THURSDAY, 26 MARCH 2020
12 pages in 1 section
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THE MARKETS ON WEDNESDAY		Chg#
Sensex	28,535.8▲	1,861.8
Nifty	8,317.8▲	516.8
Nifty futures*	8,406.5▲	88.6
Dollar	Market Closed	₹76.1**
Euro	Market Closed	₹82.5**
Brent crude ($/bbl)##	26.9##	27.0**
Gold (10 gm)###	₹43,250.0▲	₹1,172.0

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

COMPANIES P3
INDIGO OFFERS ITS AIRCRAFT TO TRANSPORT DRUGS, EQUIPMENT

BACK PAGE P12
SOCIAL DISTANCING: PM LEADS BY EXAMPLE AT CABINET MEET

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

MANUFACTURING TAKES BIG HIT

Manufacturing in key sectors in the country has virtually stopped, with more and more companies announcing that they are shutting down their factories owing to a shortage of labour and raw materials, and a lack of logistical support amid the ongoing nationwide lockdown. The lockdown, aimed at containing the spread of the coronavirus pandemic, is also impacting their plants overseas. 2▸

COMPANIES P3
Carmakers told to ramp up ventilator production

The government has asked all automakers to utilise their facilities to produce ventilators required. The communication happened after a joint meeting of the top four auto companies — Maruti Suzuki, Mahindra & Mahindra, Tata Motors and Hyundai. It is understood that M&M and Tata Motors are in final negotiations to raise production.

ECONOMY & PUBLIC AFFAIRS P4
Banks offer new credit lines, fear defaults

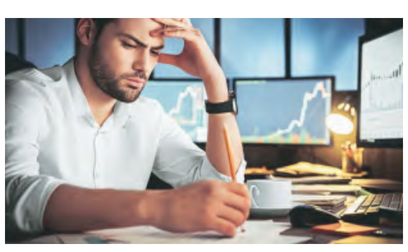
Despite State Bank of India, Bank of India, and Bank of Baroda announcing fresh credit lines for troubled companies, they are expecting defaults by small and medium companies. Union Bank and Indian Bank also announced similar measures to increase working capital limits.

NPR, first phase of Census postponed

With a 21-day lockdown to contain the virus spread, the Centre on Wednesday postponed the updating of 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 to be carried out simultaneously from April 1 to September 30. 4▸

BS SPECIAL ON THURSDAY

PERSONAL FINANCE



Hard decisions in tough times 9▸

For those who don't have adequate investments, taking a bridge loan to service EMIs may work , writes **BINDISHA SARANG**

₹60k-cr income support plan for poor in works

Industry, individuals may also get relief

ARUP ROYCHOUDHURY
New Delhi, 25 March

The Narendra Modi government is said to be considering an income support scheme for those worst hit by the slump in economic activity owing to the coronavirus pandemic and the resultant nationwide lockdown.

The scheme could mean transferring ₹5,000-6,000 into the bank accounts of 80-100 million poor families, *Business Standard* has learnt.

A one-time transfer of ₹6,000 each into 100 million accounts will cost the exchequer ₹60,000 crore. However, given how dynamic the situation is, officials are not yet willing to give the monetary size of the package.

There are also discussions on allowing a deferment of equated monthly instalments (EMIs) for targeted individuals, and loan repayments for micro, small and medium enterprises (MSMEs). But this will require providing some support to the banking system as well, sources said.

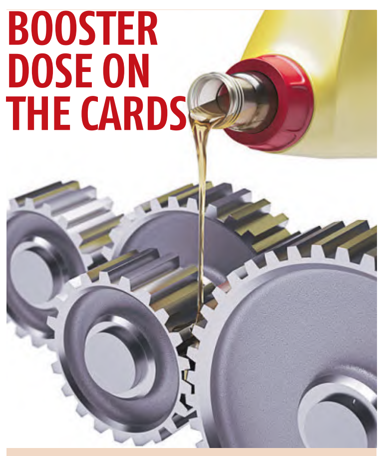
These measures are likely to be part of a comprehensive economic package to fight the downturn in the country, which is currently locked down to contain the spread of coronavirus. The package can be announced any day now.

News agency *Reuters* reported that the size of the economic package could be anywhere between ₹1.5 trillion and ₹2.3 trillion. Any stimulus package will not only include the monetary component of an income support scheme, but also for MSMEs and others.

As of Wednesday, COVID-19 had infected 440,321 people globally and over 606 in India.

"Economic activity has come to a near halt. Work in factories, workshops, farms, the services sector, and other labour-intensive sectors has just stopped. The poorest families, especially those dependent on daily wages, will not be able to survive the lockdown," said a person aware of the deliberations in the COVID-19 economic response task force. Turn to Page 4▸

BOOSTER DOSE ON THE CARDS



- **One-time transfer of ₹5,000-6,000 into the accounts** of about 100 million poor families
- **Loan deferment** for MSMEs
- **EMI deferment for individuals** under certain conditions
- **Borrowings for FY21 could be increased,** from the current planned gross borrowing of ₹7.8 trillion
- **Uncertainty about immediate future hampering efforts** to finalise the size of the package

MONTHLY QUOTA OF SUBSIDISED FOODGRAIN INCREASED BY 2 KG

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. 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. 4▸

E-com firms set to resume work after police assurance

PEERZADA ABRAR, NEHA ALAWADHI & PTI
Bengaluru/New Delhi, 25 March

Walmart-owned Flipkart said on Wednesday it would resume services and Amazon said it was working with the government to enable its deliveries after state governments reached out to the firms, which had temporarily stopped accepting new orders amid reports of police highhandedness.

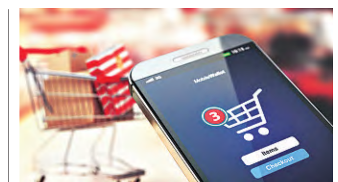
The Delhi police issued a statement saying they were proactively engaging with e-commerce portals and were issuing passes to ensure agents were able to commute seamlessly and deliver essential goods to residents during the 21-day lockdown. The Bengaluru police, too, came out with guidelines for issuing curfew passes.

Following this, Flipkart Chief Executive Officer Kalyan Krishnamurthy said, "We have been assured of the safe and smooth passage of our supply chain and delivery executives by local law enforcement authorities and are resuming our grocery and essentials services later today (Wednesday)." Turn to Page 4▸

CONSUMERS SUFFER

Percentage of consumers unable to find essential goods via e-commerce platforms rose from **35% to 79%** in the past two days

Percentage of those who could not find such goods at local retail stores rose from **17% to 32%**



Reasons
- Lack of clarity from authorities
- Multiple notifications
- Message from bureaucracy to law enforcement agencies not clear

Source: Community platform LocalCircles

Indices post biggest gains in 11 yrs

US stimulus deal bolsters markets

SUNDAR SETHURAMAN
Mumbai, 25 March

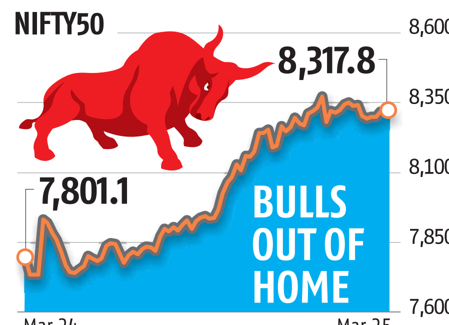
The Indian markets surged about 7 per cent on Wednesday as risk sentiment got a boost from the $2-trillion stimulus bill in the US. Hopes of a multi-billion-dollar relief package by the Indian government also kept investors' mood buoyant.

The Sensex jumped 1,862 points to end at 28,536, while the Nifty50 index rallied 517 points, or 6.6 per cent, to settle at 8,318 — the biggest single-day gains for the benchmark indices since May 2009.

Most Asian and European markets soared after the US markets posted their biggest single-day gain since 1933, with the Dow Jones rallying 11 per cent on Tuesday.

The $2-trillion package is touted as the world's biggest fiscal response to a crisis. It includes unemployment insurance, small business loans, and loans for distressed companies.

"A lot of other countries have gone through this phase earlier in terms of total lockdown, whereas things have just started peaking in India," said Andrew Holland, CEO, Avendus Capital Alternate Strategies. Turn to Page 4▸



TOP GAINERS

	Mar 25, 2020 Price in ₹	1-day chg (%)
Reliance Industries	1,082.3	14.7
Grasim Industries	451.4	12.8
Kotak Mahindra Bank	1,290.2	11.9
UPL	292.8	11.7
HDFC Bank	856.8	11.6

Source: Exchange/Bloomberg
Compiled by *BS* Research Bureau

Headed home as migrants have no room to isolate

SOMESH JHA
New Delhi, 25 March

Durga Prasad, 34, made a life-changing call to his family living in Bulandshahr (Uttar Pradesh) last Saturday to say he was headed back home as his garment manufacturing unit was closing down for the next 15 days. This was a day before the Delhi government had announced an official lockdown in the national capital.

"I resigned after my employer refused to pay me for the shutdown days," Prasad, sitting on a bicycle in New Delhi's Okhla Industrial Area, tells *Business Standard*. "If the virus spreads further, it would leave me exposed without any earning. I'm headed home."

A worker like Prasad, who's an integral part of the country's 471-million workforce, never felt more vulnerable. Around 81 per cent of this universe is unorganised, without any social security cover and outside the purview of a complex set of labour laws.

Like Prasad, 26-year-old construction sector worker Pintu Singh is looking for some odd job. While resting with other stranded workers outside the New Delhi Railway Station, Singh narrates his story. On Sunday, the day of the janata curfew, Singh hurriedly left Rewari in Madhya Pradesh to travel back to his village in Champaran (Bihar) via New Delhi. His journey home had to be halted as the lockdown came into force and he couldn't get into a second train to Bihar from New Delhi.

Zeenat, who works in a garment factory in Delhi, says she wants to go back to her village in Uttar Pradesh as she won't be able to make her ends meet in Delhi due to the lockdown PHOTO: SOMESH JHA

BACK PAGE P12
100,000 LEFT IN THE LURCH AS NOIDA SEZ SHUTS

"I left behind all my belongings. I was supposed to get ₹7,000 from my contractor, but didn't even bother to take it. The contractor wasn't allowing us to leave and promised us food but no salary. I want to stay with my family in these times," says Singh, who's been earning ₹600 a day. He left his workplace with ₹2,000 cash in pocket.

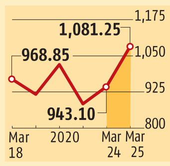
With all businesses and transportation grinding to a halt during the lockdown, millions of migrant workers hardly have any choice on how to isolate themselves from the deadly coronavirus.

Missing social security ring

Even as COVID-19 coronavirus has hit the labour force hard like never before, the social security cover remains more of a privilege for workers. Unlike many other countries which follow a right-based approach giving social security to everyone in the workforce, India sticks to an employment-based plan. Social security is limited to units employing a minimum number of workers. Turn to Page 11▸

STOCKS IN THE NEWS

Reliance Industries

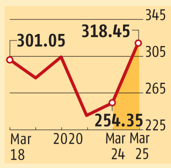


US tech giant Facebook is eyeing 10% stake in Reliance Jio: Reports

₹1,081.25 CLOSE

▲14.65% UP*

ICICI Prudential Life Insurance

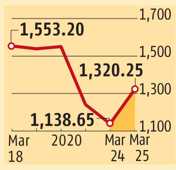


Top gainer among the S&P BSE 500 index stocks

₹318.45 CLOSE

▲25.20%% UP*

Metropolis Healthcare

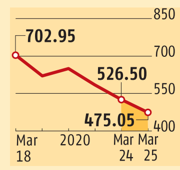


Brokerage firm upgraded stock on strong long-term growth prospects

₹1,320.25 CLOSE

▲15.95% UP*

AU Small Finance Bank

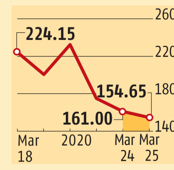


Locked in 10 per cent lower circuit for third straight day

₹475.05 CLOSE

▼9.77% DOWN*

Bandhan Bank



Market-cap falls below ₹25,000 crore as stock slumps 62% in a month

₹154.65 CLOSE

▼3.94% DOWN*

*OVER PREVIOUS CLOSE

IN BRIEF

ThyssenKrupp to slash 3,000 jobs at struggling steel unit

German conglomerate ThyssenKrupp will cut 3,000 jobs and invest€ 4.2 billion ($4.6 billion) at its struggling steel division by 2026 as part of a wage deal struck with powerful labour union IG Metall, it said on Wednesday. The measures, which follow a landmark deal to sell the group's prized elevator division, are aimed at making ThysseKrupp's steel production business competitive once more against rivals including ArcelorMittal and Voestalpine . The steel business, the second-biggest in Europe by sales, is reeling from weakening demand, cheap Chinese imports and a botched attempt to merge it with the European division of Tata Steel, a deal blocked by Brussels on antitrust concerns. PTI

REC board okays borrowing of ₹94,000 cr in FY20

State-owned REC on Wednesday said its board has approved a proposal to revise upward its borrowing for the current financial year to ₹94,000 crore from the ₹90,000 crore estimated earlier. Besides, the board has also approved a ₹1.10-trillion market borrowing borrowing by the company during FY21. PTI

Walmart India elevates Sameer Aggarwal as CEO

Walmart India on Wednesday said it had elevated Sameer Aggarwal as its CEO and the appointment will be effective from April 1. Aggarwal succeeds Krish Iyer, who is set to retire on March 31. Iyer, would get into advisory role from full-time management of Walmart India after leading the retail major for eight years. PTI

Lockdown to delay realty projects, says Anarock

The pace of construction at property projects due to the ongoing lockdown will mean delays and also affect sales during the coming festivities, says Anarock Property Consultants. It reckons 1.562 million units (launched between 2013 and 2019) are under construction in the top seven cities. Of this, MMR and NCR together comprise 57 per cent or 890,000. BS REPORTER

YES Bank needs ₹13,000 cr in equity in 1-2 years: ICRA

YES Bank will need up to ₹13,000 crore as additional equity capital in next 1-2 years for meeting regulatory norms on maintaining capital level. Meanwhile, its reconstituted board will hold its first mee-ting on March 26. The board will consider a proposal for fundraising by issuing shares or convertible bonds and warrants to qualified instit-utional investors. BS REPORTER

Manufacturing comes to a near halt

More and more companies are shutting down non-essential production following the nationwide lockdown

ISHITA AYAN DUTT & AVISHEK RAKSHIT
Kolkata/Mumbai, 25 March

Manufacturing in key sectors in the country has virtually stopped, with more and more companies announcing that they are shutting down factories owing to a shortage of labour and raw materials, and a lack of logistical support amid the ongoing nationwide lockdown. The lockdown, aimed at containing the spread of the coronavirus pandemic, is also impacting their plants overseas.

Aditya Birla Group-owned Hindalco announced that it had temporarily shut down or scaled down operations at some of its aluminium and copper manufacturing facilities in line with the government's directives. Operations are being managed with minimal staff as part of the effort to practise social distancing, it said.

In the US, Hindalco's subsidiary, Novelis, has also partially shut down some of its plants as a result of the temporary shutdown of US automakers in response to the COVID-19 crisis. Aditya Birla Group's Grasim and UltraTech also said some of their plants were closed following the government orders.

While Novelis has temporarily ramped down aluminium supply for the automotive market during this period, it will continue to produce aluminium for the beverage can and specialty markets, Hindalco said.

One of India's largest steel producers, JSW Steel, said, following the clarion call given by Prime Minister on Tuesday for a 21-day nationwide lockdown and the various advisories/directives issued by local municipal corporations, state and central governments, considering the evolving scenario of complete lockdown with exception to certain specified essential activities, the manufacturing operations in all of our locations have since been either scaled down or suspended (in certain locations). "Consequently, the capacity utilisation is expected to go down significantly during this period of lockdown," the company said in an intimation to the stock exchanges.

Similarly, Jindal Stainless said its manufacturing facility at Jajpur, Odisha, had been closed with immediate effect. Universal Cables announced that operations at its manufacturing units in Satna had been temporarily suspended with effect from the midnight of March 24, and from the morning of March 22 at the Goa unit.

Among MNCs, P&G Health said due to the lockdown orders issued by the central and state governments, its operations had been disrupted across different sites, facilities, and distribution centres in India.

ILLUSTRATION: BINAY SINHA

CLOSING TIME

- **HINDALCO** shuts or scales down operations at its aluminium and copper manufacturing facilities; subsidiary Novelis has partially shut down some of its US plants
- **GRASIM** shuts down operations at various locations
- **ULTRATECH CEMENT** suspends operations at several locations across the country
- **KALYANI STEELS** stops production in Ginigera (Karnataka)
- **DALMIA BHARAT** suspends operations at various locations
- **PHILLIPS CARBON BLACK** suspends its manufacturing operations
- **JINDAL STAINLESS'** Jajpur plant in Odisha closed
- **EVEREADY INDUSTRIES** locks down its manufacturing facilities, corporate and sales offices

CEOs said the lockdown was hitting the supply of goods from one state to the other.

For instance, Emami Agrotech, part of the Emami group, has plants in Rajasthan, Andhra Pradesh, and West Bengal, and supplies edible oils to nearly all major markets in North and South India. On account of the lockdown, the Rajasthan and Andhra Pradesh governments have ordered Emami to shut down plants, leaving only West Bengal operational till sometime back.

CORONAVIRUS PANDEMIC

"The processing (in West Bengal) was on till sometime back, but due to a shortage of labourers to pack products and the unavailability of trucks to despatch material, we are in the process of shutting it down," said Aditya V Agarwal, director at the Emami group. The group's FMCG company, Emami Ltd, informed stock exchanges that to ensure utmost safety of all stakeholders including employees, the management has implemented work from home (WFH) policy for its employees across India and operations at manufacturing units would remain suspended till regulatory advisories by central/state/local authorities prevail.

As trucks are being held up at the state borders, the scarcity of drivers within the state is limiting supplies to stockists and distributors. "Even if I accept an order from a distributor, I will be facing major issues with logistics as truck drivers are not available. It is thus affecting cash flow as well," a promoter of a consumer products firm said.

The situation is no better for core industries. A leading steel producer said, on average, the company needed 500 trucks. This has now come down to 20. "Truckers don't want to go for long-haul as dhabas (roadside restaurants) are shut," the steel company executive said. The plant has already cut production by 40-50 per cent on account of low demand from user industries and curtailed logistics.

On Tuesday, Steel Secretary Binoy Kumar wrote to the chief secretaries of all states that several steel plants across the country were facing problems with regard to the entry of workers, supply of raw materials, and despatch of finished steel.

The Essential Services Maintenance Act (ESMA) 1981 lists any service in any establishment or undertaking dealing with the production, supply and/or distribution of coal, power, steel or fertilisers as an essential service, Kumar pointed out in the letter.

