Congress has been able to reclaim seats where resignations took place."

However, Jani said the party's hold in Gujarat was loosening and questions had risen over its state leadership's capabilities.

In 2017, more than 12 legislators, including former chief minister Shankarsinh Vaghela, left the Congress right before the elections to three Rajya Sabha seats. However, that did not come in the way of Congress veteran Ahmed Patel's victory.

Later in 2019, when External Affairs Minister S Jaishankar contested as the BJP's Rajya Sabha candidate from Gujarat, Congress MLA Alpesh Thakor switched to the BJP with his supporters.













Business Standard NEW DELHI | MONDAY, 23 MARCH 2020

"WE HAVE NOT CHANGED OUR 5G PRODUCT LAUNCH STRATEGY, AND WE EXPECT AT LEAST 10 NEW 5G SMARTPHONE MODELS TO HIT THE MARKET THIS YEAR" WANG XIANG President, Xiaomi



"WE ARE STRIVING TO FURTHER CUSTOMER ENGAGEMENTTHROUGH INITIATIVES SUCH AS CLICK-TO-BUY THAT OFFER A SEAMLESS CUSTOMER PURCHASE JOURNEY" S S KIM

MD & CEO, Hyundai Motor India



"IN THE ALTERNATIVE ACCOMMODATION SPACE, MAKEMYTRIP IS LOOKING AT VILLAS, SERVICE APARTMENTS AND HOSTELS, ESPECIALLY THOSE BASED IN PILGRIMAGE SITES SUCH AS VARANASI" **RAJESH MAGOW** Co-founder and group chief executive, MakeMyTrip



Hindustan Unilever (HUL) has gone a step further. Four thousand of its officebound staff including those in senior leadership roles, marketing, human resources, administration, supply chain and research across eight locations in the country began working from home from

last Tuesday in an exercise that is expected to bring in significant learnings

for the company. "We remain agile as an organisation and remote working is

something that we practice as an organisation," says Anuradha Razdan, execu-

tive director, HR, HUL. "However, this is an occasion where a large number of

people are working from home at the

same time. This requires coordination,

dialogue and communication among

team members and line managers. We

have Microsoft teams in place as well as

a helpline to address queries. Check-ins

happen virtually and we have provided

the infrastructure to employees to help

isn't easy. As an executive with a blue-

chip company says that the lines get blurred between personal and profes-sional commitments and productivity

does take a hit when working from home.

His way out is to replicate his workplace

routine at home. "I get up and get ready

like I would do on a regular working day. I've converted my study table in the bed-

room into my work station. This gives me the feeling that I am at work. I make

calls and work on my laptop like I would

do at work. I hope to carry on like this

till the end of the stipulated period for

trainer and founder-director of Mumbai-

based Delta Learning, says: "The concept

of remote working is not new. There are

many who've opted to work from home

for their own individual reasons. But that

is a choice they've exercised. In the cur-

rent scenario, many have been forced to

do it because of a looming health crisis.

Coming to terms with this will take time

and there are no easy answers," she says.

657

Charu Sabnavis, executive coach,

work from home," he says.

Despite all this, getting people to work

them work while at home," she says.

Back to work, at home

India Inchas embraced remote working because of a health scare. But there are important lessons on enabling infrastructure, managing remote teams and ensuring productivity...

VIVEAT SUSAN PINTO

nubhav Srivastava, 38, an employee of Axis Bank in Mumbai, has never worked from home in his professional life. He now is. The coronavirus scare, which has forced businesses and ordinary citizens to limit interaction and maintain social distance, has meant that Srivastava, who manages corporate and institutional banking, now has to do everything he otherwise did in office, at home. "This is hardly easy," he says. "I'm used to meeting people every day while I'm at office. I can't do this at home. The second challenge is of handling varied tasks. There are people coming home, calls to take at the same time, paper work to wrap up, coordinating with colleagues and team members. I am slowly but steadily getting used to this," he says.

