

13 ECONOMY

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|-------------|--------------|------------|---------------|
| | | | |
| GOLD | RUPEE | OIL | SILVER |
| ₹41,705 | ₹74.89 | \$26.15 | ₹38,100 |

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

SENSEX: 29,815.59 ▼ 131.18 NIFTY: 8,660.25 ▲ 18.80 NIKKEI: 19,389.43 ▲ 724.83 HANG SENG: 23,484.28 ▲ 131.94 FTSE: 5,512.52 ▼ 303.21 DAX: 9,624.95 ▼ 376.01

*International market data till 1900 IST

RBI ANNOUNCES TLTRO, 100 BPS CUT IN CRR AND HIKE IN MSF TO TACKLE COVID-19 FALLOUT

₹3.74 lakh cr booster to stabilise financial system

ENSECONOMIC BUREAU
MUMBAI, MARCH 27

THE THREE liquidity measures — namely targeted long-term repo operations (TLTRO), cash reserve ratio (CRR) cut of 100 basis points and the increase in marginal standing facility (MSF) to 3 per cent of the statutory liquidity ratio (SLR) — announced by the Reserve Bank of India (RBI) will pump Rs 3,74,000 crore to stabilise the financial system hit by the COVID-19 pandemic. This huge liquidity injection into the financial system should help financial institutions and flow of funds to the real economy, bankers said.

"The large rate cut, adjustment in capital conservation buffer, moratorium on repayments and the bazooka of conventional CRR cut and unconventional liquidity measure of incentivising banks to support the commercial paper market, all will help financial markets stabilise, lead to immediate rate transmission and address the credit needs of the real economy,"

SBI passes 75 bps cut by RBI on to interest rates on loans, deposits

Mumbai: Hours after the RBI slashed repo rate and cash reserve ratio, State Bank of India Friday cut the interest rates on loans and deposits. The bank passed on the entire 75 bps repo rate cut to its borrowers availing loans linked to external benchmark linked lending rate (EBR) as well as repo linked lending rate (RLLR).

From April 1, EBR will be down to 7.05 per cent per annum from 7.80 per cent. SBI has cut RLLR to 6.65 per cent per from 7.40 per cent. Consequently, EMIs on eligible home loan accounts (linked to EBR or RLLR) will get cheaper

said State Bank of India Chairman Rajnish Kumar.

The TLTRO of up to three-year tenor of appropriate sizes for a total amount of up to Rs 1,00,000 crore will be at a floating rate

over and above the outstanding level of their investments in these bonds as on March 27," RBI said. Banks will be needed to acquire up to 50 per cent of their incremental holdings of eligible instruments from primary market issuances and the other 50 per cent from secondary market, including from mutual funds and NBFCs.

The reduction in the CRR would release primary liquidity of about Rs 1,37,000 crore uniformly across the banking system in proportion to liabilities of constituents, rather than in relation to holdings of excess statutory liquidity ratio (SLR). This dispensation will be available for a period of one year ending March 26, 2021.

Taking cognisance of hardships faced by banks in terms of social distancing of staff and consequent strains on reporting requirements, the RBI decided to reduce the requirement of minimum daily CRR balance maintenance from 90 per cent to 80 per cent effective from the first day of the reporting fortnight beginning March 28. Under the MSF, banks

can borrow overnight at their discretion by dipping up to 2 per cent into the SLR. In view of the exceptionally high volatility in domestic financial markets which bring in phases of liquidity stress and to provide comfort to the banking system, it has been decided to raise the limit of 2 per cent to 3 per cent with immediate effect.

This measure will be applicable up to June 30, 2020, the central bank said. This is intended to provide comfort to the system by allowing it to avail an additional Rs 1,37,000 crore of liquidity under the liquidity adjustment facility (LAF) window in times of stress at the reduced MSF rate announced in the Monetary Policy Committee's resolution.

The RBI also decided to widen the existing policy rate corridor from 50 bps to 65 bps in view of persistent excess liquidity. Under the new corridor, the reverse repo rate under the LAF would be 40 bps lower than the policy repo rate. The MSF rate would continue to be 25 bps above the policy repo rate, the Reserve Bank said.