He has requested that no restrictions be imposed on operations of steel plants (both integrated steel plants, as well as induction furnace or electric arc furnace based steel plants), entry-exit of workers, movement (both rail and road, as well as through waterways/sea) of raw materials (iron ore, coal, limestone, dolomite, ferro-alloys, scrap, sponge, iron ore etc) and intermediate or finished products to and from plants.

The cement sector too is staring at the suspension of operations owing to the dearth of workers and unavailability of trucks to ferry cement. "There is no point storing cement at factories and dealers. Moreover, movement is affected as trucks are unavailable to ferry the cement," said Sandip Ghose, chief operating officer at Birla Corporation.

With inputs from Dev Chatterjee and Aditi Divekar

'Our entire supply chain is disrupted'

Metro Cash & Carry, one of the country's biggest business-to-business wholesaler, has shut down eight of its 27 stores temporarily because of the lockdown. It caters to three million *kirana* stores and HoReCa (hotels, restaurants and catering) clients. **ARVIND MEDIRATTA**, CEO of the firm, told **Samreen Ahmad** in an interview that employees were being threatened by the police and the situation was grim, with stores carrying just 5-7 days' inventory. Edited excerpts:

Q&A
ARVIND MEDIRATTA
MD & CEO, Metro Cash & Carry

How is Metro Cash & Carry running the show during the lockdown? What challenges are you facing?

We understand the situation and support the Centre's decision to impose a 21-day lockdown. A critical requirement during such times is access to food, groceries, and other essentials. As of now, the situation is grim as 8 of our 27 stores are shut. In addition, there is much confusion about what the central government's notification said and how states have perceived it.

The advisory said retail and wholesale food stores would be open but in states like Uttar Pradesh, Punjab, and Gujarat, our stores have been shut down. Even *kirana* stores have run out of stock. We are in the business of servicing the *kiranas* but if the stores are shut and we cannot deliver, it could lead to major shortage. Our staff is being harassed and beaten up by the police. We are in discussions with state-level police commissioners. The attendance in our stores has gone down to 15 per cent.

As state borders close down, what issues are you facing related to logistics?

Supplies have been interrupted since Saturday at borders. Our delivery vehicles with essential supplies are not being allowed to reach the kirana stores. The entire supply chain has been disrupted. We are carrying inventory for only 5-7 days for essentials, which otherwise used to be 15-20 days. If the situation doesn't improve, we will have a shortage throughout the country. We are also getting requests to supply to the army and government offices, but cannot cater to them if stores are shut. We seek support from the authorities to allow uninterrupted and smooth operations.

What role can e-commerce play?

In this country, 90 per cent of the food and grocery business is still with the kiranas. Modern retail is only 8 per cent, while e-commerce contributes to a mere 2 per cent. E-commerce cannot scale up overnight to cater to the entire population. It mostly has a greater share in apparel and electronic goods. Hence, if kiranas are not allowed to operate and cannot buy from us, it becomes a serious issue.

What provision is the company keeping for the safety of employees and customers?

We have stopped selling loose items and pre-packaging commodities, so there is no chance of infection through hands. We are controlling the number of people getting into the stores through a token system. At any given point, not more than 25 people are allowed, that too after checking the body temperature using IR thermometers. Customers and employees are being given masks. Hand sanitisers have been placed at about 80-100 locations inside the stores and trolleys are being sanitised.

Has the company stopped selling non-essentials in the stores? Where is most of the demand coming from?

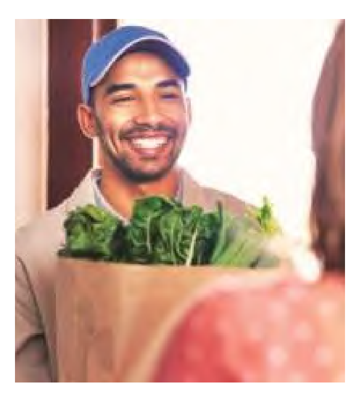
Yes, we have stopped selling all non-essentials such as apparel and electronic goods since 10 days. We have seen an increase in sale of rice, pulses, and cooking oil. Cleaning products have seen a 70-80 per cent surge in demand. Another category that has seen a jump in demand is storage containers, at 50 per cent. This is data till Saturday. Sunday onwards, everything went into a tailspin.

E-com players in a fix over definition of essential goods

DILASHA SETH
New Delhi, 25 March

While delivery of essential items by e-commerce firms was exempted from the 21-day coronavirus (COVID-19)-induced lockdown called by the prime minister on Tuesday, online retailers are struggling with the distinction between essential and non-essential goods.

This caused them to face challenges on Wednesday, with many facing forced lockdown of warehouses and restrictions on deliveries, leading to a temporary shutdown of operations.



Paytm Mall told *Business Standard* that it was unclear whether clothing or home items qualified as essentials. Srinivas Mothey, senior vice-president of Paytm Mall, said that they had prioritised items like masks, sanitizers, ayurvedic supplements, immunity boosters, electronics and home items. "It is unclear whether clothing or home items qualify as essential items. A lot of professionals are working from home, and they need electronics for their productivity. Does this qualify as essential?"

Amazon has disabled shipments for lower priority products and is using logistics capacity to deliver critical products like household staples, packaged food, healthcare, hygiene, personal safety products.

Grofers has shortlisted essentials based on consumer demand. "We are prioritising high demand essentials such as atta, dal, canned food, ready-to-cook food, spices," said Albinder Dhindsa, CEO and co-founder of Grofers. The firm has seen an 80 per cent surge in orders compared to last week.

Meanwhile, a multinational retail giant is busy reaching out to state governments to sift out essential and non-essential goods at its stores. "We are separating essential and non-essential goods on our application to cater to our members. However, our team is talking to state governments to get a specific definition of essentials," an official said.

The guidelines issued by the Ministry of Home Affairs on Tuesday after the lockdown was announced exempted e-commerce deliveries of essential items "including food, pharmaceuticals and medical equipments".

The lack of clarity over definition led to a breakdown on Wednesday, which was settled with the intervention of central authorities. Grofers' warehouse in Faridabad was closed by local law enforcement on Wednesday, which was reopened after intervention by NITI Aayog CEO Amitabh Kant.

Bigbasket sent out a message to customers that deliveries could not be processed because of restrictions imposed by local authorities on movement of goods.

Eventually state governments reached out to warehouses and stores to collaborate for doorstep delivery of groceries. "Before the lockdown announcement, authorities were forcing shutdown of warehouses and stores, but things have turned around now. The authorities are reaching out to collaborate with us to carry out home deliveries of essentials," said a senior executive of a large retail chain.

E-commerce players have also worked out flexible policies for sellers to cater to the demand.

It's a long road to recovery for entertainment industry

Social distancing, future contagions to reduce footfalls

PAVAN LALL
mumbai, 25 march

Film buffs eager to watch *'83*, (April release), the Kapil Dev biopic starring Deepika Padukone and Ranveer Singh, or *Sooryavanshi* (March release), starring Akshay Kumar and Katrina Kaif, will have to stay away, and that may pave the way for a new trend in movie watching.

The shutdown of cinema halls and multiplexes, for at least a couple of months, owing to the coronavirus lockdown, could have growing implications for the future of entertainment.

Box office revenues of Indian films will no doubt shrink, thanks to 'social distancing', says Kishore Lulla, chairman and chief executive officer (CEO) of Eros International.

The last couple of years have seen consolidation in the cinema-theatre trade with top four players — PVR, INOX, Carnival Cinemas and Cinepolis — dominating the multiplex screens in India.

The largest one, PVR, has a total count of 706 screens across 152 properties in 60 cities. All these have been shut indefinitely.

Lulla, who partnered Chinese distributors for his films, says the feedback he gets is that theatres ought to open in China in a couple months. "However, once the theatres open, the new norm will be for operators there to sell tickets at 25 per cent capacity, in order to avoid the risk of any relapses of a contagious disease," he says. "That may even become a global trend." He says that even when the disease is contained and quelled, there's a strong likelihood that people would avoid crowded facilities for a while.

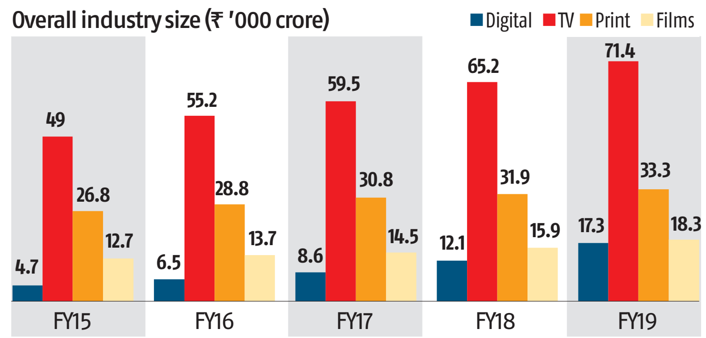
One industry veteran says, "Consumption of entertainment would change forever, and the road to recovery will be a long haul because there is no visible vaccine or cure at hand. It's all about containment." He adds that no one would step out into the theatres for a long time and when they did it would be a changed habit and footfalls would have fallen by over half. He says: "There will be two to three months of containment, and when there is normalcy, the risk is a relapse and a return to lockdowns. So, 2020 is a washout."

Lulla adds that box office sales will decline sharply in the near future. "Hopefully, people still need entertainment and that's something which is available digitally. Revenues for the industry should spike considerably for online content distributors and platforms."

PHOTO: DALIP KUMAR

THE BIG PICTURE

Overall industry size (₹ '000 crore)



Source: KPMG

He says the shares for different formats will change but the overall pie for entertainment may increase, given the state of lockdowns across the world.

Akash Banerji, business head, Voot Advertising Platform, says that he's seen a 25 per cent surge in the average daily sessions per user for the online content platform Voot.

More than one third of Voot's subscribers have been frequenting the app at least five times in a day, spending over an hour in total.

"Some of our shows have become superhits with a 40 per cent surge in consumption for the top 15 shows across genres and languages," says Banerji. He adds that an "8-inch, 12-inch or even 50-inch screen cannot compete with a big cinema theatre experience."

Last year had incidentally been a good one for the industry, with a higher-than-expected growth of 15.1 per cent in financial year 2019 with more than 13 movies crossing ₹100 crore each at the box office.

This made it the industry's best performance as content took centrestage and small budget movies turned out to be money-spinners.

According to an analyst report by Kotak Equities, the key trends of the industry's net box office collections (NBOCs) revealed two patterns — growth in the number of films crossing the ₹100-crore and ₹200-crore mark and the rise of young stars.

The report went on to detail how, over the past few years, the top five movies dragged NBOC growth due to the fading box office performance of big stars (the three Khans). At the same time, that's been compensated for by the rise of a new lot of stars that include Ranveer Singh, Ranbir Kapoor, Shahid Kapoor and Tiger Shroff.

Govt asks carmakers to help in production of ventilators

M&M, Tata Motors close to tie-ups with ventilator manufacturers

ARINDAM MAJUMDER & SOHINI DAS
New Delhi/Mumbai, 25 March

The central government has asked all automakers to utilise their manufacturing facilities to produce ventilators and other medical gear required to fight coronavirus pandemic (COVID-19).

Anand Mahindra-led Mahindra & Mahindra (M&M) is believed to be in the final stage of discussions with Bangalore-based ventilator exporter Skanray Technologies. Tata group, through Tata Motors, is also in last-minute negotiations with a Mysuru-based manufacturer to ramp up ventilator manufacturing.

In a communication to major automobile manufacturers, the Ministry of Heavy Industries asked them to explore using their manufacturing facilities and manpower to produce ventilators. Sources said that the communication was issued after a joint meeting of the top four companies — Maruti Suzuki, M&M, Tata Motors and Hyundai.

CORONAVIRUS PANDEMIC

In the United States, Ford Motors has started working with 3M and General Electric to manufacture respirators and ventilators. The past 48 hours have seen the government prioritise production of ventilators. With imports from Europe drying up, India urgently needs to increase availability. According to a study by Brookings Institution, India will need 110,000-220,000 ventilators by May 15.

"The government has literally created a war room and work is happening on real-time basis. In fact, a couple of joint secretaries have joined WhatsApp groups with manufacturers to learn about the issues they are facing," said an industry insider. The government and industry are frequently holding video-conferences across the country.

Executive of car companies, however, say it will be difficult for effective tie-ups between car companies and medical equipment manufacturers to fructify at such short notice.

"The government anticipates a need for a much larger number of ventilators. They have approached us about the possibility of making ventilators in-house. A number of our teams are looking at the possibility. We will come up with an answer in a day or two. We have very limited time," said R C Bhargava, chairman of Maruti Suzuki.

An executive at Hyundai explained that for partnerships to fructify faster, ventilator manufacturers should agree to make their design, patents available to auto companies. "Carmakers don't have expertise in manufacturing medical items. So, we would need design and manpower expertise from companies that have been making them," Bhargava said.

There are nine major local manufacturers of medical equipments, and they are facing major challenges in sourcing raw material in the current lockdown. The government has sought information on bottlenecks in component sourcing. Several meetings have been held and an inter-ministerial committee has been formed with representation from the departments of pharmaceuticals and civil aviation, among others.

The civil aviation ministry is coordinating with the association of freight forwarders and manufacturers to see how critical components can be picked up from ports across the world. "Cargo planes will fly and bring in these components for ventilators, along with other components for the medical devices industry," said Rajiv Nath, forum coordinator of AIMED (Association of Indian Medical Device Industry).

Delhi-based health-tech company AgVa Healthcare is working round-the-clock to produce 20,000 ventilators in the next month as the country battles the pandemic. This is a low-cost ventilator developed by a young robotics engineer and a doctor from the All India Institute of Medical Sciences (AIIMS) that comes at one-seventh the cost of the widely available variants in the market.

This is a huge number, given that India has an estimated 40,000 working ventilators now. If the number of COVID-19 positive cases surges, the infrastructure would be inadequate, given that around 5 per cent of patients need intensive care.

Tata Group is looking at setting up a plant to manufacture ventilators. We are working on this on priority
N CHANDRASEKARAN
Chairman, Tata Sons

A number of our teams are looking at the possibility. We will come up with an answer in a day or two
R C BHARGAVA
Chairman, Maruti Suzuki

IndiGo offers planes, crew to transport medicines

PRESS TRUST OF INDIA
New Delhi, 25 March

IndiGo on Wednesday said that it has offered Union Civil Aviation Ministry its 'resources, aircraft and crew' to transport medicine, equipment and relief material from one part of the country to another.

As the Modi government has suspended all domestic and international passenger flight operations in India to curb the spread of coronavirus, IndiGo's fleet of more than 250 planes is currently grounded.

IndiGo is the largest airline in India with around 47 per cent share in domestic passenger traffic, according to aviation regulator DGCA's February data.

In a press statement, the airline said, "In an endeavour to support Government of India, IndiGo, India's largest airline, today has offered its resources, aircraft and crew to assist the nation in the worldwide battle against coronavirus." "The airline has expressed support to contribute in the ferry supply of medicine, equipment, and relief samples from one part of the country to another," the low-cost carrier said.

India has banned international commercial passenger flights for a period of one week from Sunday. Moreover, domestic flights have also been suspended from Tuesday midnight.

The airline said its CEO Ronojoy Dutta has written a letter to the civil aviation Minister, wherein he said, "I know you must be facing major logistical challenges in moving medicine, equipment and relief supplies from one part of the country to another. We at IndiGo would be extremely proud to be associated with this critical life-saving activity at this hour of great need for our nation." "Please be assured that all our employees are highly motivated in the service of this country and are eagerly looking for opportunities in which to contribute. We would consider it an honour if you would engage us in this activity," Dutta noted.

The airline has aircraft and crews covering major cities across India and are willing to fly in the service of the nation, IndiGo stated.

GoAir to cut March salary of all staff

ANEESH PHADNIS
Mumbai, 25 March

GoAir will cut salary of all its employees for the month of March following grounding of all domestic flights in the country.

GoAir is the third airline to announce a pay cut after IndiGo and Air India, which have slashed salaries to tide over COVID-19 crisis.

"Under the current situation we find ourselves left with no choice but to extend salary cuts for all of us for the month of March. We will ensure that lowest pay grades suffer the least," the airline's Chief Executive Officer Vinay Dube wrote in an e-mail on Wednesday. The letter did not reveal the extent of pay cut for each category. The pay cut comes even as domestic airlines seek urgent funding from the government to pay 50 per cent of staff salaries for the next three months. Domestic flights were shut from midnight of March 24 and closure will remain in place until April 14.

The Wadia group airline had earlier implemented leave without pay for a section of it's staff and fired foreign pilots to cut costs. Later, the one month leave without pay was extended to Indian pilots under training or to those not released for active duties. "In GoAir's 14-year-old history, we have never cut staff salaries or deferred salary payments. When the tide turns once again, and it will, GoAir will find the way to compensate all of you for the sacrifice you are being asked to make at this juncture. Given the strong business fundamentals of GoAir, I believe that moment is not so far away," Dube said.

"How can the airline cut salary of March when we have worked dor 24 days," an employee asked. Experts, however, said pay cut is a sensible thing to do in the current situation to preserve cash.

Digital industry to switch to SD from HD streaming

MEGHA MANCHANDA
New Delhi, 25 March

Amid a surge in demand for internet services against the backdrop of coronavirus disease (COVID-19) spread and increase in work-from-home by companies, the digital industry has decided to 'temporarily' offer only standard definition (SD) streaming services till April 14.

Sources said data consumption lately has gone up by 15-20 per cent and consumption of high definition (HD) data requires 6-7 times higher bandwidth.

The move looks at the potential impact on the cellular network infrastructure caused by the unprecedented surge in mobile internet consumption as people are staying indoors, responding to Prime Minister Narendra Modi's call for social distancing and 21-day lockdown.

The decision was taken at a meeting on Tuesday by Uday Shankar, chairman, Star & Disney India, and attended by key stakeholders from the digital industry.

The meeting, held virtually, was attended by N P Singh (Sony), Sanjay Gupta (Google), Ajit Mohan (Facebook), Sudhanshu Vats (Viacom18), Gaurav Gandhi (Amazon Prime Video), Punit Goenka (Zee), Nikhil Gandhi (TikTok), Ambika Khurana (Netflix), Karan Bedi (MX Player), and Varun Narang (Hotstar).

The digital industry has decided to act immediately in the larger national and consumer interest and to ensure the robustness of the cellular network, an official statement said. The industry is acutely aware of this challenge and is committed to ensuring all citizens are able to access mobile networks wherever and whenever they want, the statement further added.

It was unanimously agreed that as an exceptional measure, all companies will immediately adopt measures, including temporarily defaulting HD and ultra-HD streaming to SD content or offering only SD content, at bitrates no higher than 480p on cellular networks. 480p is the short-hand name for a family of video display resolutions and is mainly used for many early plasma televisions.

