

16 ECONOMY

GOLD	RUPEE	OIL	SILVER
₹41,705	₹75.16	\$26.15	₹38,100

Note: Spot gold markets shut due to lockdown in major states. *Indian basket as on March 19, 2020

SENSEX: 29,946.77 ▲ 1410.99 NIFTY: 8,641.45 ▲ 323.60 NIKKEI: 18,664.60 ▼ 882.03 HANG SENG: 23,352.34 ▼ 174.85 FTSE: 5,564.93 ▼ 123.27 DAX: 9,578.11 ▼ 296.15

*International market data till 1900 IST

PART OF ₹1.7 LAKH CRORE PACKAGE TO COMBAT COVID-19 IMPACT ON No income threshold for withdrawal from EPF accounts, contribution waiver for 40% of firms

ENS ECONOMIC BUREAU NEW DELHI, MARCH 26

AS PART of its financial package to counter the outbreak of COVID-19, the government on Thursday announced measures for a section of organised workers by bearing the outgo on contribution to Employees' Provident Fund (EPF) for low-income workers and relaxing withdrawal conditions to allow 75 per cent of the amount or three month of wages, whichever is lower, from the EPF accounts.

The EPF contribution waiver of 24 per cent (12 per cent for employers and employees each) will be for establishments having up to 100 workers with 90 per cent having income below Rs 15,000,

which are approximately 4 lakh or 40 per cent of the total number of establishments under the ambit of the Employees' Provident Fund Organisation (EPFO).

On the relaxation in withdrawal conditions from EPF accounts, officials clarified there will be no income threshold for the subscribers.

"The scheme is for MSMEs where more than 90 per cent are low-paid workers and employers too are economically not too strong, particularly in a situation like these days, when their business is hit," a senior EPFO official told *The Indian Express*.

There were over 10 lakh establishments under the ambit of EPFO, as per its Annual Report for FY17. Finance Minister Nirmala Sitharaman said the government

FOR ENTITIES WITH UP TO 100 WORKERS

■ EPF contribution waiver of 24% will be for establishments having up to 100 workers with 90% having income below ₹15,000

■ There were over 10 lakh establishments under EPFO ambit, as per its Annual Report for FY17

will pay the 24 per cent contribution for the next three months, which "may benefit 80 lakh employees and is expected to incen-

tivise 4 lakh establishments". The financial outgo for the EPF contribution waiver is expected to be around Rs 5,000 crore.

She added that the EPF scheme regulations would be amended because of the prevailing pandemic situation to allow a non-refundable advance of up to 75 per cent of the amount standing to the credit to the member or three month of wages, whichever is lower. "This is expected to benefit 4.8 crore workers registered with EPFO," she said.

"All EPF subscribers can withdraw 75 per cent of amount in their accounts though there is a limit of withdrawal to 3-month wages in case the 75 per cent amount is higher, especially in case of high-income subscribers. However, we don't think a higher

salaried person will withdraw unnecessarily if he/she is getting such a tax-free high interest rate on deposits," the EPFO official said.

Though there has been no official announcement on the date of implementation, the official said EPFO will try to do it as soon as possible. Under the EPF scheme, employees and employers have to contribute an equal amount of 12 per cent of the employees' basic salary plus dearness allowance.

From the employer's EPF contribution, 8.33 per cent is marked for the Employee Pension Scheme (EPS) and the remaining to the PF account of the employer. The EPF component is subject to a wage cap of Rs 15,000, or actual basic pay, whichever is lower.

TO HELP MITIGATE VIRUS IMPACT ON 3.5 CR REGISTERED WORKERS States asked to use ₹31,000 cr balance from building and construction workers' fund

ENS ECONOMIC BUREAU NEW DELHI, MARCH 26

THE CENTRE has asked states to use funds of around Rs 31,000 crore in their respective state construction worker welfare funds under the Building and Other Construction Workers' Welfare Cess (BOCW) Act to mitigate the impact of COVID-19 pandemic for 3.5 crore registered workers.

Earlier this week, the Labour Ministry had directed states and Union Territories to use the cess proceeds to the tune of Rs 52,000 crore.

The difference in amount utilisation has surfaced because the respective state governments have already earmarked some amount from the total funds of Rs 52,000 crore for expenditure and welfare of construction workers as per the existing rules for the welfare boards, an official said.

"Rs 31,000 crore is the amount which state governments have been asked to spend for this (COVID-19) purpose," the official added.

The on-ground benefit to the construction workers will depend on the states devising their respective welfare schemes to utilise the cess proceeds. However, the coverage will be limited to only registered 3.5 crore construction workers.

As per labour experts, over 1-1.5 crore construction workers are estimated to be unregistered, leaving them out of the coverage of this announcement.