EXPLAINED

Focus on liquidity to aid real economy

BANKERS ARE hopeful that the huge amount of liquidity injection into the financial system would help financial institutions and boost flow of funds to the real economy. The stock markets and the rupee have been showing volatile movements in the last three weeks amid the sell-off in global markets. Foreign investors have pulled out over Rs 1 lakh crore from equity and debt markets in March so far.

Despite objections by own panel, RBI allows banks in NDF market

GEORGE MATHEW
MUMBAI, MARCH 27

THE RESERVE Bank of India has decided to permit banks in India, which operate International Financial Services Centre Banking Units (IBUs), to participate in the non-deliverable forward (NDF) market with effect from June 1, 2020. The RBI took the decision despite the recommendation by a task force set up by it against allowing banks in the NDF market.

"Banks may participate through their branches in India, their foreign branches or through their IBUs," the central bank said. NDFs are foreign exchange derivative instruments on non-convertible or restricted currencies traded over the counter (OTC), mainly at offshore centres outside the direct jurisdiction of the respective national authorities.

The Task Force on Offshore Rupee Markets, set up by the RBI, had proposed that Indian banks should not be permitted to deal in the offshore rupee derivative market — or the NDF market — for the present as the downside of per-

The Usha Thorat-led panel had said the downsides of letting banks into NDF market outweigh the benefits

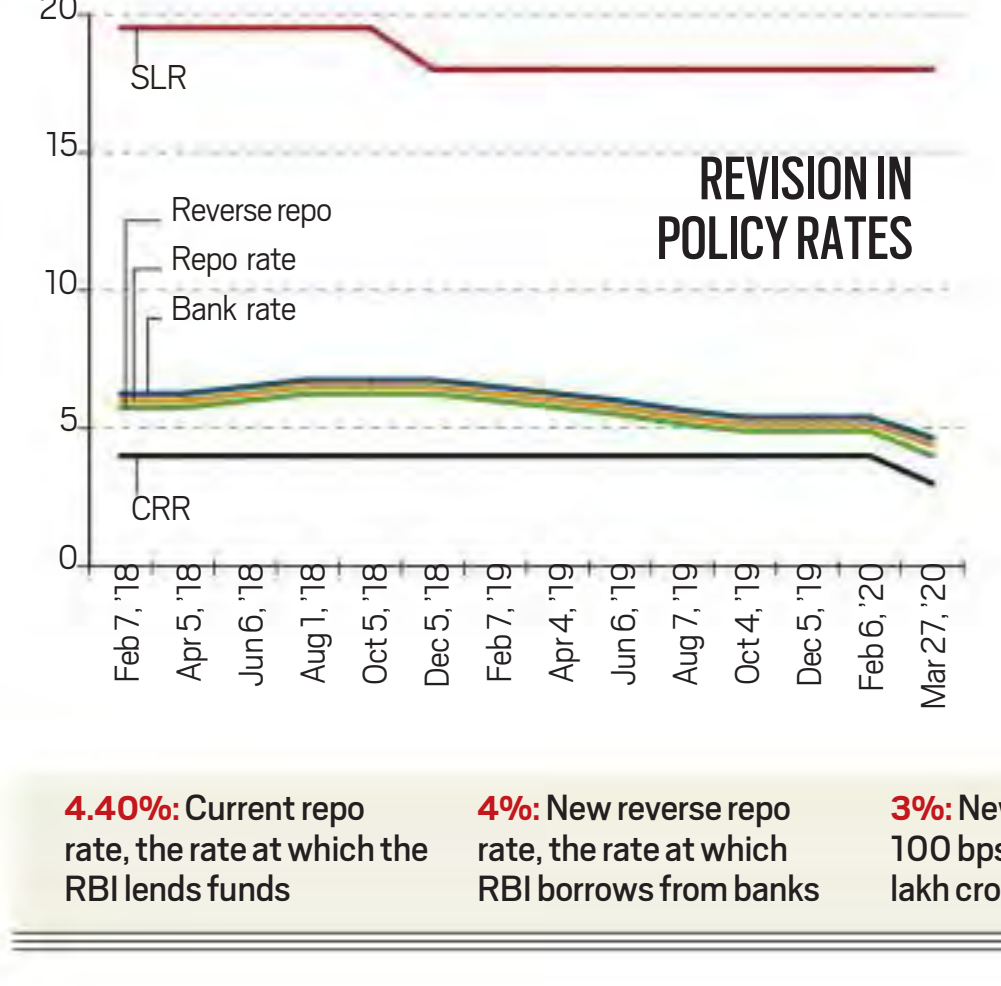
mitting them to deal in this market outweighs the advantages. The NDF market has been growing rapidly in recent times. Currently, Indian banks are not permitted to participate in it, although the benefits of their participation in the NDF market have been widely recognised. "All aspects of the issue have been examined in detail and a consensus has emerged in the RBI that the time is apposite to remove segmentation between the onshore and offshore markets and improve efficiency of price discovery," the RBI said.