Data consumption lately has gone up by 15-20 per cent and consumption of high-definition (HD) data requires 6-7 times higher bandwidth

Firms count losses as summer products face pandemic heat

ARNAB DUTTA & VIVEAT SUSAN PINTO
New Delhi/Mumbai, 25 March

If at this time last year marketers were spending sleepless nights stocking up for surging demand of air conditioners, refrigerators, and colas, this year they are burning the midnight oil to calculate the loss on sales.

As business activities come to a near halt after the country went into a total lockdown induced by the spread of the coronavirus disease (COVID-19), manufacturers of summer products are busy reworking yearly plans.

From large appliances like ACs and refrigerators to smaller items like air coolers and fans and fast-moving consumer goods (FMCG) like ice creams and aerated drinks — production and sales have been suspended. With all non-essential stores shuttered and e-commerce firms postponing deliveries of such items, sales have come to a halt.

Take ACs, for example. According to Krishan Sachdev, managing director of Carrier Midea, while mid-March to mid-April is peak season for AC sales, the total lockdown will surely impact yearly sales. "If this continues beyond mid-April, then it is very difficult to say how bad the ultimate impact will be." Unlike other years, this time all its factories are shut and employees, including Sachdev, are stuck inside their homes.

According to Kamal Nandi, president of CEAMA and V-P Godrej Appliances, February to June period contribute 60 per cent of the total turnover of the appliances industry. "March and April together form 25 per cent of sales. Due to the current lock down and the dampened consumer sentiments, we have seen a drop of up to 60 per cent in sales this month. If lockdown is extended to mid-April we are expecting similar impact on sales next month too", he said.

Rohit Mathur, president, fans and pumps at Usha International, said the next few months would be challenging.

Executives at cola majors Coca-Cola and PepsiCo, who have suspended operations at plants, are now estimating loss of sales that will impact their targets for the year. Like ACs, over half of the yearly cola sales happen during the March-July period.

However, the lockdown has also impacted their distribution chains, leaving hundreds of truckers stranded. Additionally, as these items as categorised as non-essential they are also being rejected by many over fears of catching a cold.

"Since summer is the peak period for us, we had already planned our production. We are covered as far as concentrates (raw materials) go for two months at our plants. Most bottling units are also carrying about two to three weeks' inventory of finished goods. But the biggest challenge right now is shipping goods into the market from our factories," said Ravi Jaipuria, chairman of Varun Beverages — the largest bottler for PepsiCo India. Jaipuria said, with most consumers staying indoors sales are getting impacted as out of home consumption has stopped.

According to Nadia Chauhan, joint MD & chief marketing officer of Parle Agro, the firm is reviewing the situation on a daily basis and taking proactive steps towards refining its initiatives. Parle has sufficient stock of raw materials and finished products and is working towards seamless replenishment of stocks at the retail level, she said.

Production and sales have been suspended for refrigerators, ACs and FMCG items like ice creams and aerated drinks

IT firms ask clients to enable more work-from-home option

DEBASIS MOHAPATRA
Bengaluru, 25 March

Many information technology (IT) services firms have started negotiating with clients abroad to allow employees deployed on their projects in India to work from home (WFH), in the wake of the lockdown of the country to check the spread of COVID-19.

WFH for significant numbers of employees has never been part of delivery contracts. These do specify exit clauses with force majeure provisions but there is no clause to depend upon that can cover the current lockdown situation.

"Most of the top-tier firms are currently engaged with negotiation with clients in US and Europe to allow employees to work from remote locations. Given the lockdown and difficulty in commuting to office, clients are being conveyed about the situation and being requested to insert clauses enabling WFH for more numbers of employees," said analysts from brokerage firms who have interacted with company managements after the virus outbreak.

"The firms are engaged in negotiation with clients for allowing WFH for more projects. As an interim measure, there will be a hybrid approach and whatever processes can be migrated to WFH, those will move in due process of time," said Sanchit Vir Gogia, chief analyst at Greyhound Research. "Processes like financial accounting can be allowed to be done through WFH. However, wherever personal identifiable information is involved, this will be still done in office."

Currently, while many IT employees are working from home, a significant majority has to come to office as companies don't allow these staffers to work from home, given the security issues involved. Also, many have not been provided with laptops having VPN (virtual private network).

"With most nations struggling to contain the COVID-19 spread, clients in the US and Europe are empathetic towards the request. Hopefully, something favourable will come out soon," said Gogia.

The IT sector is looking at slowing demand. Many developed countries, including America, have started to see establishments shutting down, to ensure social distancing to fight the virus' spread. As a result, reports suggest, deal signings worth $3-4 billion have been deferred in this month alone.

The majority of IT employees have to come to office as companies don't allow them to work from home

Cyril Amarchand Mangaldas fast-tracks bonus payouts

SUDIPTO DEY
New Delhi, 25 March

In a bid to pep up the morale of its 750-strong employees, largely working from home, law firm Cyril Amarchand Mangaldas has fast-tracked its annual variable bonus payouts to beat the pandemic lockdown.

At a time when businesses are looking to cut costs, Cyril Shroff, managing partner, Cyril Amarchand Mangaldas, said the firm wanted to stay true to its people-first culture.

"They need to be rewarded for the work," said Shroff. Overall, payouts this year were around 5 per cent above last year.

Law firms generally hand out annual bonus to employees in the March-April time frame. Given the lockdown, most law firms are looking to conclude the assessment process and payouts by April-end, some industry players said.

To pep up employees working from home, Cyril Amarchand Mangaldas has lined up several partner calls with external speakers, including management consultants and spiritual leaders.

Shroff plans to hold full-firm calls twice a week to keep up the morale of all employees.

Shroff said the firm has been investing heavily in technology for many years. And that has held up well in these trying times.

"We closed several transactions working from home," he said. Over 750 lawyers and support staff are currently working seamlessly from home, he added.

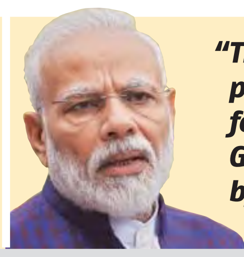
However, striking a note of caution, Shroff said the next financial year is likely to be challenging for both employers and employees.

Many in the legal fraternity agree that stress in the business environment would take a toll on employee remuneration. Most firms have had to invest heavily over the last couple of months on technology to make themselves work-from-home ready, experts said.

The uncertainty in business environment has taken a toll on business development and marketing activities, they added.

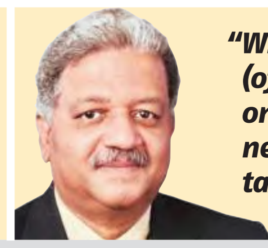
"I'm deeply anguished to see reports pouring in saying doctors & paramedics are being ostracised in residential complexes & societies. Landlords are threatening to evict them fearing COVID-19 infection. Please don't panic!"

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 Javadekar 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.

Military gears up for COVID-19 battle

AJAI SHUKLA
New Delhi, 25 March

On Wednesday, the first day of the 21-day countrywide lockdown that PM Narendra Modi announced on Tuesday to contain the coronavirus (COVID-19) pandemic, a military facility in Jodhpur received 277 Indian evacuees flown in from Iran and placed them in quarantine for 14 days.

The military has already housed over 1,200 patients so far in temporary medical facilities at Manesar, Hindan, Jaisalmer and Jodhpur. These included evacuees from Wuhan and Japan, who were discharged after observing full quarantine protocol.

"Of the over 1,200 evacuees, medical staff and air crew kept in these facilities till now, only one case of positive COVID-19 has been reported. This does not include another case reported from the IAF facility in Hindan," stated the Ministry of Defence (MoD) on Wednesday.

"In addition to the above, more Army medical facilities at Jhansi, Binnaguri and Gaya are kept at standby with an additional collective capacity of 1,600," said the MoD.

The military is mobilising to play a central role in holding patients exposed to the virus. Most countries seriously impacted by the virus, including China, Italy and the US, have pressed their militaries into service. In New York City, US Army engineers are converting the city's main convention centre — the Javits Center — into a 1,000-bed hospital.

The patients quarantined in Jodhpur on Wednesday include 273 pilgrims to Iran, including 149 women and six children. They were transferred on Air India flights from Delhi to Jodhpur and then taken to the medical facility, "which has been designed not just for isolation but also mental and physical wellness, which includes various activities including sports", said the MoD.

Meanwhile, the Indian Navy has set up a quarantine camp at Vishakhapatnam, which is fully equipped to quarantine nearly 200 persons. In addition, the Navy has set up isolation facilities at its premier hospital, Indian Navy Hospital Ship (INHS) Asvini, at Mumbai.

The naval base at Kochi, which houses the Southern Naval Command headquarters, is coordinating with Kerala health officials and Ernakulam district administration to use civilian hotels/resorts as quarantine facilities for Indian nationals, says the MoD.

The Ordnance Factory Board, which produces arms, ammunition and equipment for the military, has separately designated 285 beds as quarantine facilities.

More on business-standard.com

PATIENTS UNDER CARE OF ARMED FORCES

Location	Number	Date of commencement	Date of release	Remarks
MANESAR	248	Feb 1	Feb 18	Evacuees from Wuhan, China; Quarantine over, all released
MANESAR	124 (5 of them foreigners)	Feb 27	Mar 12	Evacuees from a Japan cruise ship; Quarantine over. All released
HINDAN	18	Feb 27	Mar 12	Medical team and air crew who flew to Wuhan; Quarantine over. All released.
HINDAN	58	Mar 10	Mar 23	Evacuees from Iran; 1 patient referred to Safdarjung Hospital Tested negative
MANESAR	83	Mar 11	Mar 24	Evacuees from Italy; One person referred to Safdarjung Tested positive
GHATKOPAR	44	Mar 13	Mar 26	Evacuees from Iran; 6 referred to Kasturba Hospital Mumbai, all tested negative and brought back to quarantine camp
JAISALMER	236	Mar 15	Mar 28	Evacuees from Iran; 3 patients at isolation wards in 15 AFHs*
JAISALMER	53	Mar 16	Mar 29	Evacuees from Iran
JAISALMER	195	Mar 18	Mar 31	Evacuees from Iran
JODHPUR	277	Mar 25		Evacuees from Iran

*Air Force Hospital

21-DAY LOCKDOWN TO COST INDIA 4% OF GDP, SAY BROKERAGES

Brokerages have cut India's growth forecast sharply and estimated the 21-day lockdown will cost $120 bn, roughly 4% of GDP. Barclays trimmed India's FY21 GDP forecast to 3.5% from 5.2% earlier, while CRISIL said the downside risks have become more pronounced for the economy after the lockdown announcement. Industries and SMEs will face the brunt as they will run on zero revenues for three weeks and daily wage earners will be hit the most. Experts suggest a rate cut along with loan forbearance and a special liquidity window for banks and NBFCs. The RBI should also engage in bond purchases through OMOs and a stimulus package, they say SUBRATA PANDA

PROJECTIONS

Barclays
- Expects cumulative shutdown cost will be $120 billion, around 4% of GDP
- Trims FY21 GDP to 3.5% from 5.2% earlier

DBS India Equity Research
- Many industries/SMEs will run on zero revenues for three weeks
- Daily wage earners would be badly hit, pushing them to the brink
- Opening up after lockdown will likely be measured

Edelweiss Securities
- Last week, shaved India's FY21 GDP forecast by 50 bps to 5%
- Warns the impact on GDP will be more
- But says impact will be more modest than for most other emerging and developed markets

CRISIL
- Cut FY21 GDP forecast to 5.2% from 5.7% last week
- Says downside risks have become more pronounced for the economy after lockdown

PRESCRIPTIONS

Barclays
- Calls for cumulative rate cut of 165 bps in RBI's Apr-Aug policy meetings
- Bring down benchmark policy rates to 3.5%
- Seeks outright bond buys via OMOs, forbearance for loans & liquidity windows for banks, NBFCs
- Raises fiscal deficit projection to 5% of GDP, factoring in fiscal spending by government

DBS India Equity
- Calls for measures like MSME soft loans, loan restructuring, cash transfers
- Says the FRBM escape clause could be invoked even in FY21

Edelweiss Securities
- India has more monetary room than others — can easily cut rates by 100-200 bps in the current context
- Needs to be more interventionist in the credit market
- Fiscal stimulus to get growth back

CRISIL
- A deep cut of 50 bps in the next monetary policy meet of RBI and loan forbearance
- A package that addresses the pain points of the population

IndianOil realigns production after LPG demand sees a jump

Reduces refinery throughput by 30%

AMRITHA PILLAY
Mumbai, 25 March

In the wake of the coronavirus disease (COVID-19) outbreak, Indian Oil Corporation (IndianOil) has seen a reduction in demand for transport fuel, while that for cooking gas has risen. The country's biggest refiner and petroleum retailer has, however, reduced crude oil throughput at most of its refineries by 25-30 per cent.

IndianOil sells about 300,000 cylinders every day and has a refining capacity of about 81 million tonnes.

Though IndianOil did not furnish the number for increase in liquefied petroleum gas (LPG) demand, a representative of the All India Bharat Gas Distributors Association said LPG cylinder bookings have increased by around 50 per cent in the past few days. Some of this could be due to panic buying, which has impacted availability of essential food items. "We are also running short on delivery staff because of the lockdown. It is difficult handle additional load," he added.

Cylinder bookings have increased by around 50% in the past few days, said a representative of the All India Bharat Gas Distributors Association

"There has been a rise of 2 per cent to 3 per cent in LPG demand, mostly owing to panic buy. We are now, however, seeing it normalise. Supply of all services remains unaffected," said an official from IOC who did not wish to be identified.

Though cooking gas and petroleum products come under essential services, workers across sectors are finding it difficult to reach their workplace. A spokesperson of Bharat Petroleum Corporation confirmed there was rise in bookings due to panic buying. "Our supply services remain unaffected," he clarified.

"To meet the rising demand for LPG, IndianOil is taking steps to increase LPG production at its major refineries by optimising operations, improving yield in LPG producing units like FCC/Indmax, etc," the company said in a statement. Bottling plant operations and LPG refill deliveries are being streamlined accordingly.

IndianOil further added the demand for petroleum products, like petrol, diesel, fuel oil, bitumen, etc, have reduced substantially. "The demand for aviation turbine fuel has also come down sharply due to suspension of flights," the statement said.

India is likely to see a drop of 5-10 per cent in fuel sales volume during 2019-20 owing to COVID-19 restrictions. With the 21-day nationwide shutdown in place, the decline in purchase of petrol, diesel, and jet fuel is set to dampen the annual consumption figures of 2020-21 as well.

Gujarat APMCs told to resume supply of grains and pulses

The Gujarat government has told all Agricultural Produce Market Committees (APMCs, or wholesale market centres) to resume auction of grains and pulses. Earlier, the APMCs had voluntarily discontinued the auctions, saying these were non-perishable items; auction for vegetables and fruit continued. However, with the 21-day lockdown, the state government issued a notification for all APMCs to resume these auctions, so that supply at groceries is not hit. VINAY UMARJI

Drop in transactions but most ATMs are running: SBI official

The nationwide lockdown has led to a decline in banking transactions at State Bank of India (SBI) but customers are using online and digital modes as usual, a senior official of the state-run lender said. Online transactions are going on but overall there is a decline in banking activities, said P K Gupta, head of retail, Payments & Digital Banking, SBI. He mentioned that amid the lockdown, the bank is coordinating with state and district authorities the time period of operations. PTI

War-time thinking needed, not therapy

An extraordinary situation requires an extraordinary response from the framework of the law

WITHOUT CONTEMPT

SOMASEKHAR SUNDARESAN

It is truly a perfect storm. With the COVID-19 pandemic, every single new development in the conditions of doing business in the past few days has been totally unexpected, unprecedented and beyond imagination. It is not just public places such as malls, courts, airports, ports, buses and trains that have been forced to shut down for all practical purposes. Even commercial establishments and offices are required to be closed. Barring health care and grocery, every piece of commerce is meant to come to a grinding halt. Such an extraordinary situation would require an extraordinary response from the framework of the law.

The Supreme Court has led the way — using the powers under Article 142, the provision by which the court is often termed (wrongly) the most powerful court in the world, the Supreme Court has ruled that all deadlines for limitation stand extended. Any dispute to be agitated before the courts has to be initiated within deadlines stipulated in the law — imposing a limitation of time by when action needs to be taken. The court is cognisant of the fact that access to courts is next to non-existent because of the extraordinary circumstances.

Lest there be any confusion among the courts below, the Supreme Court also made an explicit reference to Article 141 and communicated the order to all High Courts, asking them to implement and similarly direct the courts below them. Article 141 states nothing but the vital principle that the law declared by the Supreme Court would be binding as precedent on all courts in the territory of India. The court hardly needs to remind that this provision in the Constitution exists — but the extreme situation the nation is in has led to the court making it clear that this is not a routine administrative decision but a decision that would have judicial impact across the nation.

In this backdrop, every constituent in the economy and the legal system governing the economy have to completely reboot and think afresh about how to handle matters that would otherwise be routinely handled in terms of a norm.

That businesses will start failing soon is writ large. The finance ministry and the Ministry of Corporate Affairs have announced that the threshold for initiating insolvency and bankruptcy proceedings would stand raised. If a corporate debtor is unable to pay debt due to the extent of ₹1 lakh, the creditor may initiate resolution proceedings — that limit is being hiked to ₹1 crore. In the same breath, it was also announced that the situation would be studied until April 30, after which the government may even suspend the provisions that enable a creditor or debtor to initiate proceedings under the Insolvency and Bankruptcy Code, 2016.

While it is heart-warming that the system is thinking about the problems staring at the economy in the face, the aforesaid measures can actually be meaningless. If one were to say four weeks in advance that the very access to the operation of the insolvency and bankruptcy regime could be removed by April 30, it would mean that those who are in doubt about whether to pull the trigger would indeed be nudged into triggering the proceedings before April 30. That would lead to a rush of filings to initiate insolvency proceedings. Meanwhile, the National Company Law Tribunal has almost shut shop entirely to help deal with COVID-19. In a nutshell, the signalling to the economy is as confusing as the fatality statistics relating to the effect of COVID-19.

The capital market regulator would be under stress to shut down the markets. Complicating matters is the fact that this is not a situation of some institution in one part of the world going under but a worldwide closure of entire cities and states being undertaken, and so is the case in India too. Share prices crash across the board and shares held as security would be out of the money for banks and lenders. If they sold securities, they would get a fraction of the debt due to them, and yet inflict disastrous consequences on the borrower. Without actually shutting markets (those who want to sell at disastrous prices may sell provided they find buyers), the financial regulators must find a way to suspend enforcement of rights and performance of obligations during the world's biggest universal force majeure situation.