Srivastava is just one among many in corporate India today who are grappling with a new normal — of working from home for a sustained period of time. While India's growing millennial popula-tion has advocated the idea of work-life balance and remote engagement for years together, for many others, workfrom-home is a largely untested idea.

Kavil Ramachandran, clinical professor and executive director, Thomas Schmidheiny Centre for Family Enterprise, Indian School of Business, says that organisations need to be alert and empathetic to the needs of employees working from home. "There are two dimensions to this. One is that companies have to be prepared technologically and the second aspect is of being psychologically prepared. As things stand now, the preparation is not complete at both ends. Companies are learning through trial and error and I see significant changes in how business will be done from here on. Everything today is geared towards command and control in an office environment. All of that changes when you are working from home," he says.

While companies are struggling to understand the full implications of remote engagement, compensation packages could undergo a change in the future, say experts. Measuring productivity in appraisal processes could undergo a change as disruption sets into the workplace, says Ramachandran.

Welcome to the new world order. Let us first look at the challenges for corporations and then at those at an individual level. There may not be clear answers yet but at least some guidelines are emerging.

As Sumit Mitra, head, group HR and corporate services, Godrej Industries and Associate Companies, says, the challenges are particularly acute for manufacturing and old-economy businesses. "The safety of our employees matters the most and we gave the option of workWFH CHECKLIST TO GET STARTED For corporations For individuals Decide which roles can be remotely handled and train employees quickly on dos and don'ts of remote access Set out a plan of action involving senior

managers/section heads. This should be followed by all Ensure infrastructure is available to all working from home. This includes laptops, softwares, passwords

▶ Insist they are connected with line managers Be sympathetic to their needs and requirements

from-home for our office-bound staff a week ago. We have put all necessary safeguards in place at manufacturing units for our team members as well as our on-

- ▶ Separate workspace from home space; use noise-cancelling headphones if there is too much noise around
- ► Have a clear understanding of productivity goals. Set a time table for work and personal commitments
- Make sure you have necessary infrastructure. Laptop should be installed with software, network access and passcodes
- Explain to family that you have deadlines and you are not on vacation
- ▶ Be accessible; if email is leading to misunderstanding

ground sales teams. No visitors are allowed in, entry and exit points are sanitised, high contact areas are disinfected. In addition, we've also given a special

allowance to the field force to buy protective gear such as masks, hand sanitisers and hand wash while on the move,'

he says.

a hassle-free finance scheme bunched under the "restless package," assures a fast track loan. Easy instalments and easy credit will bring the young on board, says Iyer. The objective has been to create an integrated offering across finance, marketing and product functions that caters to the new consumers.

"Eventually what matters to shoppers is convenience. Gone are the days, when one will visit the showrooms within the designated hours – 9 am to 8 pm. One gets inquiries even at midnight," says Iyer.

The German carmaker's Indian pitch comes at a time when luxury car sales in the country are down. Given the low penetration of luxury vehicles in India, cars priced above ₹25 lakh account for less than 2 per cent of the overall passenger vehicle market, this has meant the shrivelling of an already thin laver of huve

- Forty-six years ago, this person who was a nursing student from Bakersfield, California, made a discovery that years later has proven to be life saving to people across the globe. After learning that her idea had a lot of potential commercially, she called an inventions' hotline to find out more information about the process and produced the first ____. Name the person and the invention.
- Connect John W Thomson, former CEO of Symantec; Reid Hoffman, co-founder LinkedIN; Arne Sorenson, CEO of Marriott International; Emma Walmsley, CEO of GlaxoSmith-Kline; Padmashree Warrior, CEO of Fable group; and what do you arrive at?
- Samarangana Sutradhara, a Sanskrit treatise of 11th century, 3 included a chapter about the construction of mechanical contrivances (automata), including mechanical bees and birds, fountains shaped like humans and animals, and male and female dolls that refilled oil lamps, danced, played instruments, and re-enacted scenes from Hindu mythology. Who was its author?

