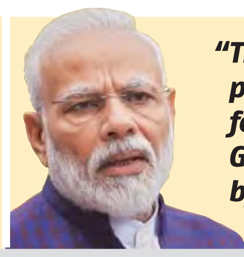
"I'm deeply anguished to see reports pouring in saying doctors & paramedics are being ostracised in residential complexes & societies. Landlords are threatening to evict them fearing COVID-19 infection. Please don't panic!"

HARSH VARDHAN, Union health minister



"The G20 has an important global role to play in addressing the pandemic. I look forward to productive discussions at the G20 Virtual Summit, being coordinated by the Saudi G20 Presidency"

NARENDRA MODI, Prime Minister

"While I have been reminding you (officers) every week to keep your focus on revenue, in the current situation, we need to be sensitive to the constraints of taxpayers and treat them with empathy"

M AJIT KUMAR, CBIC chairman

CABINET MEET

Centre to increase quota of subsidised foodgrain by 2 kg

SANJEEB MUKHERJEE & AGENCIES
New Delhi, 25 March

To ensure sufficient supply during the lockdown, the government on Wednesday decided to increase the monthly quota of subsidised foodgrain by two kg per person, to seven kg, through ration shops for the 800-million beneficiaries under the National Food Security Act. The increased allocation will be for a period of three months starting April, 2020.

From an average allocation of 25 kg for a five-member family, this decision will push it up to 35 kg. A rough estimate is that the central government will have to meet an additional burden of ₹5,600 crore per month (₹67,200 crore per annum) in the coming financial year if it allocates two kg of rice to all the 80 crore beneficiaries and ₹4,000 crore per month (₹48,000 crore per annum) if it allocates two kg wheat to all of them.

In 2019-20, the financial year which is to conclude the coming Tuesday (March 31), the Centre spent nearly ₹2.19 trillion on food subsidy, showed the Union Budget's revised estimates. Of this, ₹1.1 trillion was borrowed from the National Small Savings Fund. The decision on increasing the monthly quota was taken by the Cabinet Committee on Economic Affairs (CCEA), headed by Prime Minister Narendra Modi.

From an average allocation of 25 kg for a five-member family, this decision will push it up to 35 kg

PHOTO: KAMLESH PEDNEKAR

For 2019-20, the economic cost of wheat would be ₹27 a kg for the Centre, and will be provided at a subsidised rate of ₹2 a kg. The economic cost of rice is about ₹34 a kg but will be supplied at ₹3 a kg.

All states have been asked to take foodgrain from the Centre in advance for distribution through the Public Distribution System, said Information and Broadcasting Minister Prakash Javdekar after the CCEA meet.

CORONAVIRUS PANDEMIC

The decision was also taken as state-owned Food Corporation of India (FCI) is saddled with much excess wheat and rice stock. With some of this kept in open space, FCI is under pressure to clear the stock before the southwest monsoon.

Javdekar also reiterated that states have been allowed to lift foodgrain for three months on credit through FCI.

Banks offer new credit lines, expect defaults

ANUP ROY & JASH KRIPLANI
Mumbai, 25 March

Despite State Bank of India, Bank of India, and Bank of Baroda announcing fresh credit lines for troubled companies on Wednesday, they are expecting a series of defaults by small and medium firms as the financial year draws to an end. Union Bank and Indian Bank also announced similar measures to increase working capital limits.

Banks are also asking the Reserve Bank of India (RBI) to delay non-performing asset (NPA) classification by three months (from the end of 90 days of non-servicing of loan). If a loan is not serviced for 90 days, it becomes a bad debt for the bank and provision is made. To ease pressure due to the coronavirus lockdown, corporates had asked banks and the government for a six-month liquidity line, so that they can pay off their suppliers and employees.

According to Prabal Banerjee, group finance director at Shishir Bajaj-led Bajaj Group, both bond and loan defaults will exponentially rise if the RBI doesn't allow two-year moratorium on principal payment and six- to one-year moratorium on interest payments. "The slowdown will have huge ramifications on bank NPAs," said Banerjee.

Bankers see it as a necessary step, even as it may give rise to concerns around moral hazard.

Rating agencies are particularly in a fix. With the financial year ending on March 31, small- and mid-sized companies are likely to default en masse, while rating agencies will have to mark them in the 'default' grade. The rating agencies are guided by the principle of 'one day, one rupee', which says even if the default is for a day, or for a rupee, the issue has to be flagged as 'default'. Once the default happens, the 'default' rating cannot be withdrawn for at least six months.