Companies being told they need not hold board meetings is just a scratch on the surface. What is needed is a framework to enable companies to take bold decisions to think of the next three years. Almost the entire legal framework is built on the premise of healthy growth — let's call it bull market regulation. No one envisaged such a horrible long-term bear market expectation when they wrote law. It is time to rethink. Something like an extraordinary legislative intervention in the form of the judicial order to extend limitation. To cite a vocal private equity investor friend, "This is time for surgery, not homeopathy or therapy." While at war, the thinking governing war must be brought to bear rather than adopting a clerical application of peace-time policy framework that is mildly tweaked.

The author is an advocate and an independent counsel; Tweets @somasekharS

CHINESE WHISPERS

Not a happy return

Anand Rai (*pictured*), one of the three main whistleblowers of the Vyapam scam in Madhya Pradesh, was back on social media but he hadn't probably expected the reaction he got. As Madhya Pradesh tries to control the coronavirus outbreak, Rai posted pictures of himself and his wife, Gouri, saying they were members of the Emergency COVID-19 Combat Team. "Nation first: Will fight and win," he tweeted. Social media soon erupted with comments. Many blamed Rai for not doing his duty. "He is not even regular at the hospital where he is posted, and here he is posting he would fight corona," said one. Rai lost no time to respond. His biometric attendance could be checked to ascertain the truth, he said.

Isolating from work

The workload of many IT professionals living in an SEZ in Pune has increased over the past week. With the nationwide lockdown restricting the movement of the cleaning staff, they are being exhorted to fill in for them. The tasks include sweeping and mopping the common area of the apartment complex and collecting garbage from every floor. While some have taken to the new role enthusiastically, forming WhatsApps groups to inform residents of the chores accomplished, others say the workload is becoming unmanageable with the cook and maid also on leave. So they are doing the next best thing: Pretending they are self-isolating.

Stay inside the crease...

Ravichandran Ashwin, the Indian cricketer, on Wednesday took to Twitter to draw an analogy between the controversial "Mankading" episode involving him and English batsman Jos Buttler in last year's Indian Premier League and the ongoing lockdown in the wake of the coronavirus crisis. Incidentally, March 25 (Wednesday), the first day of the 21-day-long lockdown, was also the first anniversary of that episode, as Ashwin went on to remind his followers through his tweet. He wrote: "Hahaha, somebody sent me this and told me it's exactly been 1 year since this run out happened. As the nation goes into a lockdown, this is a good reminder to my citizens. Don't wander out. Stay inside, stay safe!" He also posted an image of the infamous dismissal — which saw Ashwin removing the bails at the non-striker's end after observing that Buttler was backing up too far — with the message.

The curious case of sugar

The Rangarajan committee recommendations on sugar reforms have been put into cold storage. Yet, the industry has managed to break out from the infamous surplus-shortage cycle

KUNAL BOSE

The president of Indian Sugar Mills Association (ISMA) Vivek M Pittie claims on the basis of empirical evidences of recent years that this country, which in the last two seasons overtook Brazil to emerge as the world's largest producer of the sweetener, has ceased to be visited by the "infamous cycle" in the commodity.

The phenomenon of the past when "three to four years of surplus production would be followed by two to three years of shortfall in output," as Pittie points out, would see India alternating as an exporter in times of abundance of supply and an importer during the "down cycle." Millions of farmers in the sugarcane growing states and crushing factories were periodically put to much distress as the wheels of "infamous cycle" rolled.

New Delhi was for long in a wilderness to find curatives for the major agro-based industry where only a handful of large groups with value generating assets in the downstream based on sugarcane by-products were somewhat immune to the fluctuations in industry fortunes. In a move to put the whole industry on an even keel, the C Rangarajan committee suggested a number of corrective steps in 2012, the most important being the recommendation that total revenues from sale of sugar and sugarcane by-products such as electricity generated by way of burning bagasse, ethanol and press mud used as soil conditioner should ideally be shared between farmers and sugar producers in the ratio of 70:30.

The committee also recommended that payment to farmers be made in two instalments. First, the disbursal of floor price, that is, the government determined fair and remunerative price (FRP) for the season. Second, the balance will be payable based on official half-yearly ex-mill sugar prices. The Rangarajan committee formula automatically assumes cane growing states will forego the much abused privilege of imposing a price premium on FRP to humour growers, irrespective of its negative impact on industry working. No stakeholder of the sugar economy, including the central government, has questioned the logic of revenue apportionment between the constituents of farmers and factories in 70:30 ratio. But neither the Manmohan Singh government nor the present dispensation in Delhi could get the states on board to make a new beginning with the judiciously crafted revenue-sharing formula along with liberalisation of sugar export-import trade.

The question then is in spite of the government putting Rangarajan committee recommendations into cold storage, how did the sugar industry manage to breakout from the "infamous cycle" marked by years of high imports or exports depending on local production? Pittie says for the import and export opportunities that this country offered in the past and the way production here would move world raw and white sugar prices in the global market, India would remain under close watch of global trading houses. To give one example, major production setbacks forced India to first import 2.4 million tonnes (mt) in 2008-09 followed by a much bigger amount of nearly 4.1 mt in the following year. Then, in 2007-08, the government allowed exports of around 5 mt as a rescue act for the industry deluged with overproduction and, therefore, unremunerative ex-factory prices.

INDIAN SUGARCANE PROFILE

Sugar season (Oct to Sep)	Acreage (000 hectares)	Production (lakh tonnes)	Yield per hectare (tonnes)	Rate of recovery (%)
2000-01	4,316	2,960	68.6	10.48
2010-11	4,885	3,424	70.1	10.17
2018-19	5,502	4,142	75.3	11.01

Source: ISMA

According to Pittie, all that is in the past and based on the experience of past nine seasons, except for 2016-17 when some major sugarcane growing regions experienced severe drought. Now "I can comfortably say that not only have major fluctuations in sugarcane and sugar production between years minimised" but ISMA forecasts of the crop size and sweetener output are proving fairly accurate, he adds. Satellite imaging of sugarcane acreage and improved countrywide periodic monitoring of crop condition have lent credibility to ISMA forecasts. In the process of India emerging as a net surplus sugar producer on a sustainable basis, global trade speculation centring India is no longer of much relevance.

Explaining why India has become a "structural surplus producer and exporter of sugar," Pittie says while comparatively high returns that sugarcane growing fetches compared to other crops and the unique advantage of assured disposal to the last stick standing on farmland at government fixed prices have over the years strengthened cultivators' interest in cane growing, reflected in rising acreage under this cash crop. They also have benefited from the introduction of high-yielding and early-maturing varieties. Credit for the latter goes as much to sugarcane research institutions as to progressive sugar companies such as Balrampur Chini, Dhampur Sugar, Dwarikesh and DCM Shriram.

"Pittie's thesis of farmers taking increasing interest in sugarcane cultivation is borne out by facts on the ground. Sugarcane acreage since the beginning of the millennium is up from 4.316 million hectares (mh) to 5.502 mh. Recovery of juice from sugarcane during this period rose from 10.48 per cent to 11.01 per cent. Delays in payment of cane bills haven't been a disincentive to raise sugarcane output," says former ISMA president Om Prakash Dhanuka. The all-India average sugarcane yield per hectare since the season beginning October 2010 moved up from 70.1 tonnes to 75.3 tonnes last season. Both in yield and juice recovery, Maharashtra, Karnataka, Punjab and parts of Uttar Pradesh are at the top of the table, while Andhra Pradesh and Bihar are found at the bottom, adds Dhanuka.

Many factors have combined for breakthroughs in farm productivity and juice recovery rate. But all that threw up the challenge of finding a supplementary use of sugarcane besides making sugar. The least that the industry wants is to be saddled with season's opening stock at an overwhelmingly large 14.6 mt as seen in October 2019. This big an inventory at season start is almost equal to the country's seven-month consumption. Though it is not said formally, the inspiration to use a growing portion of sugarcane juice and B-heavy and C-heavy molasses to produce ethanol for blending with motor fuel came from Brazil's long-standing policy to decide at the start of a season as to how much of the crop is to be used for making sugar and ethanol. The deciding factor for apportionment of sugarcane between sugar and ethanol is the global prices of sugar and petrol. Brazil has on its road "flex fuel vehicles," which can be run on 100 per cent ethanol or any combination of ethanol and gasoline.

Even while it dawned on New Delhi a long time ago that the country will do well with a high percentage of blending of ethanol with petrol, the programme in this respect had a somewhat meaningful beginning only in 2007. But as Pittie points out, ethanol use got a major lift in the last few years on the back of "fixed remunerative prices and guarantee of an assured market for all the ethanol that is produced... For the first time last season, we could divert some surplus sugar into ethanol. But our expectation for the current season is that around 800,000 tonnes less sugar will be made due to diversion of B-heavy molasses and sugarcane juice from sugar into ethanol." As we go forward, the diversion could be higher as more and more factories acquire capacity to produce ethanol from B-heavy molasses and sugarcane juice.

INNOCOLUMN

Wisdom for startups from grown-ups

Startups add value only if they build a sustainable business model. When will Indian startups understand this?

R GOPALAKRISHNAN

In an earlier **Innocolumn**, I wrote about the case of an unknown but highly successful startup called Galaxy Surfactants — a startup nurtured by ex-Hindustan Unilever Limited (HUL) stalwarts. This firm practised four principles of long-life startups and went on to a successful IPO. The principles of building long-lasting startups are: First, practise the principle of "society-first"; second, be a perpetual learner; third, execute, learn, and again execute; fourth, move beyond founder-leadership to scalable leadership. Sounds simple and self-evident? Then why do so many startups not follow these principles?

Along with my co-author, R Narayanan, I am engrossed in writing a book, titled *Wisdom for startups from grown-ups: Discovering corporate ayurveda*. Often startup executives behave as though the experience of grown-up companies like HUL and Tata is not relevant. They think they must devise "new ways of working" because:

- Speed and agility are key, implying those are the weak points of grown-ups
- Ethics and integrity can come later, because startups don't have the reputational equity of grown-ups,
- Creativity is a priority rather than processes, implying that processes will make them bureaucratic.

Of course, they are right — but only partially. They know that, and so do we.

Apart from Galaxy Surfactants, I have come across Conzerv (earlier called Enercon), which has been successful by heeding advice from grown-*ups. Lift Off: Transforming Conzerv* by Hema Hattangady and Ashish Sen was excerpted in *Business Standard* on March 22.

Conzerv was set up in 1988 by H Vasanth Rao. The firm began with the lofty purpose of improving the consumption efficiency of electricity. Electricity customers measure voltage and current as a surrogate for power consumption. Conzerv set out to manufacture digital instruments that would measure energy, which is what the customer pays for. Within five years of starting, principally due to a faulty sales arrangement, the company became cash negative. The founder's dreams were in tatters, a frequent condition among startups.

The founder's son, Ashok, had qualified as a US-trained technocrat and joined the firm in 1992. At a time when venture funds were unknown in India, Indus Ventures was promoted by former HUL chairman, T Thomas, my former boss at HUL. Deeply impressed with the honesty of the founders and their creative ideas, his fund invested. He felt that he could remedy what the firm lacked: a business mindset.

Thomas and retired HUL leaders like P K Chadha, K K Nayar and R R Nair guided the firm — first, to recruit a new CEO, Hema, an IIMC alumnus (incidentally also Ashok's wife); second, to introduce people processes; third, to adopt measures for quality enhancement, branding, customer intimacy and capital usage.

Between 1998 and 2003, the CEO and CTO duo returned the company to profits (15 per cent of revenue), revenues increased from $1 million to $6 million with a path to quadrupling, and the company started paying dividends. In these days of lavish venture funding, these accomplishments may appear trivial. However, these results were achieved with a six-word, sagacious mandate arising from Thomas' "grown-up company" wisdom, "make the company profitable and professional".

Conzerv learnt other valuable lessons from HUL: (i) never compromise on ethics (ii) listen to good advice from board directors (iii) balance impatience with a demanding style (iv) sponsor the MD to the expensive Harvard AMP to develop top leadership and (v) connect with people emotionally. This last item was exemplified when a company leader, called AKP, died in the tsunami at Indonesia; the company fashioned a death benefit in the same way that HUL did in similar cases.

In 2009, French multinational, Schneider Electric, acquired Conzerv at a handsome multiple. The new owner loved the values and culture of the startup to the point that Schneider Electric retained the brand, Conzerv, for a global product category. Start-ups should achieve three goals concurrently. First, become valuable, second, be financially independent and third, be profitable. Since 1980, the global economy has got intoxicated with the bonanza of low interest rate and plentiful liquidity. This cannot last forever as the events of 2008 and the corona episode of 2020 remind us.

A recent Edelweiss analysis of RoC data shows that the top 35 Indian start-ups have revenue of ₹21,500 crore and a loss of ₹15,500 crore. Startups add value only if they build a sustainable business model. When will Indian start-ups understand this?

William Hesketh Lever said of Unilever over a century ago: "The company employees are like masons who set out to build a highway on which pilgrims will travel for many years without ever giving a thought as to who built the highway in the first place."

The writer is an author and corporate advisor. He is a distinguished professor of IIT Kharagpur. He was a director of Tata Sons and a vice-chairman of Hindustan Unilever

rgopal@themindworks.me

LETTERS

Limiting the damage

This refers to "Coronavirus outbreak: Govt mulls suspending IBC process for 6 months" (March 25). The government's announcement for raising the threshold of the default amount from ₹1 lakh to ₹1 crore for initiating insolvency proceedings along with certain relaxations in statutory compliances indicates its intention to limit the economic fallout of the COVID-19 pandemic. With the 21 days complete lockdown ann-ounced by the prime minister, the outbreak will hopefully subside but the economic impact will be far more damaging and lasting. The damage is feared to be quite severe on our economy that still hasn't come out of its low-growth trajectory. The government needs to come up with a more comprehensive economic package quickly to contain the pandemic fallout and put the economy back on track. The worst sufferers in the whole process are small and medium enterprises. They need preferential treatment and the government's large heartedness to survive. Hopefully, the government is mindful of these realities and would come out with all guns blazing to protect and revive the economy sooner than later.

Sanjeev Kr Singh
Jabalpur

Messy war ahead

The unanimous decision to shut down the entire country for a week is a historic step taken by the authorities but it is not enough. The next logical step would be to trace, identify, monitor and subject every incoming traveller — who entered after a specific date — to a diagnostic test. This should be done irrespective of the country of origin as this will go a long way in limiting the community spread of coronavirus as has been recommended by the World Health Organisation. India should not allow the unprecedented economic loss emanating from the shutdown to go waste. Every step taken by the authorities will be microscopically dissected by future historians. The need of the hour is to create separate web portals for the travellers and the civil society to report the whereabouts of the former as has been done by some states. The perfunctory efforts observed in screening at the airports must be remedied now to derive maximum benefit from the shutdown.

The government must involve the private sector and members of the public in this gigantic exercise. A false sense of relief should not be allowed to take root due to the lesser number of infected persons reported during the shutdown. It is a war of gigantic proportions and no step should be considered unethical and unconstitutional if we have to win the war against the coronavirus.

Ganga Narayan Rath
Hyderabad

Letters can be mailed, faxed or e-mailed to: The Editor, Business Standard Nehru House, 4 Bahadur Shah Zafar Marg, New Delhi 110 002
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HAMBONE

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Enough of chest-thumping

Lockdown can't be a substitute for quick action in other areas

The nationwide lockdown is being touted as a necessary step to reduce the spread of COVID-19, given the surge in the infection and the limitations of the Indian health care system. But quarantine and social distancing alone is certainly not enough, evident from the comments made by the World Health Organization's (WHO's) top emergency expert who said in an interview that countries cannot simply lock down their societies to defeat coronavirus and that public health measures were needed to avoid a resurgence of the virus later on. In any case, a lockdown for three weeks cannot be used as a substitute for everything else that the government should be doing or should have done by now. India has tested a total of 12 people per million population; China has done 221 and others have done several thousand per million population. The pathetic state of the country's general systemic/production/supply capacity (for example, India has one doctor for 11,600 people) tells us a lot, and should puncture all the chest-thumping that goes on. WHO has prescribed spending a minimum of 4-5 per cent of every nation's gross domestic product (GDP) on health care. A government, which has been so proactive in imposing a nationwide lockdown with just a four-hour notice, has allotted a mere 1.6 per cent of the GDP in the Union Budget.

The other big issue is that the economic cost of the extended lockdown, especially for the poor, will be unprecedented — and the consequences unpredictable. The general inconvenience in terms of maintenance of essential services and supplies will also be massive and, to some extent, is avoidable. Through all this, the finance minister still does not find it possible to make some basic announcements that are urgent, such as income support for the unemployed/informal economy, cash flow support, especially for small and medium businesses, and so on. The government is reportedly close to announcing a substantial package, but the specifics haven't been decided yet. It is hard to understand why an announcement is being delayed, creating huge uncertainty and anxiety, especially among the underprivileged sections of the population. Most of India's labour force works in the unorganised sector and will suffer loss of income, at least in the coming weeks. While the government has said that wages should not be cut, it will be difficult to enforce. Small businesses themselves are at risk and may not be in a position to pay wages. In fact, it will be important to save small businesses, and interventions will need to go beyond regulatory forbearance. Workers depending on daily wages will be the worst hit as they have practically no savings to fall back on.

Evidence suggests many states are doing much more than the Centre. Kerala, for example, has announced a ₹20,000-crore package to deal with the crisis, while Uttar Pradesh has initiated steps to transfer money to daily wage labourers. The Union government must work with the states to provide relief to the poor. For instance, there are about 1.8 million homeless people in the country who will need support from state governments in the coming days. Additionally, if the fresh produce in the farm sector is not sold, it will affect rural income and aggravate the economic problem.