Mercedes redefines the luxury label to plot a millennial trail

Once a symbol of societal status, the auto brand is remaking itself in the mould of its new consumers as one that marks brash ambition and youth

SHALLY SETH MOHILE

From being a brand that has traditionally associated luxury with wealth and framed itself within a class-led social hierarchical system. Mercedes Benz is looking to define itself afresh, for its millennial buyers. With a new campaign Mercedes Benz wants the young to be 'restless for tomorrow' or in other words, pull the brand off their wish lists and drop it into the

used to be to first buy a mass market model and then upgrade to a luxury brand.

Iver says that close to 10 per cent of auto buyers are those that are straight away buying a luxury car and have never owned a car before. And, he adds, Mercedes is enticing buyers to own the car they always aspired for,

today, instead of an "One clear insight indeterminate future from the market in a yet undefined salresearch was the snirit of



QUIZ

Santosh Iyer, vice president, sales and marketing at Mercedes Benz India says "One clear insight from the market research was the spirit of restlessness. It's not about been-there-done-that any more. People are constantly challenging themselves, be it a start-up or an established business. They aren't averse to risks." The company's market research indicated that new buyers are unlikely follow the it is still lower than traditional mass traditional purchase route that media channels. It has collaborated

thrust has helped the company understand its customers better. The company said that it had been prioritising digital when devising a communication, sales and retail

restlessness. It's not about 'been with there done that' LinkedIn and other partners to know its buyers and has an inte-SANTOSH IYER grated CRM platform VP, Sales & Marketing, that gives marketing, Mercedes Benz India sales, commerce, and

service, a single, shared view of every customer. Focusing on the numbers has helped. For instance, the company took cue from the growing share of

ALOKANANDA CHAKRABORTY

Which is your favourite

Cadbury's advertising has

always been incredibly power-

ful, with the campaigns "Asli

swaad zindagi ka" and "Kuchh

meetha ho jaaye" examples of

powerful cultural insights.

base your decision?

as an Indian.

drive home?

On what parameters did you

Bevond the surface level ration-

al takeaways, I look for how it

dbury's work connected with

me emotionally and culturally

What do you think was the key

idea the campaign was trying to

In my understanding, both ca-

mpaigns sought to drive a fun-

damental re-evaluation (in te-

rms of associations and usage)

brand; and succeeded famously.

What are the key takeaways for

The first campaign is etched in

the minds of many Indians -

the powerful image of the girl

dancing into the cricket ground

in absolute unabashed glee and

child in all of us. "Meetha" of co-

urse took chocolate into the ev-

I am guessing appeals to the

related to the chocolate cate-

gory and the Cadbury's the

you from the campaign?

makes me feel - and the Ca-

standout advertising backed by

campaign and why?

female buyers in its sales gender Facebook, mix and by targeting its marketing efforts, managed to double the share of female buyers in its mix. Women made for 16-17 per cent in Mercedes's total sales in 2019 as

compared to the previous year. How does it intend to get the young to think of the brand as their first buy? With more choice — as many as 10 new models will hit the road this year and ease of access -

eryday life through some beau-

ing. While the category of choc-

olate isn't very similar to quick

service restaurants, the Cadbu-

rv's campaigns are best in class

examples of using cultural rel-

evance as a backbone to build-

ing your category and brand.

Cadbury's Dairy Milk ads have won many awards. Do you think

ad awards are important? What

Everybody is inspired by recog-

from a credible source. Credible

purpose do they really serve?

nition, especially if it comes

forums, chaired by ex-

perienced industry ex-

motivating both to the

agencies and the bra-

nd teams. If I remem-

ber correctly, the "Asli

swaad zindagi ka" ca-

"The Campaign Of

The Century" at one

and business results.

So what is more important - an

ad's creativity or effectiveness?