"The issue now is that cash flows should be protected, and banks must give loans to companies to keep their cash flow intact, so that they can keep on giving salaries. If people don't get salaries, that would be double whammy for the economy," said a rating agency executive.

There has been no communication on this issue from the RBI or the capital markets regulator Securities Exchange Board of India, the rating agency executive said.

With deadline looming and faced with redemption pressure, some corporates are withdrawing their liquid funds parked with mutual funds (MF). According to industry sources, debt MF schemes saw about ₹1 trillion of investments pulled out at the end of last week.

"With daily operations disrupted, corporates are finding it challenging to access funding from banks and therefore, dipping into liquid investments to meet their working capital and debt obligations," said a fund manager.

The fear of run on industry assets has prompted MFs to write to the RBI to increase line of credit to ₹1 trillion through a repo window for corporate bond and commercial papers.

At the end of February, the average investor assets managed in liquid funds - which are largely used by corporates and institutional investors for short-term liquidity needs - stood at ₹4.9 trillion.

At a systemic level, liquidity has started to dry up, reflected in the spike in yields in domestic bond markets. Yields in shorter-tenure debt markets have moved up by 100-150 basis points in the current month.

The squeeze has been tightened by heavy selling by overseas investors, with over ₹54,000 crore worth of debt securities sold in March.

CCEA approves ₹1,340-cr recap for weak regional rural banks

INDIVJAL DHASMANA
New Delhi, 25 March

The Cabinet Committee on Economic Affairs (CCEA) on Wednesday approved a ₹1,340-crore recapitalisation plan for the weak regional rural banks (RRBs) to help improve their capital to risk weighted assets ratio (CRAR) during 2020-21. RRBs are mandated to maintain a minimum CRAR of 9 per cent by the regulator.

Of this, ₹670 crore each would be provided by the Centre and sponsor banks, Information and Broadcasting Minister Prakash Javdekar told reporters after the Cabinet meeting.

This is, in a way, an extension of the recapitalisation plan that was to end this financial year (April 2019 to March 2020, of FY20).

The release of the government's share of funds would be contingent upon the release of the proportionate share by the sponsor banks, an official statement said.

After the Reserve Bank of India's decision to introduce disclosure norms for CRAR of RRBs with effect from March 2008, a committee was set up under the chairmanship of former central bank deputy governor K C Chakrabarty.

Based on the Committee's recommendations, a scheme for recapitalisation of RRBs was approved by the Cabinet in 2011 to provide capital support of ₹2,200 crore to 40 RRBs with an additional amount of ₹700 crore as contingency fund to meet the requirement of the weak RRBs, particularly in the north eastern and eastern region.

By March 31 every year, National Bank for Agriculture and Rural Development (Nabard) identifies RRBs that require recapitalisation assistance to maintain the mandatory CRAR of 9 per cent.

After 2011, the recapitalisation scheme was extended till 2019-20 in a phased manner with a financial support of ₹2,900 crore a year. Of this, 50 per cent is provided by the government.

The government has released ₹1,395.64 crore out of its share of ₹1,450 crore to RRBs in 2019-20 so far.

Meanwhile, the government has initiated structural consolidation of RRBs in three phase, reducing their number from 196 in 2005 to the present 45.

Tax rebate scheme for export of garments, made-ups extended

The government on Wednesday approved the continuation of the scheme for Rebate of State and Central Taxes and Levies (RoSCTL) on export of garments and made-ups from beyond March 31 till it is merged with the Remission of Duties and Taxes on Exported Products scheme. "The continuation of the RoSCTL scheme beyond March 31, 2020, is expected to make the textile sector competitive by rebating all taxes/levies which are currently not being rebated under any other mechanism," an official statement said. The decision was taken at a meeting of the Union Cabinet chaired by Prime Minister Narendra Modi here. The RoSCTL scheme provides rebate on all embedded taxes on exports. Under the scheme, maximum rate of rebate for apparel is 6.05 per cent, while for made-ups, this goes up to 8.2 per cent. PTI

NPR, Census postponed

ARCHIS MOHAN
New Delhi, 25 March

With the 21-day lockdown to contain the spread of COVID-19 having come into force, the Centre on Wednesday postponed the process of updating the contentious National Population Register (NPR) and the first phase of the Census 2021.

The house listing and housing enumeration of the Census 2021 and NPR were slated to be carried out simultaneously from April 1 to September 30.

Census 2021 and NPR were earlier slated to be carried out simultaneously from April 1 to September 30

There have been widespread protests across the country since mid-December against the amended Citizenship Act (CAA), NPR, and National Register of Citizens (NRC).