Corona confusion

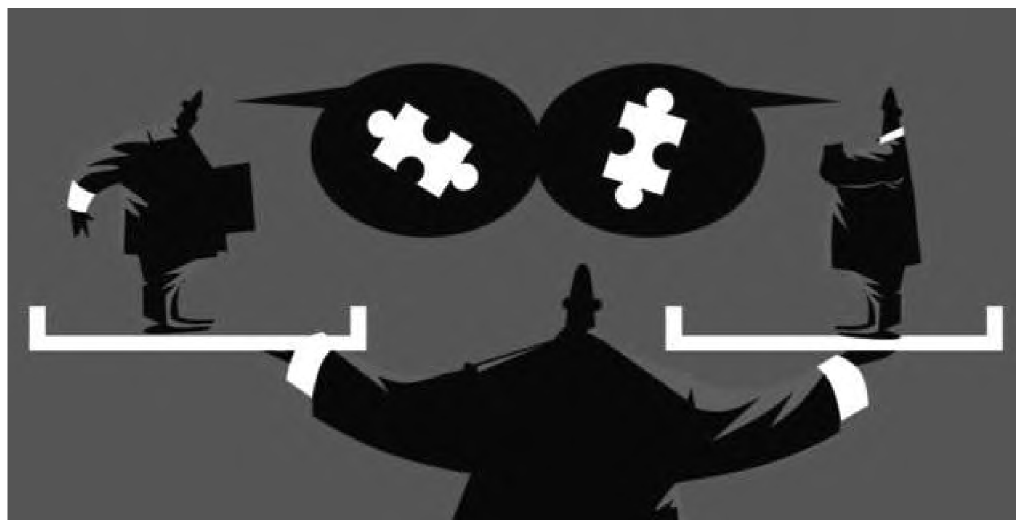
Enforcement of lockdown should be sensible

Poor planning prior to the nationwide lockdown has created serious disruptions to an already fragile economy. With the country given just four hours to plan for a three-week lockdown, implementation has been a casualty. State police have chosen to interpret the guidelines with their unique brand of subjectivity, assaulting journalists and barring health workers, supply chain deliveries and information technology professionals from attending to vital work. This caused the e-commerce giants such as Amazon, Big Basket, Grofers and Flipkart to announce that they would suspend delivery services. Several smaller ones reported that they have had to destroy quantities of milk and vegetables because of police interceptions of delivery agents. This is in spite of the fact that the online delivery networks can, in fact, help citizens practise social distancing meaningfully (and, importantly, keep many people in employment). The situation may improve marginally with the Delhi and Gurgaon administrations announcing on Wednesday that the police have been instructed not to obstruct e-commerce delivery services. It is vital that other states follow suit — as well as include IT/ITeS within the ambit of exemption.

Though most IT companies have instituted work-from-home policies, some employees have to access their office premises to attend to mission-critical service and maintenance of servers and networks that serve international and domestic clients and even government networks. These services, by definition, need to be performed on super-secure servers that cannot be accessed via public networks. Put another way, server security is the bread and butter of India's ITeS industry, which serves most of the world's largest multinationals. In India, these servers form the backbone of the financial services and banking, telecom and wireless broadband information networks. Yet in Bengaluru, the hub of India's tech industry, techies have been stopped and threatened by the police from travelling to their locations, prompting Infosys founder and industry grey eminence Narayana Murthy to appeal for the police to be "flexible" and "civilised". That the lockdown could impact the sole fast-growing segment of the economy and the one that remains a steady forex earner points to poor foresight on the part of the central and state authorities and may well cost the country dear in the long run.

The second impact is the fallout on society. The prime minister chose to emphasise the criticality of social distancing in his speech. The unforeseen consequence has been wilful ostracism and, worse, vigilantism among communities. Air India management's appeals to resident welfare associations not to ostracise crew flying rescue missions to COVID-19 hotspots (Iran, Wuhan, Italy) is one example of this. In many parts of the country, citizens have taken it upon themselves to report on neighbours they deem suspect. This may be considered a conscientious thing to do right now but it is also a dangerous indicator of the kind of society we can become. At a time when India is being polarised on religious lines and the threat of the "doubtful citizenship" looms, a message of unity in times of social distancing would have helped.

ILLUSTRATION: BINAY SINHA



Vivad se Vishwas: Let this be the last scheme

We need innovative solutions to address tax litigation

MUKESH BUTANI & TARUN JAIN

Last week witnessed the passage of the Direct Tax Vivad se Vishwas Bill even as it faced criticism from the Opposition, particularly in the Rajya Sabha. The Bill was lamented, underscoring the unjust bargain meted out to honest taxpayers in view of the indulgence shown to those whose conduct was vitiated by moral turpitude.

With Presidential assent to the Bill, a presumption of constitutionality is attached to it being the law of the land. Eligible taxpayers will undertake cost-benefit analysis with respect to pending disputes, submit declarations to close litigation and foreclose the possibility of further attendant proceedings.

This scheme has been characterised as a logical culmination of the attainments from a similar scheme introduced in 2019 for indirect tax laws. Tax disputes worth nearly ₹2 trillion were settled under that scheme, indicating taxpayers view, an ad-hoc dispute settlement scheme, as an immediate measure to foreclose litigation. There is a need to hyphenate this linkage and also a necessity to obviate the moral hazards sought to be appended to the present scheme. Unlike the scheme for indirect tax where the dispute could be settled by payment of as less as 30 per cent of dues, there is a requirement to pay the entire tax under this scheme (unless the appeal is at the instance of the Revenue, in which case the amount is 50 per cent) which by itself is sufficient to rule out the scheme's characterisation as an "amnesty" scheme. Take, for illustration, cases relating to disallowance of expenditure on account of failure to deduct appropriate tax. In such cases, it is possible that the taxpayer who received the income has paid tax on the entire income and thus there is no loss of revenue to the exchequer. Nonetheless, even in such cases, disallowance is effectuated and penalty proceedings are initiated against the defaulting deductor. In these cases, where the deductor comes forward to pay the entire tax amount, one cannot describe it as an amnesty in any form.

In this rigmarole, one must, however, not miss the larger picture wherein the scheme is only a piece in the jigsaw puzzle. The past decade has witnessed specific measures by the government to dilute what is perceived as the "menace" of tax litigation. To list a few, a comprehensive National Litigation Policy was promulgated to rein in the compulsory-litigation mindset; progressively monetary limits for revenue appeals were enhanced, etc. In many cases, adverse decisions were accepted by the department with a resolve not to file further appeals. For instance, in January 2015, the Union Cabinet approved a decision of the Bombay High Court involving significant transfer pricing disputes with MNCs. Such course-correction measures were unheard of. Despite these, tax-litigation has been on the rise. As the finance minister described, the present scheme is another such measure to proactively close "vexatious" litigation.

There is an overwhelming need to keep the spirit of resolution alive with innovative measures. As a next step, the forward-looking recommendations of the expert committee on the Direct Tax Code, such as mediation in tax-disputes, must be considered in the fiscal laws. Additionally, strenuous attempts to add vigour in alternative dispute resolution institutions, such as the Authority for Advance Ruling and the Dispute Resolution Panel is the need of the hour. The policy-framers will do well to review the pending disputes and segregate those issues which witness maximum litigation so as to evolve intelligent issue-specific solutions, either by legislative amendment or through procedural relaxations, as the case may be.

The biggest change required, however, is the mind-set. The practice of routine filing of appeals against all orders adjudged prejudicial to the Revenue simply needs to stop. The government needs to introduce a new review mechanism, which does not permit the egos of field-officers to drive the decisions and ensure that only disputes where a substantial question of law is involved are canvassed before the courts. Perhaps, greater accountability needs to be affixed on officials recommending filing of frivolous appeals. Alternatively, the Central Board of Direct Taxes (CBDT) may constitute an internal review board, akin to a filtering mechanism, which will be responsible to vet all proposals for filing appeals before the high courts and the Supreme Court. A single body (at the board level) will ensure consistency across taxpayers, evolution of trends regarding appeal proposals, and a review mechanism, besides attaining the objective of mitigating rising disputes. If one can draw an analogy from the approval panels constituted for General Anti-avoidance Rule (GAAR) and for retrospective application of indirect transfer provisions, it is evident that the presence of such empowered panels make tax officials implement their actions in a diligent manner instead of passing routine orders.

One must recall the solemn assurance given by the Union government before the Supreme Court, to save the ignominy of the 1997 Voluntary Disclosure of Income Scheme (VDIS) being quashed *inter alia* on grounds of propriety, that in future no such scheme would be introduced. Let this scheme be the last, and instead innovative solutions be implemented to address tax litigation. Given the speed with which the CBDT has rushed FAQ's and their willingness to clarify the scheme, including the recent extension of the benefits up to June 30, 2020, it is an opportunity tax-payers should not miss.

The writers are partners at BMR Legal

Exceptional crisis, exceptional responses

CLAUDE SMADJA

Nothing seems too exaggerated these days while describing the impact of the COVID-19 pandemic on the world economy. Yes, it is true that we might be facing the biggest economic crisis since the Great Depression of the 1930s; yes, it is true that while the nature of the financial crisis of 2008-2009 was easier to define and address, we have now a cumulative crisis on the supply and demand sides; and while in 2008 many countries had a good margin of manoeuvre with respect to their monetary policy, the lingering concern now is about central banks close to running out of ammunition with interest rates already at zero or in negative territory, and with questions about declining returns of quantitative easing (QE) programmes.

It is now beyond discussion that the US, Europe and Japan are plunging into a recession following in the steps of China, which should see its gross domestic product (GDP) decline by as much as 10 per cent or more for the first quarter of 2020 on a year-on-year basis. However, with the pandemic now under control and activity restarting steadily, China can expect to have its GDP back to neutral or to barely positive territory by the end of the second quarter, while the expectation is for America's GDP to drop by 25 to 30 per cent in the second quarter with unemployment at around 13 per cent. The eurozone seems set to have its GDP contract by 1.5 to 2 per cent this year. The Japanese economy had already contracted by more than 7 per cent in the last quarter of 2019 and the developments since then have deepened the slump with the negative impact of the pandemic on consumption and exports and now the postponement of the Olympic Games to next year.

So the global recession we are looking at will be at least as severe as the one of 2008-2009. No less than 80 countries have already requested emergency financial support from the International Monetary Fund (IMF). The positive element in this bleak picture is that, contrary to what we saw during the previous financial crisis, it is not only monetary policy tools which are being activated now but also fiscal policy ones.

On the monetary front, the US Federal Reserve has launched an unlimited QE programme, buying almost any kind of credit products. It has also brought interest rates down to zero. The European Central Bank has triggered a Pandemic Emergency Purchase Programme worth €750 billion ($820 billion) to buy government and corporate bonds and other assets, injecting cash in the economies of the member countries to calm down financial markets, help governments provide funds to companies and households. The ECB has made it clear that it will buy even more assets if needed. The Bank of Japan has been strengthening its QE policy. China's Reserve Bank has also been easing its monetary policy, lowering the reserve ratio for banks to free more credit especially to the private sector and SMEs — the biggest job providers.

On the fiscal side, the G7 leaders have at long last come together, committing to do "whatever it takes" to ensure a globally coordinated response to the economic crisis. The Trump administration and Democrats in Congress have agreed on a $2 trillion stimulus package — with the Wall Street registering its best rally since the financial crisis on this news. Germany, the paragon of fiscal austerity, has announced a whole set of measures which, altogether, amount to about 30 per cent of the country's GDP. France and other European countries are also opening the tap of credits and subsidies and announcing measures such as moratorium on tax and mortgage payments to help companies and households survive the crisis.

This is, in fact, the key priority: Ensuring that all the economic agents and mechanisms are able to sustain this tsunami so that the economic machine can restart at once as soon as the pandemic is tamed.

Three conditions need to be met for this objective to be achieved: First, central banks and governments have to ensure that the different kinds of financial support to corporations and households get to the recipients fast and efficiently enough to avoid to the maximum extent an avalanche of bankruptcies and companies closure and to mitigate the impact of the crisis on individuals and their families and on the more vulnerable segments of societies. And this, even at the risk of some companies and people getting an undue benefit from the situation.

The second condition is that political leaders be able to take and implement forcefully the tough measures needed, and to provide to their people the kind of messages and guidance that will generate — and sustain — the mobilisation of energies, the discipline and the sense of unity in front of this unprecedented threat. In that respect, there is a lot to be said about the performance of President Donald Trump in addressing this crisis and the contradictory messages from the White House as COVID 19 was spreading through the US.

The third condition is to fully understand that a global crisis requires a global response. So far, in too many cases, it has been "everybody for himself" at the international level, with Donald Trump displaying the worst isolationist instincts and shunning any coordination. Many European leaders have not done much better, not giving any credence to their mantra about the need for "more Europe" as the response to any challenge Europe is facing.

Exceptional circumstances are sometimes the catalyst for exceptional leaders to emerge; they can also be extremely harsh for those who fail the leadership test.

Let's hope for the sake of all of us that the majority of decision-makers around the world will find themselves in the first category at the end of this crisis.

The writer is president of Smadja & Smadja, a Strategic Advisory Firm; @ClaudeSmadja

Time to read

PAGE DOWN

MIHIR SHARMA

In these three weeks of isolation, most of us will look around our houses for something to do. (Don't tell employers, but you learn when working from home how little actual time a full day's work fills.) Many of us will turn, of course, to Netflix or Amazon Prime. But after a couple of days sitting in front of a television, you are going to start yearning for some more low-tech pleasures. And that's where books come in.

It's possible you want to escape the reality of what's happening to the world — countrywide shutdowns, worry and concern, divided politicians. But perhaps you don't. Certainly, a look at the most popular titles on the streaming video services suggests that people are flocking to documentaries and feature films about pandemics. Once you're thinking about it, it's hard to stop.

When one starts searching one's bookshelves and memory for books set in times of an epidemic, you slowly realise that there is truly no shortage of them. All I have at home is a copy — probably decades old, because I certainly haven't re-read it recently — of Albert Camus' *The Plague*. Camus' book is unsparing in the details of the illness but also about what it does to society: how every weakness and division is not just revealed but serves the epidemic's ghastly purpose. It's a bit depressing.

But then it is hard to find a book about a pandemic that isn't. Perhaps the best-received book about pandemic in recent times has been Emily St John Mandel's *Station Eleven*, which was published in 2014. Ms Mandel does not like her book to be called science fiction, but it is hard to tell the difference. Like the best science fiction, it creates a completely new world — a North America 20 years after it was devastated by the "Georgia Flu". (Geographical names for diseases are fine unless they're Chinese, apparently.) The narrative jumps back and forth between a post-apocalyptic journey across the American Midwest and the moment, two decades earlier, when the pandemic took hold; it's neatly plotted, full of revelations and links, and ends with a moment of hope.

As does Geraldine Brooks' *Year of Wonders*, which is set not in an imagined epidemic, but a real one: the Plague Year of 1666, when large parts of Europe were devastated by the bubonic plague. Even in these times, it is somehow more gripping to read something set in an epidemic that actually happened. Ms Brooks, like Camus, took as her text the impact on a divided and problematic society of an epidemic disease; the small English village where it is set turns into whatever is the opposite of idyllic fairly soon, with superstition, lynchings, murders, and elite irresponsibility running through its pages. But it too ends on a somewhat uplifting note — and, oddly, with a geographical salute to Camus' book that might have been lost on many of its readers.

Part of the reason that *Year of Wonders* is more cheering to read is the nature of its protagonist. If the book has a fault, it is that she seems to be a woman more of our times than hers. The single best book written about epidemics — in my opinion — avoids that problem by ensuring both that the setting was "real" and that the protagonist was "modern"; you just had to introduce time travel into the equation. Connie Willis' legendary *Doomsday Book* centres on an Oxford historian who, partly because of a pandemic in her own time, finds herself stranded in the fourteenth century as the Black Death — the first European iteration of the plague — sweeps through the English countryside. Ms Willis, who is the most awarded science fiction writer in history, has written several books about time travel. Each is brilliant — *To Say Nothing of the Dog* is a delightful and witty take on Victorian England and *Three Men in a Boat*, and *Blackout/All Clear* is the best Blitz novel of the past decades — but *Doomsday Book* is very different from the rest. Nothing else quite brought home to me what it must have felt like to be in the path of the Black Death: The all-encompassing dread, and the helplessness. Yet it is written with Ms Willis' characteristic light touch and is much more readable than you would imagine. You will find no better use for ₹600 in the next three weeks than on its Kindle edition.

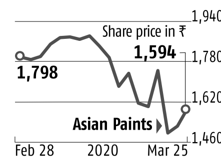
When one starts searching one's bookshelves and memory for books set in times of an epidemic, you slowly realise that there is truly no shortage of them

Perhaps, however, you don't want to read about plagues, real or historical, or flus, Georgia or Wuhan. You are stuck at home, feeling increasingly isolated, and wondering whether you really have everything you need. In which case, perhaps you just need a dose of the original social distancing book: *Robinson Crusoe*. It does go on a bit — but the first section, when Crusoe first finds himself alone on a desert island, is still a fascinating paean to individual enterprise amid isolation.

Business Standard
MUMBAI | THURSDAY, 26 MARCH 2020

The Smart Investor

QUICK TAKE: DEMAND WORRIES TO WEIGH ON ASIAN PAINTS



Despite the rally in the Asian Paints stock on Wednesday, the near-term outlook is muted because of demand uncertainty after the nationwide lockdown. While the gain from a steep decline in crude price is substantial, revenue visibility is weak in the current environment, say analysts

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Lockdown hurts market volumes

Recent Sebi move, drop in securities' prices contribute to the fall

SAMIE MODAK
Mumbai, 25 March

Though the stock markets continued to function amid restrictions in several cities even before a 21-day nationwide was announced, trading activities took a beating. The average daily trading turnover for the futures and options (F&O) segment for this week was 66 per cent lower than the yearly average.

Market players said the restrictions and recent tightening of the regulatory framework by the Securities and Exchange Board of India (Sebi) were to be blamed. Part of the reason for the drop in trading turnover was a sharp fall in the price of underlying securities. However, market players said even going by the number of contracts traded, volumes were 20 per cent lower than usual.

"The drop in volumes is on account of multiple factors," said Chandan Taparia, head of derivatives and technical research at Motilal Oswal Financial Services. "The fall in the market has dampened investor sentiment which has impacted investor participation. Also, the lockdown has led to operational difficulties. Third, the tightening of the regulatory framework by Sebi has also played its part."

The F&O turnover on Wednesday stood at ₹6.8 trillion, which, experts said, was unusually low for a pre-expiry day. In January and February, trading volume a day ahead of the derivative expiry stood at ₹17 trillion and ₹ 19 trillion, respectively.

Market players said because of the lockdown most brokers are working from home and hence, are not able to operate at optimal levels. Also, brokers have stopped encouraging leveraged bets because of the spike in volatility, they said.

"Earlier, brokers used to allow their clients to operate on leverage. These days most brokers are wary of this because of the record high volatility," said an industry player.

The India VIX index, a gauge for market volatility, on Tuesday closed at an all-time high of 86.6, higher than the levels seen during the 2008 financial crisis.

In a bid to bring down market volatility, Sebi on Friday had tightened the framework for derivatives trading. Among the changes announced by Sebi are a reduction in so-called market-wide position limit for highly volatile stocks, and an increase in margins and penalties. The changes came into effect from Monday. Another operational issue highlighted by industry players was the collection of payments. "A lot of traders still deal with cheques. Because of the lockdown, brokers are not able to collect and encash their cheques, which too, could be impacting volumes," said the person quoted above.

While government authorities have exempted companies, part of the stock market ecosystem, from the lockdowns, several industry players have complained of difficulties getting to the office. On Tuesday, the central government announced a 21-day nationwide lockdown. However, the state government's announced lockdown had come into effect in Mumbai, the biggest contributor to trading volumes, last week.