The latest available government data for state-wise breakup of the registered building and other construction workers shows Uttar Pradesh having the highest share of such workers at 48.5 lakh, followed by

REGISTERED BUILDING & OTHER CONSTRUCTION BENEFICIARIES IN STATE BOARDS

State	No. of workers registered
Andhra Pradesh:	18,15,889
Arunachal Pradesh:	30,841
Assam:	2,48,871
Bihar:	2,39,470
Chhattisgarh:	19,39,898
Goa:	5,117
Gujarat:	6,54,550
Haryana:	8,56,980
Himachal Pradesh:	1,74,968
J&K:	3,42,295
Jharkhand:	7,96,146
Karnataka:	15,42,432
Kerala:	15,26,861
Madhya Pradesh:	30,97,889
Maharashtra:	16,10,619
Manipur:	1,18,332
Meghalaya:	28,836
Mizoram:	52,947
Nagaland:	11,912
Odisha:	27,15,058
Punjab:	8,67,223
Rajasthan:	22,22,924
Sikkim:	36,236
Tamil Nadu:	28,28,553
Telangana:	11,75,531
Tripura:	99,762
Uttar Pradesh:	48,56,323
Uttarakhand:	2,32,627
West Bengal:	31,01,362
Delhi:	5,40,631
A & N Island:	15,126
Chandigarh:	21,498
Dadra & Nagar Haveli:	2,176
Daman and Diu:	5,149
Lakshadweep:	176
Puducherry:	47,080
Total:	3,48,62,288

West Bengal at 31.01 lakh.

According to the Building and Other Construction Workers

(Regulation of Employment and Conditions of Service) Act, 1996, a cess is levied and collected at the rate of 1 per cent of the cost of construction by the state governments.

The states, through their respective State Building and Other Construction Workers Welfare Boards, constituted under the BOCW Act, utilise the cess fund as per Section 22 of BOCW Act, 1996.

Section 22 of the BOCW Act states that the Building and Other Construction Workers' Welfare Board can provide assistance to a beneficiary in case of an accident; give pension to those who have completed the age of 60 years; sanction loans and advances to a beneficiary for construction of a house not exceeding such amount and on prescribed terms and conditions pay premia for group insurance scheme of the beneficiaries; give financial assistance for the education of children of the beneficiaries, for medical expenses for treatment of major ailments, payment of maternity benefits and make provision and improvement of such other welfare measures and facilities as may be prescribed.

Further, the Board may grant loan or subsidy to a local authority or an employer in aid of any scheme approved by the respective state government for the welfare of building workers in any establishment.

Every construction worker who has completed eighteen years of age, but has not completed sixty years of age, and who has been engaged in any building or other construction work for not less than ninety days during the preceding twelve months shall be eligible for registration as a beneficiary under this Act.

To be hiked from April 1, MGNREGA wage revision was due before FY20-end

EXPRESS NEWS SERVICE NEW DELHI, MARCH 26

THE GOVERNMENT on Thursday announced the 'Pradhan Mantri Garib Kalyan Package' to deal with the outbreak of COVID-19, though some of its components are already existing and were due for implementation in coming months.

For instance, an increase in the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) wages by Rs 20 with effect from April 1, 2020, has already been notified on March 23 as the revision was due before the end of the current financial year.

The wage rates under the rural job guarantee scheme are an-

'Growth in next 2 quarters not to be over 3%

New Delhi: Former chief statistician Pronab Sen on Thursday said India's growth in the next two quarters will not be more than 3 per cent due to the lockdown across the nation. PTI

nounced by the Centre under Section 6 of the MGNREGA, 2005. Moreover, the MGNREGA wages are linked to the Consumer Price Index for Agricultural Labour (CPI-AL). So, the wage rates follows the trajectory of CPI-AL.

COVID-19 Impact: Crisil downgrades 81 companies

Crisil Ratings has downgraded as many as 81 companies which are likely to face cash flow challenges in near term

REASONS FOR DOWNGRADES:

- Near-term challenges to liquidity
- Unutilised bank lines
- Vulnerable to a sharp slump in cash flows

REASONS FOR RATINGS RETAINED:

- Balance sheet liquidity
- Unutilised bank lines
- Other external financial flexibility

MAJOR COMPANIES FOR WHICH RATINGS UNAFFECTED:

- HCL Technologies
- Cyient
- Sonata Software
- Shoppers Stop
- Savaera Industries

SECTORS IMPACTED THE MOST:

- Airlines
- Hotels
- Tourism
- Malls, organised brick & mortar retail
- Multiplexes and restaurants



