MARKET WATCH

	25-03-2020	% CHANGE
Sensex	28536	6.98
Brent oil	26.47	-4.75

NIFTY 50

	PRICE	CHANGE
Adani Ports	255.60	23.85
Asian Paints	1593.15	68.30
Axis Bank	326.80	23.65
Bajaj Auto	1946.75	9.60
Bajaj Finserv	4830.30	332.55
Bajaj Finance	2585.60	111.40
Bharti Airtel	429.10	25.05
BPCL	273.75	10.90
Britannia Ind	2451.40	86.70
Cipla	376.45	-1.00
Coal India	124.50	-3.35
Dr Reddys Lab	2922.00	64.05
Eicher Motors	14516.60	308.10
GAIL (India)	75.55	-0.90
Grasim Ind	451.35	51.25
HCL Tech	457.60	15.55
HDFC	1646.05	140.95
HDFC Bank	856.75	89.05
Hero MotoCorp	1667.65	40.60
Hindalco	94.55	5.80
Hind Unilever	2088.15	60.30
ICICI Bank	316.90	20.40
IndusInd Bank	301.30	-11.05
Bharti Infratel	147.50	5.55
Infosys	606.20	16.40
Indian OilCorp	77.85	-1.85
ITC	147.35	-2.35
JSW Steel	151.80	4.70
Kotak Bank	1290.15	137.25
L&T	765.75	57.85
M&M	277.85	8.85
Maruti Suzuki	5005.95	519.50
Nestle India Ltd.	14444.10	965.75
NTPC	79.70	2.15
ONGC	61.55	-0.95
PowerGrid Corp	150.25	2.95
Reliance Ind	1082.25	138.85
State Bank	189.90	6.70
Shree Cement	17438.25	458.25
Sun Pharma	347.65	12.50
Tata Motors	70.25	1.70
Tata Steel	286.80	14.90
TCS	1750.30	47.15
Tech Mahindra	526.70	23.20
Titan	880.80	64.70
UltraTech Cement	3228.60	210.50
UPL	292.80	30.75
Vedanta	64.20	1.40
Wipro	174.65	-1.70
Zee Entertainment	125.50	6.35

FinMin writes to RBI for relaxing farm loan NPA norms

Cites stress in agriculture sector; relaxation a prerequisite to interest subvention

MANOJIT SAHA
MUMBAI

The Finance Ministry has asked the Reserve Bank of India (RBI) to relax asset classification norms for farm loans extended by banks following the stress faced by the agriculture sector.

In a letter addressed to RBI Governor Shaktikanta Das, the Ministry said, "it is requested to consider making appropriate relaxation in asset classification norms in respect of short-term agricultural crop loans for a period up to 30th June 2020."

The letter, reviewed by *The Hindu*, cited a communication from the Agriculture Ministry which is considering an extension of the interest subvention scheme for the farm sector which, in turn, would require relaxation of NPA norms. As per the RBI's asset classification norms, a loan is classified as non-performing by banks if repayment is due for more than 90 days.

"The Department of Agriculture, Cooperation and Farmers' Welfare, Government of India, has [said that] in view of the unprecedented situation prevailing in the country on account of increasing incidence of COVID-19 infection and consequent lockdown across the country, they are actively considering the possibility of extending the benefit of interest subvention and prompt repayment incentive to short-term crop agriculture loans falling due between 29th March 2020 and 30th June 2020, if the loans are repaid by 30th June 2020," the letter said.

"They have further stated the extension of the repayment date would require relaxation in asset qualification by RBI," it added.

The spread of COVID-19 has resulted in a lockdown across the country with economic and other activities coming to a grinding halt. As a result, industry and bankers have demanded a relaxation in bad loan norms, apart from economic stimulus from the government.

Bleak prospects: A loan is classified as non-performing by banks if repayment is due for over 90 days. • PAUL NORONHA

Aviation firms may suffer losses of up to $3.6 bn: CAPA

'First quarter of FY21 already looks like a washout'

LALATENDU MISHRA
MUMBAI

Indian aviation companies, including airlines, airport operators and related services, are estimated to incur a loss of $3.3 billion to $3.6 billion (₹24,750 crore to ₹27,000 crore) in the April to June 2020 quarter on account of COVID-19 spread in India and the resultant lockdown, aviation consulting firm CAPA Advisory has said.