Yogesh Radke, head of alternative and quantitative research at Edelweiss Securities, said volumes could come off further because of the ongoing lockdown. Market players said the shallow F&O volumes isn't healthy from the market point of view as it may hamper price discovery and lead to manipulation in some counters.

TAKING A HIT

Derivative volumes were down despite an expiry week

Daily average (₹ cr)	Cash	Derivatives
This week	40,876	555,372
Year-to-date	43,328	1,642,805
Change (%)	–6	–66

Source: Exchanges

Ensure markets function: Sebi

Sebi wrote to administrative authorities, seeking help to ensure continuation of stock market activities. "We've written to chief secretaries, as well as administrators of all the states and UTs, requesting them to facilitate movement of personnel of entities notified by Sebi for smooth operation of the capital markets," it said. BS REPORTER

Sharp recovery hinges on effective lockdown

Most brokerages are united in their view that the 21-day lockdown is a bitter pill needed to ensure that the economy remains healthy in the long run. However, they say the move needs to be backed by stimulus measures. Edited excerpts:

SAMIE MODAK

Edelweiss

This is the Big (crisis) one — human, economic, financial (HEF). The HEF is more severe than the global financial crisis (GFC). The over 30 per cent fall in the markets reflects the HEF uncertainty; economic dislocation, earnings rips, and more fundamental resets will follow. We expect volatility to continue; near-term market and stock calling, particularly levels, are more matters of faith and investing beliefs than playbooks. This holds true for growth and earnings resets and extrapolations — they will come as the virus is reined in.

Emkay

The preparatory phase of a Sunday lockdown and the various state governments extending restrictions have given decent preparation time. This increases the likelihood of the effectiveness the 21-day lockdown. From a market perspective, we believe the actual spread of the disease in India will become less relevant (unless the numbers really blow up, say beyond 50-60K), with the focus now shifting towards the extent of disruption caused by the 21-day lockdown. The global capital markets sentiment would hinge on a sustained drop in new daily case counts in the US and Europe.

Motilal Oswal

The Prime Minister has announced an unprecedented three-week lockdown to contain the spread of coronavirus. Given the nature of the crisis and the consequent containment measures, forecasting corporate earnings for FY21 has become difficult with existing earnings estimates facing sharp downside risks. It is prudent to look at the trailing valuation metrics. The Nifty is trading at a trailing price/earnings of 14.7x, the lowest in six years, while the trailing price/book value of 1.9x is the lowest since the GFC. The market cap to GDP ratio is at 49 per cent, which is also the lowest since the GFC.

JM Financial

Possibly taking lessons from the demonetisation experiment, the lockdown is expected to be backed up by an economic package and monetary policy support towards sections of the economy most hit by the disruption. Having said that, it is pertinent to note what seems to matter most for the stock markets — fiscal policy, monetary policy, policies aimed at "flattening the curve", and the flattening of the curve.

Geojit Financial Services

Enforcement of the 21-day lock out of the nation will be a major challenge. The temporary shock to the economy will be huge. But if we come out of this lockdown successfully, economic recovery can be sharp. The choice in this crisis is limited. That's why the PM said, if we don't do this 21-day lockdown, we will go back to 21 years. Effective practical enforcement of the lockdown will require massive support from the central government including income support to poor households, forbearance on NPA classification and EMI repayment

Kotak Institutional Equities

The decision to implement a complete lockdown (barring essential services) in for 21 days may help slow down the spread of COVID-19. We hope the government and the RBI provide the necessary fiscal and monetary support to counter the inevitable economic slowdown. We believe the recent bold political and social measures must be backed by bolder economic ones.

THE COMPASS

Risk-reward not favourable for smaller private banks

Attractive valuations of large banks to weigh on stocks

SHREEPAD S AUTE

There is little doubt that the negative impact of coronavirus across sectors would take a toll on the banking industry, in terms of asset quality, higher credit cost, and growth. However, the Street seems to have even less confidence in smaller (small- and mid-sized) banks if their stocks' recent underperformance versus large banks is anything to go by. Federal Bank, DCB Bank, and RBL Bank, among others, are down up to 59 per cent in the last 10 trading sessions versus a 30 per cent fall in the Nifty Bank index during the same period.

First, with uncertainty over the duration of the coronavirus pain and its impact on the overall economy, the ability of smaller banks to withstand the shock has become a key for investors.

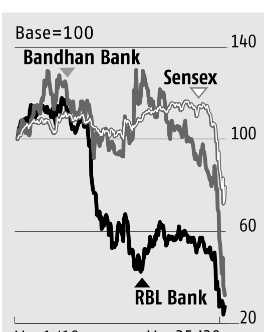
Krishnan ASV, lead analyst at SBICAP Securities, believes: "Large banks with high capitalisation and a strong deposit franchise have greater ability to absorb the economic growth shock, which investors are looking for in light of the current situation." In fact, a moratorium-like episode at a private sector bank is often followed by a temporary crisis of confidence for depositors of other private banks, which demands a slew of confidence-restoring measures by policymakers and other stakeholders, says Krishnan, adding that banks collectively investing in YES Bank was one such measure.

Having said that, the write-off of YES Bank's tier-1 bonds would make fundraising difficult, especially for smaller private banks.

Second, according to analysts at Dolat Capital, besides growth and asset quality concerns, high exposure to small and medium enterprises (SMEs) has led to a correction in mid-sized banks. The SME sector is expected to be more vulnerable to the current crisis as the lockdown could wipe out a sizeable chunk of their cash flow in the near term. Lenders like Bandhan Bank and RBL Bank also have a high segmental concentration in microcredit and personal loans, respectively, which could see pressure if there are job losses or pay cut, say analysts.

Finally, though secured loan books of many small private banks indicate good recoveries in the event of default, valuations are a hurdle. After the sharp correction, large and strong banks like HDFC Bank and ICICI Bank are available at a reasonable valuation of 2-3 times trailing 12-month book value; it is about 1-2 times for small privates banks. "Buying interest is likely to be limited (for mid/small banks) when large private banks are available at a significant discount," say analysts at Dolat Capital in a report.

In this backdrop, investors are recommended to stay away from small private banks until the situation improves, select stocks like Federal Bank could be a good option to bottom fish.



Compiled by BS Research Bureau

Oil's 60% crash tip of the iceberg

BLOOMBERG
25 March

As oil crashes due to the impact of the coronavirus, it's easy to overlook an even more dismal reality for producers: The real prices they're getting for their barrels are worse still.

Having collapsed by about 60 per cent this year, Brent and West Texas Intermediate crude have stabilised at around $25 a barrel, but the price rout is far deeper for actual cargoes, which are changing hands at large and widening discounts to the global benchmarks. The discounts mean that in the physical market, some crude streams are trading at $15, $10 and even as little as $8 a barrel.

"The physical market is in pain, and there is more pain to come," said Torbjorn Tornqvist, the co-founder of Gunvor Group, a large trading house. "We will see the full weight of the oversupply in a couple of weeks."

Crude oil in the physical market trades at a premium or discount to Brent, West Texas Intermediate and other benchmarks. At times of surplus, premiums narrow and discounts widen. But the current situation is almost unprecedented, with discounts in some cases at multi-decade highs.

Examples abound from Africa to West Asia to Latin America. Nigeria, the biggest oil producer in Africa, is selling its flagship Qua Iboe crude at a discount of $3.10 a barrel below the Dated Brent benchmark, the largest in at least two decades. Colombia is selling its Vasconia crude at a discount $7.75 a barrel to Brent, a 4 1/2-year low. "The physical oil market looks horrific," said Kit Haines, an analyst at consultant Energy Aspects.

Oil prices in the physical market are weakening as the economic impact of the coronavirus on oil demand cascades through every part of the petroleum industry. Consumption is down by as much as 20 million barrels a day, Vitol Group said on Wednesday.

"Demand clearly is off, in some parts of the world, very dramatically," Chevron CEO Mike Wirth told Bloomberg TV on Tuesday.

With fuel consumption in some countries, including France and Italy, down by a third or more, refiners are being forced to reduce the amount of crude they process. For example, Phillips 66, the world's 11th-largest oil refiner by capacity, said on Tuesday it was operating its plants at "minimum crude processing rates" — traditionally seen in the industry as running a refinery at between 60 per cent and 80 per cent of nameplate capacity. With refiners cutting runs, their demand for barrels has fallen commensurately.

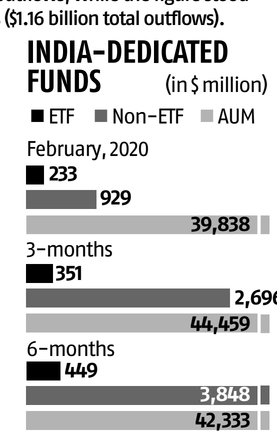
Brent crude
$27.28 ▲ **48 CENTS**

WTI
$24.50 ▲ **49 CENTS**

At 10.53 pm IST

Listed offshore funds invested in India saw outflows of close to $1.2 billion in February. The outflows were driven largely by India-dedicated funds. Passively managed funds, or exchange-traded funds (ETFs), saw $233 million in outflows, while the figure stood at $929 million for non-ETF flows ($1.16 billion total outflows).

Listed emerging market flows were negative for all countries, except Brazil and Russia. China and South Korea saw outflows of $3.5 billion and $1.7 billion, respectively. Selling from foreign institutional investors (FIIs) has accelerated in March amid the virus outbreak. In India, FIIs have sold over ₹55,000 crore worth of equity this month, besides ₹54,240 crore of selling in debt markets. Overall, the FII selling has crossed the ₹1 trillion-mark in March. JASH KRIPLANI



Source: EPFR, Kotak Institutional Equities, AUM: Assets under management

RIL reclaims most-valued company tag

Shares of Reliance Industries on Wednesday zoomed nearly 15 per cent, reclaiming the tag of the most-valued domestic firm by market valuation surpassing TCS.

RIL's scrip jumped 14.65 per cent to close at ₹1,081.25 on the BSE. During the day, it advanced 22.25 per cent to ₹1,152. On the NSE, it rose sharply by 13.84 per cent to close at ₹1,074.

The sharp rally in the shares helped the company's market valuation zoom ₹87,576.98 crore to ₹6.85 trillion on the Sensex. The heavyweight stock was the top gainer on both the key indices. Meanwhile, there were media reports that Facebook was in talks to buy stake in the company's telecom unit, Jio.

In traded volume terms, 11.76 billion shares of the company were traded on the BSE and about 33.4 million shares on the NSE during the day. PTI

FY21 likely to be a washout year for media companies

Low valuations, which helped Wednesday's rebound, come as a solace

RAM PRASAD SAHU

After falling the most among sectoral indices in early trade on Wednesday, shedding close to 4 per cent, the Nifty Media Index bounced backed sharply to close 3 per cent higher. The sector — comprising broadcasters, multiplex operators, and the print media — has been among the most impacted from the COVID-19 outbreak and the subsequent lockdown, on account of pressure on advertising revenues, uncertainty in the subscription segment, and a sharp drop in footfall.

While the broader markets have also recovered, Karan Taurani of Elara Capital says valuations for the sector are attractive, and a downside from their current levels seems limited. He adds that valuations for some players are lower than the levels last seen during the 2008 financial crisis. Zee Entertainment, which has the highest weight in the index, has declined 50 per cent over the month, with PVR down 32 per cent over the same period.

While most brokerages are positive on the structural growth story of multiplex players vis-à-vis other segments, they will bear most of the pain in the near term. Given the lockdown, brokerages have revised their FY21 footfall growth estimates from 8-12 per cent to just 1-2 per cent.

Though big-budget movies are expected to be pushed back, smaller movies could be shot for the digital medium, thus impacting the release schedule. Analysts, however, say there could be bunching up of movies from the September quarter, which could offset some of the losses.

Some relief is expected on the cost front, especially rentals (which account for 18-20 per cent of sales), given the force majeure clause.

For the broadcasting space, a sharp fall in advertising growth is expected to dent revenues in the June quarter, as well as in FY21. While analysts expect subscription revenues to be more stable, uncertainty over the new tariff order could weigh on growth.

Given the pressure on revenues, analysts expect investments in over-the-top or OTT content to take a back seat for now. The high gestation period of the digital medium, as well as large investments, are expected to dent near-term profitability.

While brokerages expect a recovery in Q2FY21, analysts are not hopeful of a sharp rebound like in 2008, when the recovery was 'V' shaped.

Compiled by BS Research Bureau

Gold heading towards ₹45,000 level

RAJESH BHAYANI
Mumbai, 25 March

Volatility in the global markets has once again brought gold back in focus, with the price of the yellow metal rising sharply worldwide. In India, it is approaching the ₹45,000-level.

This is a boon for investors holding gold exchange-traded funds and sovereign gold bonds (SGBs). At present, it is perhaps the only instrument to be providing returns based on the money invested.

While the spot gold markets are closed across the country, the Indian Bullion Jewellers Association's price, which still acts as the indicative price, saw a sharp jump on Wednesday, with a near-3 per cent jump to close at ₹43,250 per 10 gram (999 purity).

Although the spot market is closed, the rising trend is reflected even in listed SGB prices. SGBs are also accepted as collateral.

According to Ajay Kedia, director of Kedia Advisory, in the international market "there was a huge demand for the dollar among international investors, and traders were seen buying gold, given that both are considered global currencies. Following the COVID-19 related lockdown, refineries in the UK had to keep their operations shut or running at lower capacities, which sent gold prices surging."

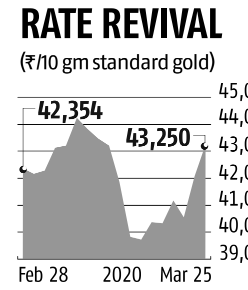
The international gold price is at $1,620 per ounce. Compared to this, domestic prices are at a discount.

Discounts are wider in MCX futures because of heavy selling in April contract futures. On the MCX, several traders were bearish and had sold gold in the past few days. They felt they would purchase gold once markets opened after March 31. However, since the lockdown will now last longer, delivering gold is not possible.

As a result of selling on the MCX, the futures market price is at a discount of ₹2,000 per 10 gram to the landed cost of gold. The landed cost acts as a benchmark. Gold imports, too, have now been halted, following the lockdown.

RATE REVIVAL

(₹/10 gm standard gold)



Compiled by BS Research Bureau
Source : IBJA

Commodity derivatives trade may close by 5 pm

RAJESH BHAYANI
Mumbai, 25 March

The Securities and Exchange Board of India (Sebi) is considering a proposal to allow trading in commodities derivatives only till 5 pm — it is currently on till 11.30 pm.

This is a request from the Commodity Participants Association of India (CPAI), apex body for commodity brokers. After the countrywide lockdown, many say they find it difficult to call even the minimal staff required in the office. The Association has asked the regulator to cut the timing in line with those for agricultural commodities; the latter ends at 5 pm.

Equity derivatives' trade functions till 3.30 pm but those in commodities traditionally remain open till late. Especially for globally referenceable ones, such as bullion, metals, and energy. International markets are open round the clock.

"As a temporary measure till normalcy is established again, it is advisable to cut trading timings to 5 pm," said Narendra Wadhwa, president of CPAI.

On Wednesday, the commodity segments of all exchanges saw intense activity to covering traders' short positions, with the uncertainty after announcement of the new 21-day national closure.

On the National Commodity and Derivatives Exchange, an agri commodity-centric one, several commodities were in the four per cent upper circuit without any fundamentals. This, said brokers, was because all those who were short were covering short positions.

Warehouses, transport and wholesale markets are functioning irregularly in the lockdown; labour is not available. As a result, delivering goods on contract expiry will be difficult.

Hard decisions in tough times

For those who don't have adequate investments, taking a bridge loan to service EMIs may work

BINDISHA SARANG

Imagine the chaos: Global stock markets have gone into a tailspin, industries are shutting down, and countries are announcing lockdowns due to COVID-19. In less than a month, Indians find themselves in the middle of a global storm that has disrupted the lives of every citizen. Some sectors, such as aviation, are already cutting salaries and we will know about the magnitude of job losses only at a later date. During such times, money management and supplies become the core focus of all families. But what works for one person may not work for another. A few money management tips for four categories of people:

With an emergency fund and adequate investments: You will survive this financially. For someone with three-six months' emergency funds in place, well invested and without much loans, this is time to be calm. Nishant Agarwal, Managing Partner and Head – Family Office, ASK Wealth Advisors says: "Things will be relatively more comfortable for such people. Despite the historic fall in the stock market, this investor should not worry too much. Even the temptation to change from one fund to another can be kept on hold until things become clearer." There are chances that there could be another bout of correction if the news flow worsens. But then, things may improve for the better as well. No action is the best action in current times.

If you are someone who has not invested enough in equities and are sitting on cash right now, this is the time to invest. Adds Agarwal: "Thank your luck that an opportunity like this has come. You can start by buying into large-cap equities through index/exchange-traded funds/mutual funds or portfolio management services. You can invest anywhere between 5 per cent – 8 per cent of this cash. And build up to full allocation slowly and steadily." Even if you have money in equities, you can still increase the exposure over the next three months. Nitin Rao, CEO, InCred Wealth Management, says: "We prefer actively-managed funds, portfolio management services and high-quality stocks for equity allocation. Conservative investors can look at index funds or index ETF. Even debt investors can invest in AAA rated corporate bond funds to maximise their debt returns. An asset allocation review is also recommended."

No emergency funds, with investments: An emergency fund is perhaps the most critical thing today. But how should you create that? The options are: Switch from equities or equity mutual funds to liquid funds or redeem bank deposits. Raghvendra Nath, Managing Director, Ladderup Wealth Management, says: "Since these people do not have emergency funds and equities are languishing, you should not sell them." If you have some money in fixed deposits and other debt funds, try and utilise them to create an emergency fund. Even gold would be a good idea since it is going up. You could borrow against physical gold or sell if you have it in exchange-traded fund format. And of course, if you have idle money lying in accounts, it would be a good time to consolidate bank accounts. M Barve, founder MB Wealth Solutions, says: "Due to job-hopping, many people have several bank accounts, and sometimes, there is idle cash lying around in these accounts as well. You would be surprised to know that if you tap into these accounts of both spouses, you might even get enough to cover a couple of months' expenses." However, these accounts need to be active and not dormant. To revive a dormant account, you will have to visit the branch.