Ratings Impact	Number of Companies
Downward revision	40
Downgrade	22
On Negative Watch	19
Ratings retained	39

With the nation under a 21-day mandatory lockdown, the impact on airlines, hotels, tourism, and malls would be the maximum. Owing to the liquidity pressures likely over the next few days, companies may find it tough to sustain financial flexibility

Source: Crisil Ratings

COVID-19 EFFECT ONLINE MARKETPLACE

Lack of on-ground clarity limits full scale operations for online grocers

PRANAV MUKUL NEW DELHI, MARCH 26

EVEN AS authorities and local police have started issuing directions to allow online companies delivering necessity items like food, grocery, medicines, etc. the players are being cautious in absence of complete certainty on the ground regarding their operations. After almost two whole days of no operations and a series of meetings with various police departments and local bodies, some of these companies resumed operations in patches across the country.

India's largest online grocer Bigbasket said it has started delivering orders in Ahmedabad, Bengaluru, Bhopal, Coimbatore, Indore, Mumbai, Mysuru, Nagpur, Noida, Surat, Vadodara and Vijayawada. Bigbasket, which is unsure about when it will resume operations in Delhi and Gurgaon, has geofenced the regions with customers not being able to access its website and app.

Its rival Grofers, on the other hand — which has resumed services in Delhi-NCR, including Gurgaon, Faridabad, Noida and Ghaziabad — said it will be ramping up capacities in coming days to fulfil the backlog of orders. Grofers has also resumed services in Bengaluru, Ahmedabad, Lucknow and Kanpur.

Grofers said it was facing difficulties in restarting deliveries in Pune and Chennai. "We are currently not operational in these cities and all our warehouses are shut. We are not sure when we will be able to start delivering in these cities again," it stated.

After a series of meetings with various police departments and local bodies, some of these companies resumed operations in patches

Speaking to *The Indian Express*, Puneet Kumar, founder-CEO of SuprDaily, said that the company had on Thursday began delivering perishables like milk and fruits & vegetables to its customers in Bengaluru and Chennai, while it will attempt deliveries to all eight cities it serves, including Delhi, Gurgaon, Noida, Pune, Hyderabad and Kanpur.

"We were not operating in four cities because the situation on the ground was not very favourable. In the last 24 hours, the situation has slightly improved. Governments are helping us get more clarity and we can provide essential services like milk and groceries across our cities. The big issue has been about the clarity on the last mile, where our delivery boys interface with the police and law enforcement agencies. When one or two incidents happened, it created a fear and the workforce now needs more clarity before they can come back on," he said.

"As far as movement of trucks is concerned, the problem is that while the government has been really helpful, full clarity is not there on the ground. Some trucks are being allowed, some are not being allowed," he added.

'GDP to take ₹10.3 lakh cr hit in first half of 2020'

ENS ECONOMIC BUREAU NEW DELHI, MARCH 26

HDFC BANK has projected that the COVID-19 outbreak and 21-day lockdown will reduce India's gross domestic product (GDP) in the first half of 2020 by Rs 10.3 lakh crore, bringing GDP growth for FY20 down to 4.8 per cent and causing a 3 per cent contraction of GDP in the first quarter of fiscal year 2020-21.

The report projected overall GDP growth for FY21 at 3.2-3.5 per cent, assuming that the lockdown would end in April and that the spread of Covid-19 in the country is contained.

Meanwhile, a report by SBI Research's Ecwrap said the country's economic growth is likely to fall sharply to 2.6 per cent in 2020-21 due to lockdown amid the coronavirus pandemic.

POSITIVE MOMENTUM FOR SECOND CONSECUTIVE SESSION

Sensex rallies 1,411 points, rupee gains 78p on economic package

ENS ECONOMIC BUREAU MUMBAI, MARCH 26

STOCK MARKETS Thursday staged further recovery, with the benchmark Sensex soaring 1,411 points as Finance Minister Nirmala Sitharaman announced various welfare measures to tide over the coronavirus crisis. The rupee also surged by another 78 paise to 75.16 against the US dollar.

The Sensex gained 4.94 per cent, or 1,411 points, at 29,946.77 as investors went on a bargain hunting spree. The NSE Nifty Index rose by 323.60 points, or 3.89 per cent, at 8,641.45.

"Investors started buying battered stocks which were down by almost 30 per cent in the last one month," said veteran dealer Pawan Dhamidharka.

The Sensex which had skyrocketed by 1,862 points, or 6.98 per cent, on Wednesday has

EXPLAINED Boost from positive global cues as well

FOLLOWING THE announcement of the Rs 1.7 lakh crore stimulus to battle the virus threat to the economy, markets continued their positive momentum for the second straight session. Another factor that helped boost markets was supportive global cues.

gained over 3,200 points in the last two sessions.