As per CAPA India preliminary estimates, while airlines will incur a loss of $1.75 billion in first quarter of the 2021 fiscal, airport and concessionaires will see a loss of $1.50-1.75 billion and ground handlers $80-90 million.

"India's airline system is certainly not prepared for such a severe systemic shock, and this will have an impact on the entire aviation value chain, including airport operators, duty free, retail, food and beverage, and other airport concessionaires; ground handlers; MROs, inflight catering companies, not to mention travel distribution," said Kapil Kaul, CEO and Director, CAPA Advisory. "The entire sector is now in a state of crisis which will certainly impact FY2021 and quite possibly well beyond," he said.

"India's aviation sector could incur losses of $3.3-3.6 billion in Q1 of FY2021," CAPA said, adding that this preliminary estimate assumes that all domestic and international operations remain grounded till June 30, 2020.

"Even with some partial resumption of services in May and June, the financial outcomes may not change significantly," it said.

"The shutdown of aviation until at least April 15 means that Q1 of FY2021 is looking increasingly like a washout," CAPA Advisory said in a report.

The groundings in the April-June quarter, traditionally one of the stronger quarters of the year, will have consequent implications for Q2 (usually the weakest quarter) and for the rest of FY2021, it said.

The severity of the impact could possibly lead to a structural reset of the airline sector in India, with a strategic shift in terms of traffic growth, fleet expansion, pricing, costs and business models, the firm added.

"Although it is too early to come to a firm conclusion, what emerges on the other side may be a smaller, consolidated industry," it said.

Tax rebate for garments extended

SPECIAL CORRESPONDENT
NEW DELHI

The Centre has extended a tax rebate scheme for garments and made-up apparel from April 1, 2020 onward until it is merged with a wider scheme providing for remission of taxes on exported products.

The Union Cabinet approved the extension at its meeting on Wednesday, in a decision which will bring some relief to the high-employment, export-focussed textile sector.

There will be no change in scheme guidelines and the rates notified by the Textiles Ministry until the two schemes are merged, said an official statement.

Union Cabinet approves recapitalisation of RRBs

Centre's share fixed at of ₹670 crore

SPECIAL CORRESPONDENT
NEW DELHI

The Centre has approved a ₹1,340-crore recapitalisation plan for regional rural banks (RRBs) to improve their capital-to-risk weighted assets ratio (CRAR), strengthening these institutions that are critical to the provision of credit in rural areas.

On Wednesday, the Cabinet Committee on Economic Affairs gave its nod for an outlay of ₹670 crore as the central share for the scheme on the condition that the release of the funds will be contingent upon the release of the proportionate share by the sponsor banks, an official statement said.

This would provide minimum regulatory capital for one more year viz. up to 2020-21 for those RRBs that are unable to maintain the minimum CRAR of 9%. This has been an ongoing scheme since 2011.

The RRBs are required to provide 75% of their total credit as priority sector lending with primary focus on agricultural credit, including small and marginal farmers, as well as micro entrepreneurs and rural artisans.

At a time of lockdown due to the COVID-19 crisis, financially stronger rural banks could also be crucial to ensuring liquidity in rural areas.

Banks get ready for merger, albeit reluctantly

Process can wait, given the lockdown the country is under, say some bankers

MANOJIT SAHA
MUMBAI

Almost half of the Indian public sector lenders – 10 to be precise, which will be merged to create four banks – are getting ready to amalgamate themselves in an exercise that takes effect from April 1.

The mergers, announced in August last, will start amid an unprecedented nationwide lockdown to fight the rapid spread of COVID-19.

Banking services are exempt from the lockdown, but are operating with minimal staff at branches with curtailed business hours, primarily focussing on essential services such as withdrawals and deposits. Banks are encouraging customers to make use of their digital platforms for transactions.

"The entire focus right now is how to continue the essential services to customers with minimum staff," said the chief executive of a public sector bank, who did not wish to be named.

"In such crisis times, customer service is the key. Merger can wait for a quarter, at least," the executive added.

In August 2019, Finance Minister Nirmala Sitharaman announced the merger of 10 public sector banks into four. Oriental Bank of India and United Bank of India will be merged with Punjab National Bank; Andhra Bank and Corporation Bank will be merged with Union Bank of India; Allahabad Bank will be merged with Indian Bank; and Syndicate Bank will be merged with Canara Bank.