RECENT FALL HAS WIPED OUT GAINS FROM EQUITIES

Instrument	Average rtns (1 year) in %	Average rtns (5 years) in %
Recurring deposit*	5.40-7.25	6.5-8.42
Fixed deposit*	6.30-8.25	6.25-9.00
Liquid funds	5.70	6.87
Debt funds (example: Corporate Bond Fund)	5.19	6.95
Hybrid funds (Aggressive Hybrid)	-22.60	0.47
Equity funds (Large Cap)	-29.49	-0.74

For Mutual Funds: Five years category returns.
*Across PSU, Private and Small Savings Banks
Source: TBNG Capital Advisors, Websites and Value Research

Freelancers: Unlike those with a job, if you are a freelancer or a consultant, things are going to be hard for you. With work expected to dry up in the gig economy, you need to get into action ASAP. Tarun Birani, Founder and CEO TBNG Capital Advisors says: "Such clients should maintain high cash levels. Currently, we are asking them to maintain six months of expenses due to uncertainty. If need be, they can move out of investments in a hierarchy of low risk to high risk." Birani says: "Ideally, a loan should be avoided completely. In the worst-case scenario, you will need to do a cost-benefit analysis wherein you have equity investment, but no cash in hand. In a scenario like this, taking a bridge short-term overdraft or loan may work instead of selling equities."

There's also an urgent need to cut all unnecessary expenses for at least a few months even after the lockdown is over and things get normal. Adds Rao says: "For freelancers, the work cycle should follow the economic cycle."

Have investments and EMIs: If you have investments and home loan or other equated monthly instalments (EMIs), it could be tough, especially if your salary is delayed/cut or there is a job loss. Nath says: "It is a difficult period. Liquidate your investments partially and prepay the loans to reduce the EMI burden. But if one can sustain the EMIs, then one should continue with the loans and investments together. In the next two years, the probability of your investment returns beating the home loan rate of interest is very high." There's another option too. Rao says: "Seek an EMI holiday for a couple of months or take an overdraft against fixed deposits or securities which could be used temporarily."

In short, it's time to learn a few hard lessons for those who have not been careful with their money. But it's never too late to start learning.

Compensate student for fraud

CONSUMER PROTECTION

JEHANGIR B GAI

Kanti Kumar Bhattacharya came across an advertisement for B. Tech and Diploma Course in Engineering conducted by the School of Engineering and Technology at Salt Lake City, Kolkata. The advertisement also mentioned that the institute was approved by Rajasthan's Singhania University. Believing in the representations made, Kanti wanted to enrol his son Abhighyan for the B. Tech (Civil engineering) course for the academic year 2011-12. He sought the assistance of D.K. Ghosh, an agent of A to Z Consultants, who charged him ₹75,000 for securing a seat under the management quota. The institute charged ₹50,000 as university admission fees and ₹52,500 towards tuition fees.

UGC's website revealed that certain universities run centres on franchise basis, which is not permissible. Private universities are not entitled to grant affiliation to colleges

Abhighyan found that no regular classes were being held. His internet research revealed that the institute was not recognised by Rajasthan's Singhania University, but by Meghalaya's CMG University. The University Grants Commission website revealed that certain universities run centres on franchise basis, which is not permissible, and private universities are not entitled to grant affiliation to institutions and colleges. They are also not permitted to establish campus centres in other states. Realising they had been duped, Bhattacharya father and son filed a complaint before the District Consumer Forum.

The complaint was contested on the ground of maintainability as well as on merits. The Forum did not find any substance in the defence and ordered the institute as well as the agent liable to refund the fees collected. It also awarded Bhattacharya ₹1 lakh as compensation for harassment and damage to his career, and ₹10,000 as litigation expenses. Also, it imposed punitive damages of ₹50,000 payable to the Consumer Welfare Fund. A period of 30 days was given for compliance of the order, after which an amount of ₹200 per day would be payable to the Consumer Welfare Fund. The Forum warned that if the order was disobeyed, it would adopt penal action of permanently closing down the fake institute and sealing it.

The institute, as well as the agent, appealed to the West Bengal State Commission reiterating its stand that a complaint against and an educational institution would not be maintainable as education is not a commodity. The State Commission accepted the institute's argument and set aside the order.

Bhattacharya then approached the National Commission thorough a revision petition. The Commission observed that the brochure and advertisement given by the institute, claiming to be recognised for imparting technical and engineering education, was a hoax used to allure students. It concluded that the institute could not be termed an educational institution since it was fake and did not have any affiliation for running a centre in Kolkata. So, it held the complaint to be maintainable.

The National Commission castigated the institute for ruining students' career, and held it was necessary to deal with such cheats with a heavy hand. Accordingly, by its order of March 18, 2020, delivered by C. Viswanath, the National Commission set aside the order of the West Bengal State Commission and restored the order of the District Forum in Bhattacharya's favour.

The writer is a consumer activist

BUDGET: ₹1.5 CRORE -₹2 CRORE

REALTY CHECK

Business Standard **brings you a snapshot of average current rates and unit sizes in localities that offer property in the price range of ₹1.5 crore and ₹2 crore. If you are looking at buying real estate, an idea about prevailing rates would come in handy**

	Avg price (₹/sq ft)	Avg unit size (sq ft)
MUMBAI		
Mulund West	15,461	1,175
Thane West	12,103	1,431
Chembur	17,613	1,021
Kandivali East	17,369	1,053
Seawoods	18,392	1,052
Andheri East	17,398	1,040
Kanjurmarg	17,988	1,001
Malad West	15,787	1,117
Goregaon West	16,178	1,092
BANGALORE		
Sahakar Nagar	9,020	1,855
Sarjapur	5,537	3,207
Thanisandra	7,740	2,319
Bommanahalli	9,539	1,761
Mahadevapura	5,984	2,922
Hebbal	7,945	2,334
CHENNAI		
Vadapalani	10,095	1,758
Purasaiwakkam	9,032	1,858
Anna Nagar	13,124	1,446
Perungudi	7,461	2,297
Korattur	8,510	2,054
HYDERABAD		
Kokapet	6,110	2,770
Mokila	4,847	3,691
Manikonda	7,017	2,554
Nanakramguda	5,971	2,620
Kondapur	7,169	2,288
Kompally	6,000	2,785
Gachibowli	6,155	2,703
PUNE		
Kothrud	12,887	1,355
Baner	6,491	2,614
Shivaji Nagar	13,687	1,332
Deccan Gymkhana	13,245	1,348
Gahunje	8,471	2,089
Hadapsar	7,972	2,178
GURUGRAM		
Sector 48	9,687	1,825
Sector 3	7,246	2,450
Sector 109	7,398	2,437
Sector 67	10,600	1,432
Sector 104	6,311	2,912
Sector 60	10,417	1,966
Sector 70A	6,024	2,813
NOIDA		
Sector 150	5,474	3,133
PI	4,715	3,687

Note
- The ticket price range considered for the above data points is between ₹1.5 crore and ₹2 crore
- All the data points discussed in the above table refer to primary market only
- Above residential data set comprises of residential apartments only
- Above residential data is representative of organised real estate developers only
- The top performing micromarkets based on sales during last year (February-2019 to January-2020) is represented on the above table
- Data points are updated till January 2020

Note: Analysis includes apartments and villa only Source : PropTiger DataLabs

Stay away from leveraged businesses

Movng to stronger, more diversified ones will be prudent

SARBAJEET K. SEN

In past episodes of steep market corrections, such as that of 2008, the BSE Small-cap Index (72.3 per cent) had declined much more than the mid-cap (66.9 per cent) and the large-cap index (52.4 per cent). This time, however, this category has fallen in line with its larger peers. The BSE Sensex, Mid-Cap and Small-cap indices are down 33.9, 36.1, and 38.8 per cent respectively over the past month. Mid- and small-cap stocks have been languishing since January 2018, barring a truncated recovery at the start of the year. Since they have not seen much upside over the past couple of years, they have also not declined as much as they usually do in times of extreme fear and volatility.

Direct stock investors need to orient their portfolios towards small-cap businesses that are more likely to survive this onslaught. "Companies that survive will be those that have a low level of leverage on their balance sheets, regular cash flows, a competitive business model, and a larger runway for growth," says Vinit Sambre, head of equities, DSP Mutual Fund. Once growth revives, he says, these companies will rebound more strongly and will capture market share from their weaker rivals.

A few other changes may also be required. "For those fully invested, consider rotating out of some of the manufacturing businesses to move into digital, service-oriented ones," says Jatin Khemani, founder and CEO, Stalwart Advisors, a Sebi-registered independent equity research firm. Manufacturing businesses are more susceptible to lockdowns than digital, service-oriented ones that can operate remotely at least partially and safeguard their revenue flow. Khemani also suggests moving out of smaller players with leveraged balance sheets and concentrated operations—those dependent on a single market, few buyers, vendors, outsourcing partners, etc. "Get into stronger, more diversified players," he says.

SMALL-CAP RECOVERY WILL GET DELAYED

Index	2014	2015	2016	2017	2018	2019	2020 YTD
S&P BSE Sensex	29.9	-5.0	2.0	27.8	5.9	14.4	-30.8
S&P BSE MID CAP	54.7	7.4	8.0	48.0	-13.7	-3.1	-31.8
S&P BSE SMALL CAP	69.2	6.8	1.8	59.5	-23.9	-6.9	-33.4

Source: mutualfundindia.com

However, avoid the urge to go into cash. "If a vaccine or cure were to be discovered tomorrow, the rally would be so sharp that you would not get a chance to participate in it," he adds.

YOUR MONEY

The biggest issue small-cap businesses are facing currently is liquidity. "Many of these businesses, which have suspended their operations right now, could have a difficult time meeting their financial and operational expenses as their sources of income have dried up," says Sambre. Many leveraged players in this segment could go belly up if lockdowns and work disruptions continue for long.

On the positive side, valuations are no longer expensive. "Even quality businesses in this segment are now available at attractive valuations," says Sambre.

Mutual fund investors should examine their small-cap fund's portfolio. If it contains businesses likely to survive this downturn, and the fund has a sound long-term track record, be patient and stick to it. Above all, stick to your asset allocation. Ideally, allocation to small-cap funds should not exceed 10-20 per cent of your portfolio. If it is higher, reduce it. Due to the market correction, your asset and category allocation would have got disturbed. Those with cash to spare may make periodic investments over the next three-four months to bring their asset and category allocation back to the original level. Keep existing systematic investment plans (SIPs) going. Under no circumstance should you exit small-cap funds now, as doing so could lead to the realisation of what at present is a notional loss.

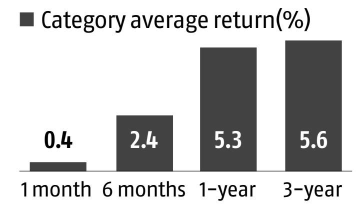
New investors will be better off sticking to time tested large-cap oriented active or passive funds. "The best options at present are an index fund or exchange-traded fund (ETF), followed by actively managed large- and multi-cap funds. When the markets recover, they will lead the revival and not small-cap funds," says Pankaj Mathpal, founder and chief executive officer, Optima Money Managers.

TIPPING POINT

Should you get into overnight funds?

At a time when the one-month category average returns of most fund categories are in the negative, overnight funds are still giving positive returns. These are funds that invest in securities of one-day maturity. Since the duration of securities they invest in is so low, these funds carry negligible duration or credit risk. They are hence the safest category among debt funds. If you have a large sum of money that you don't wish to deploy until markets stabilise, use this category. But it would not be wise to pull money out of existing investments to park here. In the case of long-term money, it is better to stay invested to benefit from a recovery.

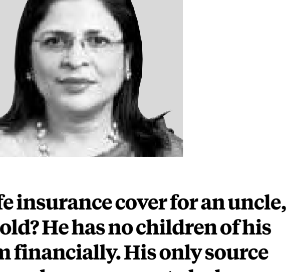
SAFE, BUT RETURNS ARE NOT HIGH



Source: mutualfundindia.com

READER'S CORNER

LIFE INSURANCE



VIBHA PADALKAR

Can we buy a life insurance cover for an uncle, who is 75 years old? He has no children of his own to help him financially. His only source of income is from a house property he has rented out. The rental income is around ₹30,000 per month. His spouse is financially dependent on him.

Life insurance is a means of securing the future of your loved ones. However, the purchase of insurance depends on various factors such as age, income, liabilities, etc. While term insurance is a financial safety net that protects the family in the absence of the policyholder and is one of the most affordable products, one should ideally purchase term insurance up to the age of retirement. A very useful product for those who have crossed retirement age is an annuity. Investing a lump sum amount in it fetches the buyer a good income for the rest of his life. I would recommend purchasing a joint-life annuity to ensure a regular stream of income for your uncle and his dependent wife in their retirement years.

I heard there's a critical illness rider that can be purchased along with some life insurance policies. What's the advantage of such a rider? In case I avail of one, how do I make a claim for it? Is there a time-frame within which the payment will be made to me?

Life insurance riders are additional benefits over a primary policy, which come into play in case of a specific eventuality. A critical illness rider can provide a lump sum benefit or accelerate the benefits payable on the base policy when the policyholder is diagnosed with one of the critical illnesses (say, a heart attack, loss of limbs, loss of sight, etc.) listed in the rider. Please read the terms and conditions of the policy to understand its specific eligibility conditions. The claim process is very similar to the standard claim process: One can reach out to insurance companies as one would do for maturity or a death claim.

I am 60 and have a life insurance cover of ₹50 lakh. It is a term plan. I have a monthly income of ₹1 lakh. My wife is also employed and has a life insurance policy of ₹10 lakhs. We do not have any children or other financial dependents. Do I have adequate life cover?

Usually, it is advisable that one reduces the amount of life cover as one gets closer to retirement. By retirement age, it is expected that an individual would have created wealth or saved enough from his income during working years. A few things you can consider are purchasing an annuity with any lump sum amount that you have. This will ensure continued income for you and your wife, for the rest of your lives. In case something were to happen, the plan will continue to provide financial support to your wife. Since you don't need to leave a legacy, you can opt for a plan without return of purchase price, thereby enjoying a higher annuity rate.

I have a 10-year-old moneyback policy. Can I change the due date for premium payment?

A change in the premium due date for a moneyback policy is not available. However, you can alter the premium-payment frequency (annual/half-yearly/quarterly/monthly), depending on your policy terms and conditions. Timely payment of premiums ensures that your policy continues uninterrupted and enables you to enjoy the benefits it offers. You will typically receive a premium payment reminder well before the due date. If for any reason, you have missed a premium due date, you can make the payment within the grace period, which is usually 15 days for monthly premium payments (regular) and 30 days for more extended payment options such as a yearly and half-yearly.

The writer is MD & CEO, HDFC Life. The views expressed are the expert's own. Send your queries to yourmoney@bsmail.in

HUL eyes bigger health play with VWash

Along with brands Horlicks, Boost and Lifebuoy as well as GSK's Sensodyne, and Crocin, the company seeks a larger presence in pharmacies

VIVEAT SUSAN PINTO
Mumbai, 25 March

While modern trade over the years has played an important role in driving premium products for FMCGs, pharmacies are slowly but steadily emerging as go-to channels for companies where upscale and high-priced items can be pushed

The Covid-19 outbreak has brought healthcare into the centre of people's lives, forcing them to rethink consumption and hygiene habits. For purveyors of fast moving consumer goods (FMCG), this opens up innumerable opportunities. In terms of consumer engagement some have churned the digital channels with communication that ranges from public awareness to information and purpose-led promotions. New products and variants are being planned as well as a concerted effort is being made to ease entry into newer trade channels.

The pharmacy network is one such channel that is increasingly acquiring importance for FMCGs. Market leader Hindustan Unilever (HUL) is now readying a blueprint that it will see it enhance its presence within pharmacies through a combination of acquired, distributed and in-house brands.

On Monday, the company announced it was buying VWash, an intimate hygiene brand from Glenmark Pharmaceuticals. While the market size of intimate hygiene is just ₹50 crore, say experts, owing to the niche and urban presence of the category, VWash gives HUL a crucial gateway into the pharmacy channel.

Along with brands Horlicks, Boost and Lifebuoy as well as GlaxoSmithKline's (GSK's) Sensodyne and Crocin, whose distribution HUL will now undertake, the company gets a sizeable portfolio, said analysts, to negotiate with pharmacies.

This gains importance in light of the heightened push by rivals RB Health (Dettol), ITC (Savlon), Godrej Consumer (Godrej Protekt/Cinthol), Dabur, Emami and Wipro Consumer (Santoor) into pharmacies in recent months.

"We are already big in general trade. The pharmacy trade channel is a key segment where we would like to grow our presence," Srinivas Phatak, chief financial officer, HUL said on Monday. VWash also fills "white spaces" within HUL's beauty and personal care portfolio, the company's chairman and managing director Sanjiv Mehta said, as it taps emerging categories in healthcare.

According to industry estimates, the pharmacy channel constitutes around 15-20 per cent of India's total retail universe of 15 million outlets. The channel is of relevance to FMCGs for the diversity of products it stocks – from medicines to personal hygiene, food, beverages, cosmetics and home care products – items that require individual attention and display. Plus pharmacies are changing rapidly, they are no longer just corner chemist shops but mini supermarkets with well-lit aisles and an array of brands.

"Shelf space in kiranas is very limited. You have everything from staples to discretionary products stocked there. Pharmacies in that sense give you better display, the ambience is better, companies can push premium products and the pharmacist can also recommend specific items if required," says Nitin Gupta, analyst, SBICAP Securities.

While modern trade over the years has played an important role in driving premium products for FMCGs, pharmacies are slowly but steadily emerging as go-to channels for companies where upscale and high-priced items can be pushed.

Companies, say experts, are also forming dedicated teams to service general trade and pharmacies, given the unique requirements of the two channels. Dabur and Emami, for instance, have separate field force in place for the two channels and different products that are pushed into the two networks. HUL is also working on similar lines and is likely to push some of its premium offerings across its categories even more aggressively into pharmacies in the future, experts said.

Some experts say that HUL's push into pharmacies is also linked in part to its need to pave a smooth road ahead for its health food drinks Horlicks and Boost acquired from GSK Consumer. The acquisition will see HUL compete head-on with Nestle, which has rival Milo in its portfolio. Nestle currently has been pushing Milo's regular packs in markets such as the south where Horlicks is a key competitor. Milo Tetra Pak, on the other hand, is available across the country, distribution of which will be amplified even further in the coming months. HUL, on the other hand, may relaunch Horlicks and Boost as it refurbishes the brands.

FROM PAGE 1

Headed home as migrants have no room to isolate

For instance, workers get compulsory health and other forms of insurance if they are with a unit employing at least 10 (through the Employees' State Insurance Corporation). Workers are entitled to provident fund benefits only if they are working in an establishment with 20 or more (managed by the Employees' Provident Fund Organisation). That too is rare.

According to the latest Economic Census of 2013-14, 98.6 per cent of all the establishments employ less than 10 workers. This suggests that workers belonging to all such establishments barely had any social security cover. Prasad and Singh belong to this 98.6 per cent of the work segment.