SBI Chairman Rajnish Kumar said the decision is a positive step in broadening the market participants and better rate discovery.

However, the panel, in its report in August last, had recommended extension of onshore

To keep credit flowing, RBI uses 'array of instruments'

The Reserve Bank of India on Friday slashed the repo rate by 75 basis points to 4.40 per cent, cut cash reserve ratio by 100 bps to 3 per cent and announced a three-month moratorium on loan repayments, stating that "the time has come to unleash an array of instruments from its arsenal to staunch and mitigate the impact of COVID-19"



4.65%: New bank rate, the rate at which banks borrow from RBI without any security

4.2 MPC DECISION: Monetary Policy Committee members Ravindra H Dholakia, Janak Raj, Michael Patra and Shaktikanta Das voted for a 75 bps reduction in repo rate. Chetan Ghate and Pami Dua voted for a 50 bps cut

MARKETS & REGULATORS: Market participants should work with regulators like the RBI and Sebi to ensure orderly functioning of markets in their role of price discovery and financial intermediation

ON WARFOOTING

Sebi eases procedure for public issuance

New Delhi: The Securities and Exchange Board of India (Sebi) on Friday eased operational procedure for public issuance, including initial share-sale and acquisition of shares under takeover norms, in the wake of the 21-day lockdown to contain spread of COVID-19. **PTI**

Lockdown to shave 2 ppt off growth: OECD

Paris: Each month major economies spend in lockdown will knock 2 percentage points (ppt) off annual growth, the Organisation for Economic Cooperation and Development (OECD) said on Friday.

Saudi Arabia, Russia differ on new OPEC deal

Moscow/Dubai: Saudi Arabia said it was not in talks with Russia to balance oil markets despite rising pressure from the US to stop a price rout amid the pandemic and an attempt by Moscow to fix a rift with the OPEC leader. A senior Russian official said on Friday that a larger number of oil producers could cooperate with OPEC and Russia, in an indirect reference to the United States, the world's biggest producer which has never cut production. **REUTERS**

Moody's cuts 2020 growth forecast to 2.5% from 5.3%

ENSECONOMIC BUREAU
NEW DELHI, MARCH 27

MOODY'S ON Friday trimmed its growth projection for India sharply to just 2.5 per cent for 2020 from 5.3 per cent reported earlier, which is lower than its forecast of 3.3 per cent for China, the epicentre of the COVID-19 pandemic. The global rating agency has forecast a 0.5 per cent contraction for the global economy in 2020, citing an unprecedented demand compression.

India's growth, however, could rebound to 5.8 per cent in 2021, while China's may accelerate to 6 per cent, Moody's said.

Meanwhile, Ibra, too, trimmed its growth projection to 4.2 per cent for financial year 2020-21 from 4.4 per cent, despite the support from agriculture and government spending. **FE**

Sensex ends in red on RBI forecast

Wall Street snaps 3-day rally; oil continues to fall

ENSECONOMIC BUREAU
MUMBAI, MARCH 27

THE BENCHMARK Sensex on Friday plunged 1,300 points intraday and closed lower by 131 points after the Reserve Bank of India said the projected annual growth was at risk due to the coronavirus outbreak and measures announced by the central bank fell short of market expectations.

Though Reserve Bank Governor Shaktikanta Das unveiled a slew of measures, the markets were not enthused. The growth projection of 4.7 per cent for the fourth quarter of FY20 and 5 per cent for the whole fiscal was at risk, Das said.