According to the plan, only the balance sheets of these banks will be merged on April 1. All the branches of the transferor banks will become branches of the transferee bank. The actual integration of systems and processes of these banks will take time (up to a year). For example, if a customer of Andhra Bank goes to a branch which belonged to Corporation Bank before the merger (and a branch of Union Bank post merger), then the entry would still be made in Andhra Bank's system. All the branches of Union Bank will have to maintain three separate software systems in the branches. The same is the case with all other merger-bound banks.

Some bankers also feel it is too late to postpone the mergers as they have less than a week to the deadline • PTI

'Logistical nightmare'

Also, the branding of the branches will have to change. The branches of the transferor banks will have to don the brand of the transferee bank. "With limited staff that are operating now and also the lockdown that is in place, it is going to be logistical nightmare to change the branding," said a banker with a public sector bank.

Some bankers said the issue of postponing the merger was discussed among them informally, but no formal requests have been made to the Finance Ministry.

There are also performance-related concerns of the merged entity since economic activity has almost come to a halt due to the crisis, which will inevitably have a bearing on the bank's performance.

A section of bankers is also of the view that it is too late to postpone the merger at this point of time since only less than a week is left for the process.

"It will be business as usual after the merger as there is no impact on the customer since only the balance sheets are merged," said the chief executive of another merger-bound public sector bank.

As petro demand declines, IOC cuts refinery throughput

Firm to raise LPG output; no need for panic-booking, it says

SPECIAL CORRESPONDENT
MUMBAI

India's largest fuel retailer Indian Oil Corporation (IOC) has cut down the throughput from its refineries across the country by almost 30% as the demand for petroleum products such as petrol, diesel, aviation turbine fuel (ATF), fuel oil and bitumen, has reduced substantially following the outbreak of COVID-19 in the country.

"Keeping this (falling demand) in view, Indian Oil has regulated crude oil throughput at most of its refineries by 25% to 30%," said IOC in a statement.

"Offtake of finished products from refiners in the last one week has helped up-country bulk storage locations of the Corporation build up their stocks for future-readiness once the countrywide lockdown is lifted and the demand picks up again.

"The Corporation is keeping a close watch on global cues and the changing market scenario and initiating action accordingly, IOC said.

In the midst of a reduction in demand for major petroleum products, there has been an increase in demand for LPG cooking gas.

Optimising operations

"To meet the rising demand for LPG, Indian Oil is taking steps to increase LPG production at its major refineries by optimising operations, improving LPG yield in LPG-producing units like FCC/Indmax, etc. Bottling plant operations and LPG refill deliveries are being streamlined accordingly," said IOC, adding adequate stocks were available and there was no need for panic-booking by customers.

Indian Bank to give COVID-19 loans

SPECIAL CORRESPONDENT
CHENNAI

Indian Bank has announced special emergency loans for its customers.

Ind-Covid emergency credit line for large and medium firms will provide additional funding of up to 10% of the working capital limit. Ind-MSE Covid emergency loan will provide an additional funding of 10% of fund-based working capital limits to all MSMEs. Under SHG-Covid Sahaya loan, each member can avail a soft loan of ₹5,000 and ₹1 lakh per SHG.

Ind-Covid emergency salary loan will be given to employees subject to a maximum of ₹2 lakh. Ind Covid emergency pension loan is provided up to 15 times of monthly pension.

SEBI writes to States on broking staff safety

Missive comes amid clamour for closure markets and cases of staff manhandling

ASHISH RUKHAIYAR
MUMBAI

The Securities and Exchange Board of India (SEBI) has written to all State governments to ensure the safety of individuals working with capital market intermediaries to enable the smooth functioning of the markets.

This comes on the back of a huge clamour for closure of capital markets with both, equity and commodity market participants, knocking at the regulator's doors to seek a review of its decision to keep the markets open even as the whole country has gone into lockdown mode.

"[The] stock market operations are to be in line with the orders of Government of India and State governments and SEBI notifications. Today, SEBI has written to chief secretaries/administrators of all states/UTs, requesting them to facilitate the functioning and movement of personnel of entities notified by SEBI for the smooth operation of the capital markets," said SEBI in a statement issued on Wednesday.

Incidentally, Cabinet Secretary Rajiv Gauba, on March 23, wrote a similar letter to all States to ensure that essential staffers of capital market intermediaries were allowed to commute amid the lockdown.

Meanwhile, the Association of National Exchanges Members of India (ANMI), the umbrella body representing around 900 brokers, has said that local authorities on the ground have made it difficult for the staff to reach office with some staffers even complaining about manhandling by the police.