The lockdown

Before Prime Minister Narendra Modi announced a nationwide 21-day lockdown on March 24, 30 out of 36 states had it in place to contain the spread of COVID-19 coronavirus. It was after Maharashtra had announced a complete shutdown till March 31 that the migrant exodus came into focus. The images of hundreds of migrants workers thronging railway stations to return home sent panic waves in the power corridors. While there's no official count, the Economic Survey of 2016-17 has been cited often in Parliament to state there are an estimated 100 million migrant workers. That's a fifth of the total workforce in the country.

As the economy picked up speed over decades, the pace of migration also exploded. For instance, the Census data shows growth in migrant workers doubled from 2.4 per cent every year in 1991-2001 to 4.5 per cent per annum in 2001-11.

No contract

The government has urged employers to allow workers to 'work from home', not to reduce their wages and appealed to citizens to take care of their domestic help even if they do not report for work.

The appeal for 'work from home' is expected to protect workers receiving regular salaries. But it hasn't worked for 30-year-old Zeenat, who used to work in a garment factory in Seelampur with Rs 6,000 as monthly pay. Her employer refused to give her paid leave and the fact that she doesn't have a work contract left her with no option but to try returning to her village in Uttar Pradesh. "I haven't even received my salary for the past three months," she says sitting with her family near the Anand Vihar bus station. She hopes to find a mode of transport to commute, when there's nothing in sight.

Like Zeenat, over two-third of workers in India employed on a regular salary do not have a written contract, according to the official periodic labour force survey conducted by the National Statistical Office in 2017-18. With no written contract, where the employment terms are clearly stated, workers like her run the risk of being terminated without any pay.

With companies downing shutters on their plants and factories, retrenchments are likely to be the new normal, an official dealing with these issues pointed out.

Termination rights

The Industrial Disputes Act of 1947 lays down the ground rules for companies in case they want to retrench workers in the formal sector. In India, companies employing less than 100 are free to retrench workers. The government hardly has any authority to intervene. In fact, in many states like Rajasthan, Uttar Pradesh and Madhya Pradesh, companies with a workforce of up to 300 can retrench without government permission. But these rules do not apply to the services sector at all as it only covers manufacturing, plantation and mining sectors.

If companies lay off, they have to pay 50 per cent of the wage to workers for three weeks. But companies employing less than 50 workers do not have to pass on this compensation.

What will add to the pain of the workers are some of the archaic provisions in the labour laws. For instance, In India, for termination of an employee who has a prolonged illness will not require companies to pay up retrenchment compensation. Other workers (if they qualify under the threshold-based norms) get retrenchment benefits to the tune of 15 days work every year to the total number of year worked.

Healthcare for workers

As for medical facilities in the organised sector, establishments hiring at least 10 workers are covered under the ESI scheme, which involves equal monetary contribution from employers and employees. ESI is the largest contributory health insurance in India and one of the largest in the world, covering about 86 million beneficiaries and principals currently in the low-income formal labour market, according to a Niti Aayog report.

But the ESI medical infrastructure is not in good shape. There are 0.6 hospital beds per 1,000 beneficiaries, according to its annual report, out of a total of 159 hospitals and 1,442 dispensaries. Despite this shortage, the average bed occupancy in these facilities at an all-India level is 52 per cent and this is primarily because of a shortage of manpower. The total number of vacant posts of paramedical staff is pegged at 11,222.

The government is planning to earmark 15 per cent of ESI beds for the COVID-19 isolation cases. As is the case in other hospitals, the ESI facilities will be out of bounds for routine health check-ups of workers during the pandemic, leaving them more vulnerable to other diseases they may contract in this period.

Timely intervention

On Tuesday, Labour and Employment Minister Santosh Kumar Gangwar wrote to chief ministers of all states, directing them to transfer cash to construction workers from unutilised cess fund totaling around Rs 52,000 crore. The states maintain their own funds and a list of construction workers and identifying them would not be a major issue. Earlier, Punjab Chief Minister Amarinder Singh had declared an immediate relief of Rs 3,000 to each registered construction worker in the state, Delhi will give Rs 5,000 each and Himachal Pradesh will also provide one-time relief of Rs 1,000 to such workers.

But Annu, a construction sector worker, will not be eligible for the benefit as he was hired through a contractor and doesn't have an official identification card under the Building and Other Construction Workers', Act 1996 to make him entitled for this benefit like other 3.5 million registered construction workers. Annu, who belongs to Panna in Madhya Pradesh, has been working in Delhi for almost a decade shifting his base from one construction site to another. When work stopped some days ago, he had Rs 1,500 in his pocket. On Wednesday, he spent the fourth day on the road. Now, he's left with no cash, as his belongings were stolen when he slept on a footpath near the Sarai Kale Khan bus station. "I have spent the last two days near the railway station and it's a real struggle and more so for my wife."

He asks, hoping for a positive reply, "Will I be able to go back?"

BS SUDOKU # 3008

	3				6			5
	1					3		
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SOLUTION TO #3007

3	9	7	4	2	6	8	5	1
2	4	5	8	1	9	3	7	6
8	1	6	3	5	7	9	4	2
6	8	3	2	7	5	1	9	4
5	2	9	1	8	4	7	6	3
1	7	4	9	6	3	5	2	8
9	5	8	6	3	2	4	1	7
4	3	2	7	9	1	6	8	5
7	6	1	5	4	8	2	3	9

Medium: ★★★

Solution tomorrow

HOW TO PLAY

Fill in the grid so that every row, every column and every 3x3 box contains the digits 1 to 9

Over 600 cases in India

SECOND DEATH IN GUJARAT; DELHI DOCTOR TESTS POSITIVE, VISITORS SENT ON QUARANTINE

MAHARASHTRA WORST-HIT WITH 122 CASES, FOLLOWED BY KERALA WITH 112 CASES

PRESS TRUST OF INDIA
New Delhi/Shimla, 25 March

The total number of coronavirus cases in India rose to 606 on Wednesday as authorities beefed up preparedness to fight the pandemic with a chain of hospitals of the Army ordnance factories and central paramilitary forces earmarking over 2,000 beds for isolation and treatment of people affected by COVID-19.

In addition, the Hamirpur district administration in Himachal Pradesh took over all the ten hostels with 2,000 rooms of the National Institute of Technology (NIT) for creating an isolation centre, an official said in Shimla.

A 2,200-bed state-run hospital in Kolkata has stopped admitting new patients who are suffering from other diseases and was discharging patients whose condition had improved as part of efforts to create a dedicated isolation centre, another official said in Kolkata.


CORONAVIRUS PANDEMIC

Addressing people of his constituency in Varanasi via a video link, Prime Minister Narendra Modi reiterated that social distancing and staying indoors were the only way out and the best option to deal with coronavirus.

"Around one lakh people infected with coronavirus are recovering, this also needs to be highlighted," he said.

"People should focus on how deadly this virus is. This disease doesn't discriminate between rich and poor," the prime minister said, a day after he announced a 21-day nationwide lockdown to try halt the spread of the coronavirus. The lockdown came into effect from midnight.

The all India tally, however, did not take into account one death each reported on Wednesday by state officials in Tamil Nadu and Madhya Pradesh. The deaths were the first casualties from the viral infection for the two states.

An 85-year-old woman who had been diagnosed with coronavirus died on Wednesday, the Gujarat health department said. It was the second COVID-19 death in the state, it added.

"One coronavirus positive patient, female, 85 years, died in Ahmedabad today. She had travelled abroad, and after developing symptoms of COVID-19, she was admitted at civil hospital on March 22," the department said in a tweet.

A 65-year-old woman succumbed to coronavirus at a government hospital in Indore becoming the first case of COVID-19 death in Madhya Pradesh, officials said.

The woman, who had no history of travelling abroad in recent times, originally hailed from neighbouring Ujjain and was undergoing treatment at the government-run M Y Hospital in Indore.

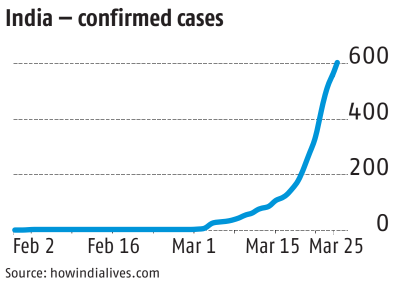
A 54-year-old man infected with the coronavirus died at a hospital in Madurai in the early hours of Wednesday, Tamil Nadu's first recorded death due to the disease, state Health Minister C Vijayabaskar said.

The man had a medical history of prolonged illness with uncontrolled diabetes, he added.


Residents maintain social distance as they stand outside a grocery store during the 21-day nationwide lockdown

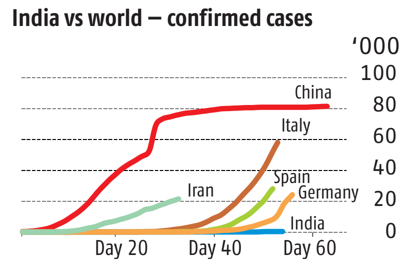
VIRUS TRACKER

India — confirmed cases



Source: howindialives.com

India vs world — confirmed cases



Prince Charles tests positive for coronavirus

PRESS TRUST OF INDIA
London, 25 March

Britain's Prince Charles has tested positive for the novel coronavirus after he displayed "mild symptoms" and is now self-isolating, his office said on Wednesday.

The 71-year-old heir to the British throne is self-isolating in Scotland with wife Camilla, Duchess of Cornwall, who has tested negative for the deadly virus which has claimed 422 lives in the UK.

"The Prince of Wales has tested positive for coronavirus," the Clarence House statement read.

"He has been displaying mild symptoms but otherwise remains in good health and has been working from home throughout the last few days as usual," it notes. In keeping with social distancing advice during the pandemic, Charles has been noticeably using 'namaste' as a greeting rather than a handshake when seen in public over the last few weeks, including during an event to mark Commonwealth Day on March 9 at Marlborough House in London.

His wife, Camilla, 72, was seen wearing long black gloves during the same event.

"The Duchess of Cornwall has also been tested but does not have the virus. In accordance with the government and medical advice, the Prince and the Duchess are now self-isolating at home in Scotland," the Clarence House said.

The Royals were tested on Monday after they had flown out to Scotland in a jet on Sunday and the royal couple have remained there since then.

THE GLOBAL PICTURE

INDIA

DELHI reports five new cases in 24 hours, number of cases rises to **35**

TAMIL NADU reports three new cases; tally goes up to **28**

MADHYA PRADESH reports six new cases; total goes up to **15.** Journalist from Bhopal among new patients

CHANDIGARH Two more test positive; tally now at **3**

UTTAR PRADESH One more tests positive, count rises to **38**

GUJARAT COVID-19 cases at **39**; over 1 cr tracked under surveillance programme

RAJASTHAN Six fresh cases, total goes up to **38**

TELANGANA number of cases rises to **41**

MIZORAM 50-year-old man tests positive; **2nd** case in Northeast

KARNATAKA Ten more cases, total rises to **51**

PUNJAB Two more test positive, total cases rise to **31**

KASHMIR Four more test positive, taking the number of cases to **11**

ANDHRA PRADESH reports **two** more positive cases

NAVEEN PATNAIK ANNOUNCES 4 MONTHS' ADVANCE SALARY FOR HEALTH PERSONNEL

- Gujarat govt to provide food items free to six million poor families
- HC directs MEA to ensure safety of Indian students stranded in Kazakhstan
- No newspaper delivery in Mumbai till March 31
- Suspension of railway services to be extended till April 14

WORLD

AMERICAN AIRLINES passenger planes parked due to flight reductions made to slow the spread of coronavirus, at Tulsa International Airport PHOTO: REUTERS

OVER 20,000 DEAD

- **IRAN** announces **143** new deaths, toll crosses **2,000**
- **US** reports over 60,000 cases, 827 dead
- Coronavirus cases in **RUSSIA** reach **658** after biggest daily rise
- Spain overtakes **CHINA** virus toll with **3,434** deaths
- **PAKISTAN** suspends domestic flights as cases cross **1,000**
- **SOUTH AFRICA'S** coronavirus cases rise sharply to **709**
- **LIBYA** reports first case
- Microsoft will get out of COVID-19 crisis 'pretty strong': **Satya Nadella**
- Coronavirus toll rises to five in **BANGLADESH**, no new case of infection in 24 hours
- **PALESTINIANS** report first death
- **NEPAL** reports third positive case

The United States now has the third-highest number of cases globally, after it added almost **11,000** cases in 24 hours

DONALD TRUMP REQUESTS VIRUS TEST KITS FROM SOUTH KOREA

MODI LEADS BY EXAMPLE: SOCIAL DISTANCING AT CABINET MEET

Prime Minister Narendra Modi chairs a Cabinet meeting as ministers maintain social distancing in the wake of coronavirus pandemic PHOTO: PTI

PM SPEAK

"MAHABHARATA WAR WAS WON IN 18 DAYS, WAR AGAINST CORONAVIRUS WILL TAKE 21 DAYS"

"PEOPLE IN WHITE COATS IN HOSPITALS AND CLINICS ARE OUR GODS NOW; SHOULD BE RESPECTED"

US stocks extend gains with stimulus in sight

US stocks looked to post their first back-to-back gain since the coronavirus crisis began as investors awaited unprecedented government spending packages aimed at countering the hit from the pandemic. Treasuries advanced.

The S&P 500 Index was headed toward its biggest two-day advance since 2008 after overnight negotiations in Congress paved the way for a vote on the bill this week. Boeing Co rallied more than 30 per cent, lifting the price-weighted Dow Jones Industrial Average for a second day.

Despite hopes surrounding the stimulus agreement, James Bullard of the St Louis Federal Reserve Bank told reporters that he expects jobless claims to surge and said the US won't resume normal life until people feel safe.

"The agreement of a $2 trillion stimulus can help cushion the blow to the economy, but we don't think that it's all systems go for risk assets," said Mark McCormick, global head of FX strategy at Toronto Dominion Bank. "At least, the path ahead will be choppy."

At 11:15 pm IST, the Dow Jones Industrial Average was up 1,262.80 points or 6.10 per cent at 21,967.71, S&P500 was up 116.66 points or 4.77 per cent at 2,564.00.

Equities also gained in Europe, where leaders are inching toward a fiscal package of their own. In Asia, a regional stock benchmark is posting the best one-day increase since 2008. BLOOMBERG

Aviation industry stares at losses of up to $3.6 bn in Q1

Aviation consultancy CAPA on Wednesday projected initial losses of $3.3-3.6 billion for the Indian aviation industry in the first quarter of FY2021 in the eventuality of all air services including domestic remain shut until June due to the coronavirus pandemic.

The airline sector losses are expected to be around $1.75 bn while that of the airports and concessionaires at around $1.50-1.75 bn

The pandemic has had a significant impact on the aviation industry due to the stringent border controls by a host of countries and imposition of the travel ban on the people of other nationalities to contain the virus infection. "India's aviation sector could incur losses of $3.3-3.6 billion in Q1FY21. Assuming that all domestic and international operations remain grounded until Jun 30," the Centre for Asia Pacific Aviation (CAPA) India said in its preliminary report.

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

The CAPA also sought "urgent" government intervention and coordinated industry response to address all the requirement of the aviation industry.

According to the CAPA, the airline sector losses are expected to be around $1.75 billion while that of the airports and concessionaires at around $1.50-1.75 billion and another $80-90 million losses of the ground handling companies. PTI

100,000 left in the lurch as Noida SEZ shuts

ADITI PHADNIS
New Delhi, 25 March

There was a time when Mushtaq Ansari (25) would have to race to reach the Noida Special Economic Zone to catch the first shift that began at 7 am. There was time only to gulp down a glass of milk and a piece of fruit.

Now, there's no rush. At 10 am, he was making leisurely inroads into a stack of paranthas with pickle and creamy dahi. There's nowhere to go, nothing to do. "I'm enjoying it now. But I might get to enjoy it too much," he says with a grin.

Ansari's family came to Noida from Bihar 30 years ago and, after a diploma in engineering, he was lucky enough to get a job in the SEZ, working for a China-based company, PCPTL, which manufactures PVC sheets used for SIM, credit and debit cards. One of the primary customers of PCPTL is French telecom giant CISCOM: Ansari's voice deepens with pride as he explains the crucial role his company plays in the global economy.

Noida SEZ has 400 units and around 100,000 workers, and was shut down on March 23. Ansari says, at the time his company pledged to pay wages to all employees. But now? His good humour slips a little. "When COVID-19 broke out in China, they shifted all their orders to us. We were looking forward to fat end-of-year bonuses: there was so much work and India could have filled the gap. But now...I'm a bit worried. If the company slows down and there is a global lockdown, how can I expect the company to pay my wages? It is, after all, not a 'khairaat' (alms)..." he says.

There is no such ambivalence in either Mahendra Kumar, who worked as a daily-wage attender at a petrol pump, or Hemant Nagar, who worked in the Minda auto components factory in Surajpur, making car keys. Although petrol pumps are classified as an essential service, there is hardly any business. All labour has been not to report to work.

Both Kumar and Nagar are going home — walking because there are neither any buses nor trains. Kumar hopes to hitch a ride on a vegetable or milk truck at least part of the way to Kanpur, around 400 km away. Nagar has to walk around 100 km to

a village near Aligarh. Both are trudging with their meagre belongings slung on their back.

But hadn't Prime Minister Narendra Modi advised all Indians to stay where they are? "What can Modiji do about prices? A katta (10 kg) of atta used to cost ₹260. This morning, it was selling at ₹400. Potatoes have gone up to ₹40 a kg. Whoever heard of such a thing? Tomatoes and onions are at ₹60. We earn ₹7,000 a month — where there is work. Now, there's no work, no rations, and no money. So we will go home and help with the harvesting," Nagar said.

His friends chip in. "At least at home there will be no rent to pay. And food is always there on the table..."

But walking 100 km? "Don't kanwariyas do it? Navratra has started. We will stop in temples and villages on the way. Maybe we'll get a lift. It isn't impossible," Nagar said effervescently.

All along the sides of the Gautam Buddha Nagar highway, knots of people are leaving, and not all of them will return. "I've had enough," says Kumar softly. "I'll help with the katai (harvesting) and then just stay in the village. There's nothing here."

These groups of wage-earners are just the tip of the iceberg for police officers tasked with keeping people at home. Harish Chander, Deputy Commissioner of Police, Central Noida, is holding a briefing for his team, counselling them not to be too strict, but not show any leniency to gawkers and those out for joyrides.

He anticipates problems as people who are confined to one-room homes, get fed up and start spilling out on to the roads. He says Noida police is making arrangements to organise food delivery in many localities. But he confesses that it is hard for the police to be patient all the time.

There's a fracas a few hundred meters away: A policeman is using his baton to thwack at a motorcycle that is breaking the barrier — until the rider shows him the cargo he's carrying. It is a rat cage with around four squealing, wriggling, hairy rats that have to be disposed of. Hastily the policeman waves the bike through and it vanishes, burning rubber. Such are the practical problems of managing a lockdown.