I would say a good creative, ba-

cked by strong cultural insights,

certainly helps break the clutter

is more likely to be effective,

than not. Creativity, by itself,

and build a distinct recall for

mpaign went onto win

perts, can help provi-

de direction and be

tiful occasion-based storytell-

Analysts and auto industry consultants believe that aggression is warranted in such a market, one that is likely to get even more fragile in a post Coronavirus world. "Mercedes has been very consistent in its performance. Under the current market scenario and growing competition from BMW, they need to be more aggressive and reorient themselves," said Puneet Gupta, associate director at IHS Markit.

the brand, in an otherwise over-

but that's not the end goal. The

impact of the advertisement is

just as important: Has it stirred

vour emotions or brought a

smile to your face? And has it

The end result could be an

Sometimes because of the

emotional element in a

moved you closer to the brand?

increase in sales or revenue, or

campaign, there is greater recall

for the story than the product or

that was the case with

service advertised. Do you feel

an increase in brand salience.

exposed advertising space -

Who operates an online platform called Community for buying and selling consumer-centric digital advertising?

- Sonoma, Devil's Shine, Milk Can, Archer's Blend, Ole Smokey, Popcorn Sutton, Tim Smith's Climax and King's County are all US brands in the business of a particular commodity. Their products carry a particular word as a suffix, which arose in the United States during the depression in the 1930s. It was related to the illicit production of a particular commodity. State it.
- Whose ad campaign reads "Make Potato Great" and
- 6 name the brand's choice for this campaign?
- Name the CEO who said, "Intelligent people need a fool to lead them"?
- What is the term used to define a word or words that one
- uses in order to make an electronic device or a feature on it ready to work?
- Name the brand whose old campaign carried this line in Q
- Hindi "Bunty, tera sabun slow hai kya".

Connect this bird with the oil and gas industry and what do you arrive at?

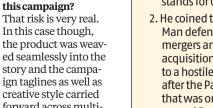


COMPILED BY GAURAV SRI KRISHNA, www.facebook.com/gaurav.s.krishna

ANSWERS TO THE STRATEGIST QUIZ 656

One lucky winner will receive a cheque for ₹2,000. Send your entries to strategist@bsmail.in. All entries must carry the postal address of the contestant. Last date for receiving entries is March 24 till 8 pm. Previous winners and employees of Business Standard and their families are not eligible to participate. The winner is chosen on the basis of the first correct entry received.

There were three correct entries to Quiz number 656 and the winner is Gangubai Bhat from Bengaluru



story and the campaign taglines as well as creative style carried forward across multiple creatives - which made it unmistakably

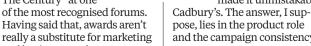
pose, lies in the product role and the campaign consistency.

Do you remember any name who worked on the campaign? I do recall a team of Ogilvy stalwarts were behind this campaign – from the legend Piyush Pandey, Madhukar Sabnavis,

More on www.business-standard.com



CMO, KFC India



Hepzibah Pathak.

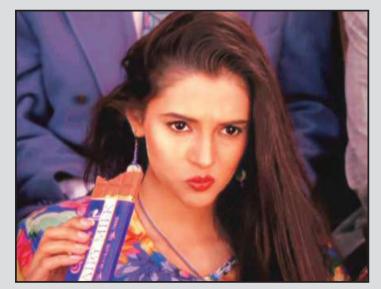






MY FAVOURITE CAMPAIGN

Struck the right emotional chord



MY TAKE Perfect example of creative effectiveness

CLIENT: Cadbury (now Mondelez India) YEAR OF LAUNCH: 1994 AGENCY: Ogilvy India



A greater digital any more

strategy and has, over the years, increased its digital spend though

JANATA CURFEW A SUCCESS









Lockdowns alone not enough, warns WHO as toll mounts to 13K

Cases ballooned in Europe, prompting more lockdown measures. New Jersey's governor followed four other US states that have imposed unprecedented restrictions

What WHO said

As the number of global coronavirus cases surpassed 300,000 and the death toll rose to 13,000, the World Health Organization's (WHO) top emergency expert, Mike Ryan, said on Sunday that countries could not simply lock down their societies to defeat coronavirus without public health measures to avoid a resurgence of the virus down the road. "What we really need to focus on is finding those who are sick, those who have the virus, and isolate them, find their contacts and isolate them, Ryan, said. "If we don't put in place the strong public health measures now," he said, "when those movement restrictions and lockdowns are lifted. the danger is the disease will jump back up," he said.