Yet to be sensitised

"We would like to point out that the law enforcement agencies at grassroots level are still not sensitised about the SEBI directive. This has led to several instances of manhandling the staff of broking firms while travelling to offices," said Vijay Bhushan, president, ANMI.

"We have received several requests to suspend broking services on humanitarian grounds considering the growing instances of spreading COVID-19," said Mr. Bhushan.

Commodity market participants also feel that if market closure is not an option then, at least, trading hours should be curtailed as the commodity derivatives segment has much longer trading hours compared with equity.

"These are exceptional and unprecedented circumstances when the regulators need to take into consideration the safety of the people engaged in these services and their families and take bold and unprecedented steps to at least curtail time of market," said Narinder Wadhwa, president, Commodity Participants Association of India (CPAI).

Ramco Fabrics yarn-dyeing plant in T.N. gets rolling

Company invests ₹250 cr. to make Greige yarn-dyed fabrics

SPECIAL CORRESPONDENT
CHENNAI

Ramco Fabrics, a Ramco Group company and a division of Rajapalayam Mills Ltd., has commenced the commercial production of its yarn dyeing and weaving plant at Rajapalayam in Tamil Nadu to produce dyed Greige fabric.

The new unit was established as part of the forward integration plan. It entailed an investment of ₹250 crore and it will have an initial production capacity of 10 million metres of Greige yarn-dyed fabrics per annum, said a top official of the group.

Besides, it would also cater to the fibre-dyeing needs of Ramco Melange products, said A.V. Dharmakrishnan, director, Rajapalayam Mills.

Demand from customers

Earlier, Ramco's customers purchased high count yarn from the mill and gave it to a third party for weaving. Later, it was used for making fabrics.

"To deal with the trouble, our customers asked us to provide value-added product to them so that they can get woven yarn of consistent quality. For us, it is a value-added step towards forward integration and the customers got consistent quality of weaved yarn," he said.

Ramco's textile division comprises Rajapalayam Mills Ltd. and eight other manufacturing units.

It boasts of a revenue of ₹1,300 crore. About 30% of it comes from exports and 25% from corporate customers in the domestic market.

CUMI doubles abrasives' division capacity

Firm invests ₹48 cr. in Sriperumbudur

SPECIAL CORRESPONDENT
CHENNAI

Carborundum Universal Ltd. (CUMI, a Murugappa Group company, has doubled the installed capacity of its abrasives division at Sriperumbudur, near here, by investing ₹48 crore.

CUMI, which manufactures coated abrasives, has an existing installed capacity of 15 million sq. metre per annum. Since the existing facility had a capacity utilisation of over 90%, the company felt it necessary to double the installed capacity to 30 million sq.metre per annum.

The fresh investment of ₹48 crore was funded from internal accruals.

The capacity addition was undertaken to augment the existing coated abrasives facility that would cater to the growing market demand for coated products for domestic and international markets, the company said in a regulatory filing.

Coated abrasives are used in light polishing applications in automobile, auto ancillaries, white goods, hand and power tools, sanitaryware, furniture, fabrication and construction industry, the company said.

Neuberg labs get nod for COVID-19 tests

LALATENDU MISHRA
MUMBAI

The decision of the Indian Council of Medical Research (ICMR) to approve 26 private pathological labs on March 24 to conduct COVID-19 tests may expedite sample testing process and ease burden on government-run labs.

Out of these labs, Chennai-based Neuberg Group's labs viz. Neuberg Anand Bengaluru, Neuberg Ehrlich Chennai, Neuberg Supratech Ahmedabad and Neuberg AG Diagnostics Pune have been declared as approved centres for COVID-19 testing.

Ashok Leyland buys 3.62% stake in subsidiary

Transaction closed at ₹119 per share

SPECIAL CORRESPONDENT
CHENNAI

Commercial truck manufacturer Ashok Leyland Ltd. (ALL) has purchased 1,70,17,995 shares, representing 3.62% of the paid-up capital, of its subsidiary Hinduja Leasing Finance Ltd. (HLFL) at ₹119 per share.

In a regulatory filing, the parent company said that with this, its stake in the non-banking finance firm rose to 65.45% from 61.83%.

Recently, Ashok Leyland's board had passed a resolution allowing it to buy back 6.99% of the paid-up capital from Everfin Holdings and Hinduja Group for a total consideration of ₹390.49 crore.

Ashok Leyland expects to buy the balance 3.37% stake before July 31.