Powell says US economy in recession due to virus

REUTERS WASHINGTON, MARCH 26

US FEDERAL Reserve Chair Jerome Powell told Americans Thursday progress in controlling the spread of the coronavirus would determine when the economy reopens but assured them the Fed was taking every action to support a vigorous rebound when it comes.

In an interview on NBC's *Today Show*, Powell said the US "may well be in recession" but that confidence would return once the virus was under control. He spoke about an hour before data showed a record-breaking spike of unemployment claims to 3.28 million.

"We are not experts in pandemic... We would tend to listen to the experts. Dr. Fauci said something like the virus is going to set the timetable, and that sounds right to me," Powell said, in reference to Anthony Fauci, head of the National Institute of Allergy and Infectious Diseases who is on the White House's coronavirus task force.



US Federal Reserve Chairman Jerome Powell. File

BoE ready to buy more bonds

London: The Bank of England held off from taking fresh action to stop the pandemic from plunging Britain's economy into a recession, but said it was ready to ramp up its bond-buying programme if needed. It said many were describing it as worse than the financial crisis. REUTERS

WALL STREET RISES ON TALKS OF STIMULUS AFTER WEAK JOBS DATA Oil sinks on weak demand; US stocks gain

REUTERS NEW YORK/LONDON, MARCH 26

OIL PRICES fell Thursday after three sessions of gains as restrictions on travel worldwide crimped fuel demand, with US crude futures plunging about 4 per cent after the US scrapped plans to buy domestic oil for its emergency reserve. Brent crude futures fell 11 cents to \$27.28 a barrel.

Wall Street gained more



The floor of the New York Stock Exchange. File

US weekly jobless claims surge to record 3.28 mn

Washington: The number of Americans filing claims for unemployment benefits surged to a record of more than 3 million last week as strict measures to contain the coronavirus pandemic brought the country to a sudden halt, unleashing a wave of layoffs that likely ended the longest employment boom in US history.

The weekly jobless claims report from the Labor Department on Thursday offered the clearest evidence yet of the coronavirus devastating impact on the economy. With nearly half the country's population under some form of a lockdown, economists are bracing for further jobless claims. "Initial claims for unemployment benefits rose 3.00 million to a seasonally adjusted 3.28 million in the week ending March 21," the Labor Department said. REUTERS

Sebi asks states, UTs to ensure smooth functioning of capital, debt markets

ENS ECONOMIC BUREAU NEW DELHI, MARCH 26

EVEN AS certain sections of the market are calling for its closure under the current crisis that has resulted in country-wide lockdown, Sebi has written to chief secretaries across states and Union Territories that functioning of capital and debt markets are exempt from lockdown and that they should facilitate the functioning and movement of personnel of entities notified by it and officials of Sebi for smooth functioning of capital and debt markets.

While the Home Ministry had on March 24 issued an order containing guidelines on measures to be taken by ministries/departments of the central/state governments and authorities of states/union territories for containment of the COVID-19 epidemic, the Securities and Exchange Board of

India (Sebi) said that the Clause 4 of the guidelines refers to the working of the commercial and private establishments.

"Clause 'h' of the Exceptions to the Clause 4 empowers Securities and Exchange Board of India to notify Capital and debt market services from the applicability of the above order and guidelines w.r.t. the functioning of Commercial and Private Establishments," the note said.

In the note, the markets regulator added that it issued a notification dated March 24, 2020, where it has notified various entities providing Capital and Debt Market Services to be exempted from the closure. "It is requested that the State Governments/State and Union Territories may facilitate the functioning and movement of the personnel of entities notified and Officials of SEBI for the smooth operation of the Capital and Debt Market."

ON WARFOOTING

RBI offers over ₹11K cr to banks

Mumbai: The RBI Thursday offered Rs 11,772 crore to banks through a 12-day variable rate repo auction.

WTO: Sharp fall in trade in 2020

New Delhi: World trade is likely to see a sharp fall due to COVID-19 crisis, and global solutions will be required to deal with it, WTO said.

'Global output to shrink in 2020'

Washington: The International Monetary Fund projected a contraction of global output in 2020 and recovery in 2021 as it asked the leaders of the G20 countries to back a doubling of its \$50 billion emergency financing capacity. PTI

Yes Bank board okays ₹5,000 cr fundraising plan

New Delhi: Yes Bank on Thursday approved a proposal to raise Rs 5,000 crore by way of share-sale, including qualified institutions and rights issue.

The board meeting held on Thursday cleared this proposal. With this the new board also came to the force with Prashant Kumar formally becoming the MD and CEO of Yes Bank. PTI