In the wake of the lockdown, protesters have vacated most protest sites, including the one in the national capital's Shaheen Bagh.

In a statement, the home ministry said Census 2021 was scheduled to be conducted in two phases —house listing and housing census during April-September and the second phase of population enumeration from February 9 to 28, 2021.

The updating of NPR was proposed to be done along with the Phase I of Census 2021 in all the states and Union territories, except Assam.

However, some of the state governments had passed resolutions in their respective Assemblies, or issued orders, that they will carry out the NPR based on the 2010 questionnaire and not the revised one.

Union Home Minister Amit Shah had also assured in Parliament that none will be asked to show any documents during the NPR process, or marked 'D', or 'doubtful' citizen category. But, misgivings about the NPR process have remained since the Citizenship Act Rules of 2003 state that the NPR process will be followed by preparation of a National Register of Indian Citizens.

There have been demands that this should be amended and the provision related to the NRC process deleted.

FROM PAGE 1

E-tailers...

Similarly, a note on Amazon India's Pantry page said, "Dear customers, due to local restrictions, we are not able to deliver. We are working with the government authorities to enable us to deliver essential items. We will communicate through e-mail/SMS when we have an update". It also offered customers the option of cancelling orders.

These developments came after e-commerce firms sought the support of local governments and police authorities to meet customers' needs after there were reports of some deliver personnel being beaten up while on duty. Additionally, officials of the Confederation of All India Traders met Union Home Secretary Ajay Bhalla, Department for Promotion of Industry and Internal Trade Secretary Guru Prasad Mohpatra and highlighted the issues faced.

Earlier in the day, Amazon India had said it had temporarily stopped accepting orders and was disabling shipments of lower-priority products. It was prioritising products that customers needed most during the lockdown.

A senior industry executive said that the lack of clarity on the rules had made matters worse. "The authorities keep coming up with circulars that are contradictory to the previous ones, and this is creating confusion," the executive said.

Indices...

The sharp gains in the domestic markets came a day after Prime Minister Narendra Modi announced a 21-day nationwide lockdown to contain the spread of COVID-19. While market players welcomed the move, they said it should be backed by relief measures.

"We are still waiting for a stimulus package from the Indian government. The US is on its course to unveil the biggest stimulus package in history, most of Europe has done large bailouts," said Jyotivardhan Jaipuria, founder, Valentis Advisors, adding that investors would keenly watch the developments for further cues.

On opening, the benchmark indices had slipped into the red, even as some Asian markets jumped as much as 7 per cent, as the economic toll of the 21-day lockdown weighed on sentiment. However, sharp gains in index heavyweights such as Reliance Industries, HDFC Bank, and HDFC ensured that the markets ended the day on a high. Many stocks saw large block deals at lower levels. This led to a spurt in shares of Axis Bank, ICICI Bank, and Nestle India from their day's lows.

All the Sensex stocks, barring four, ended the session with gains. Reliance Industries was the best-performing Sensex stock, gaining 14.6 per cent on reports that Facebook was eyeing a 10 per cent stake in Reliance Jio.

₹60k-cr...

The task force, , headed by Finance Minister Nirmala Sitharaman, comprises ministers in the Centre, members of Parliament, serving and retired bureaucrats, representatives from India Inc, domain experts, and economists. "There is no clarity on whether the lockdown will last beyond 21 days. So, will more payments be required for the most affected people? What will be the support given to the financial system? What will be the revenue foregone for all the delayed tax payments? These points are still being discussed," said a second official.

More on business-standard.com

Govt moves to stop over-the-counter sales of COVID-19 drugs

Export of hydroxychloroquine is banned

SOHINI DAS & GIREESH BABU
Mumbai/Chennai, 25 March

After the two so-called 'wonder drugs' surfaced a few days back, which may have potential to treat the coronavirus disease (COVID-19), people in the country have been trying to procure them over the counter at chemist shops.

Sensing serious health risks, the government has swung into action. Dispensing of these medicines would get stricter and states have started collecting information on available stock in the market.

In order to ensure that sufficient quantities of these drugs are available, the government on Wednesday prohibited export of hydroxychloroquine. This move hit the stock of the largest manufacturer, Ipca Laboratories, which was down almost 3.5 per cent on Wednesday.

The Indian Council of Medical Research (ICMR) on Monday had recommended the use of hydroxychloroquine for treating health care workers who are handling confirmed or suspected cases of COVID-19.