A medical worker at work in Cremona, Italy PHOTO: REUTERS

Americas

Nearly one in four Americans are under orders to close up shop and stay at home. At least 23,941 cases of the novel coronavirus have been reported in the US and 306 people have died.

Bolivia's interim government announced it would postpone presidential elections originally slated for May 3 and institute a mandatory countrywide quarantine for 14 davs.

Brazil's largest state Sao Paulo will essentially shut down for two weeks to help fight the coronavirus, its governor said, as President Jair Bolsonaro said again that 'hysteria' over the outbreak could cause more harm than the virus itself.

China, Australia & South Korea

China saw 46 new cases, the fourth straight day with an increase, with all but one of those imported from overseas.

Australian PM ordered many venues, including pubs, casinos, gyms and cinemas, to close.

Members of a South Korean church scuffled with police on Sunday, media reported, as government restrictions on religious services and other gatherings took effect.

Europe

The Italian government has ordered all businesses to shut until April 3, with the exception of those essential to maintaining the country's supply chain. Italy recorded a jump in deaths from coronavirus of almost 800, taking the toll in the world's hardesthit country to almost 5,000.

Spain's death toll has soared to 1,720. British PM Boris Johnson said the National Health Service (NHS) could be 'overwhelmed' like the Italian health system in just two weeks. The government warned it will impose tighter restrictions if Britons fail to follow government's calls.

MIDDLE EAST, AFRICA

Iran's death toll has reached 1,685 with 129 deaths in 24 hours. The total number of infected people is 21,638.

Oman has banned public gatherings in the Gulf Arab state, limited staffing at state entities and shut currency exchange bureaus.

Angola, Eritrea and Uganda confirmed their first cases of coronavirus, while Mauritius recorded its first death as the virus spreads across Africa. AGENCIES



MARINA BEACH. , CHENNAI

Streets across the country wore a deserted look as hundreds of millions stayed at home on Sunday, heeding Prime Minister Narendra Modi's appeal to people to selfisolate to contain the coronavirus. The Prime Minister thanked the people for the gesture. Taking to Twitter, he said it is an expression of gratitude by the people and also the sound of the bugle declaring the first success in the long battle ahead PHOTOS: PTI

17 cops died in Chhattisgarh **Maoist attack**

PRESS TRUST OF INDIA Raipur, 22 March

16

Bodies of 17 security personnel, who were missing said. after an encounter with about two-and-a-half hours, Naxals in Sukma district of Chhattisgarh, were found he said. on Sunday, police said.

"Bodies of 17 security found to be missing for personnel were recovered which a search operation was by a search team and were launched. Today, their bodies being evacuated from forests," At least 16 Inspector automatic General of Police weapons, including is on the way (Bastar range) AK47 and an Under Sundarraj Psaid. Barrel Grenade Earlier, in a Launcher (UBGL), major joint offen- were missing sive, separate following the teams of nearly encounter 600 personnel belonging to the District Reserve Guard gunfight. (DRG), Special Task Force (STF) and Commando were airlifted to Raipur and Battalion for Resolute Action admitted to a private hospita (CoBRA)- an elite unit of where the condition of two CRPF, launched an anti- of them is stated to be critical Naxal operation from three he said. sides towards Elmagunda after getting inputs about a sources, at least 16 automatic huge gathering of ultras there weapons, including AK47 on Saturday. When the patrolling Launcher (UBGL) were missteams were near Minpa vil- ing following the encounter

lage forests, a group of around 250 heavily armed ultras ambushed them, leaving 15 personnel injured, he The gun battle lasted for

"Later, 17 personnel were have been recovered and the search team back." he said. Earlier, the

police in a state-

ment said 14

police personnel were injured and 13 were missing after the The injured personne According to police

and an Under Barrel Grenade