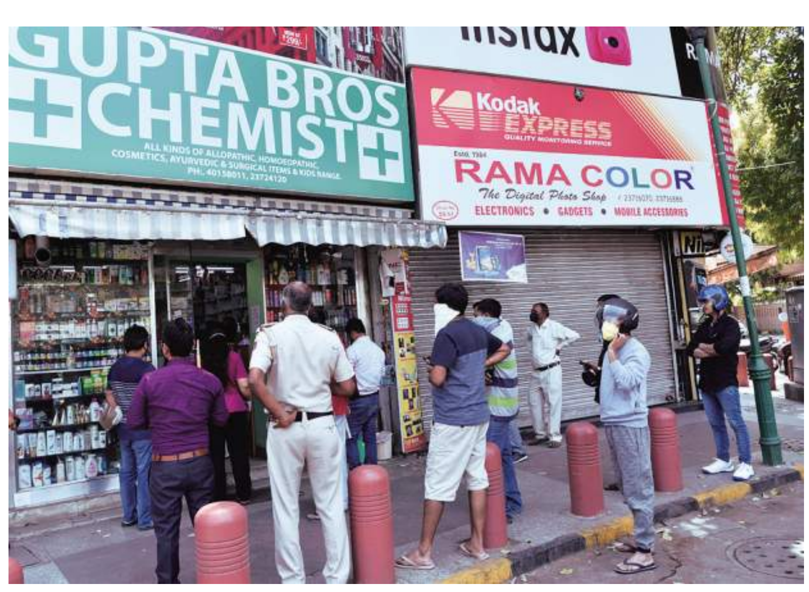
Any caretaker of a patient can take these drugs according to the doctors.

The possible preventive qualities of the drug combination – hydroxychloroquine and azithromycin – have led to several citizens trying to procure these drugs over the counter at chemist shops.

There can be serious health risks as a result. Hydroxychloroquine is used for patients with rheumatoid arthritis (an auto-immune disorder) and also as a third line therapy in diabetes.

Sunil Raina, head of the department of community medicine at RP Government College (Himachal Pradesh), said while the drug is being tested in patients with COVID-19, it should not be used by the public as over-the-counter medicine. "There can be contra-indications in certain health conditions, despite the drug being relatively safe. Data on its effectiveness as a treatment is still limited. It is, therefore, important that we discourage its use as much as we can at this point in time," he said.

Meanwhile, the Centre has reached out to chemists. "We have made it amply clear to the chemists association that no slack would be tolerated in dispensing of these medicines over the counter. There could be serious health risks if these are used randomly, besides creating an artificial scarcity situation," said a senior government official.



The possible preventive qualities of the drug combination of hydroxychloroquine and azithromycin have led to several citizens trying to procure these drugs from chemist shops

PHOTO: DALIP KUMAR

The All India Organisation of Chemists and Druggists (AIOCD) has directed all the 850,000 chemists affiliated to the body to not dispense hydroxychloroquine, chloroquine, or anti-HIV drugs like lopinavir and ritonavir, along with common antibiotic azithromycin, without a valid prescription.

Rajiv Singhal, general secretary of AIOCD, said all chemists have been strictly directed to not give these drugs on demand to patients unless it is prescribed by a registered medical practitioner having an MD (masters) degree or a pulmonologist.

Any deviation may be viewed seriously by the department of pharmaceuticals.

"The prescription a patient carries to procure these drugs from a shop would need a hospital stamp on it to avoid any misuse," said the government official.

Tamil Nadu health secretary Beela Rajesh confirmed that such an issue has come to the government's notice and the Drug Control Office in the state is taking the stock details from manufacturers for these drugs.

Rajasthan's health department, too, has written to manufacturers to submit information on manufacturing capacity, dosage forms, current stock and brand names, among others.

A senior government official in Delhi said this exercise is being undertaken pan-Indian to assess the stock situation in the country for such key drugs.

In order to ensure sufficient stock in the domestic market, the government on Wednesday also prohibited export of hydroxychloroquine.

In a notification, the directorate general of foreign trade said while exports of hydroxychloroquine and its formulations are prohibited, special economic zones and export-oriented units would be allowed to do so if they have any export obligation. The government may also allow exports to countries on humanitarian grounds.

This ban, however, is a blow to major manufacturers like Ipca. Recently, the US drug regulator lifted the import alert on Ipca's plants for hydroxychloroquine and chloroquine. Ipca was not exporting to the US (due to the import alert), but was doing so to other countries. Cadila Healthcare, too, was exporting to the US.

"We have enough production capacity for the drugs here, and that can be easily ramped up. However, the government has now prohibited exports. This was not necessary to ensure sufficient supplies in the domestic market," said a senior executive of a company that makes the drugs.