The 30-share BSE Sensex, which hit a high of 31,126, pared all the gains to end 131.18 points or 0.44 per cent lower at 29,815.59. The broad-based NSE Nifty closed 18.80 points, or 0.22 per cent, higher at 8,660.25.

Meanwhile, the rupee pared its initial gains to settle 27 paise higher at 74.89 against the US dollar on Friday.

World already in recession, says IMF chief

REUTERS
WASHINGTON, MARCH 27

THE CORONAVIRUS has already plunged the global economy into recession, IMF Managing Director Kristalina Georgieva said on Friday, adding immense pressure on emerging markets suffering from lost commerce, reduced exports and massive capital outflows. Georgieva told a news conference that emerging market countries need at least \$2.5 trillion in financial resources to get through the pandemic.

Internal reserves and borrowing in local markets will be insufficient to cover these needs, so substantial funding from the International Monetary Fund (IMF), other institutions and bilateral creditors will be necessary. Georgieva said IMF was focused on ensuring that funding is available on concessional terms to its poorest members.

From hours to minutes: Taking road less travelled to speed up COVID-19 test results

PRABHA RAGHAVAN
NEW DELHI, MARCH 27

IN A quiet biosafety lab at the Translational Health Science and Technology Institute's (THSTI) leafy Faridabad campus on the outskirts of the national capital, glass flasks of varying sizes, stuck on green mats and filled with pink liquid have been rotating anti-clockwise, "shaking" non-stop in an incubator for days.

These flasks are growing cells containing synthetically-made copies of the novel coronavirus (SARS-COV-2), and the protein produced here will help THSTI make two diagnostic tools it hopes will speed up testing for

World already in recession, says IMF chief

executive director Dr Gagandeep Kang's guidance, work on these tools have been on since January through collaboration of protein biochemist Dr Tripti Shrivastava and biotechnology researcher Dr Tarun Kumar Sharma.

"We have people with a fair amount of expertise looking at developing a point of care diagnostic," says Dr Kang, adding it will "certainly" have to go through "a lot of testing and validation before it can be approved for use here. At THSTI's HIV Vaccine Translational Research Lab, Dr Shrivastava's job has been to create, for these diagnostic tools, what she calls, a "valid target" — a representation of the protein that exists on the surface

FY20 DIVESTMENT MOP-UP AT ₹48,728.06 CR

Stake sale of THDCIL, NEEPCO, Kamarajar Port fetches govt ₹13,883 crore

ENSECONOMIC BUREAU
NEW DELHI, MARCH 27

IN A bid to shore up its disinvestment kitty ahead of the end of the fiscal, the Centre on Friday raised Rs 13,883 crore through strategic sale of its stake in two state-owned power companies, THDCIL and NEEPCO, and Kamarajar Port Ltd to other state-owned entities. This takes the Centre's total collections from disinvestment at Rs 48,728.06 crore so far in FY20.

The government has revised its disinvestment target down to Rs 65,000 crore from Rs 1.05 lakh crore for the current fiscal. It has sold 74.49 per cent stake in THDC India Ltd (THDCIL) for Rs 7,500 crore and 100 per cent in NEEPCO for Rs 4,000 crore to state-owned power utility NTPC. Further, the Centre sold 66.67 per cent in Kamarajar Port Ltd to Chennai Port Trust for Rs 2,383 crore.

The Cabinet Committee on Economic Affairs had, last November, given in-principle approval for the sale of government's stake in North Eastern Electric

Power Corporation (NEEPCO) and THDCIL, along with transfer of management control to NTPC.

Prior to these sales, the Centre had raised Rs 34,845.06 through disinvestment, of which Rs 4,368.80 crore was raised through follow on offer of Bharat 22-ETF and another Rs 26,500.39 through more tranches of CPSE ETF.

Exchange-traded funds (ETFs) have been the main sources of fundraising for the government. Among the other stake sales this fiscal, the Centre has raised Rs 63,977 crore through initial public offering (IPO) of IRCTC, Rs 475.89 crore through IPO of RVNL and Rs 730.33 crore via offer for sale of RITES shares. For the upcoming fiscal's budget, the government has announced an ambitious disinvestment agenda, aiming to raise Rs 2.1 lakh crore via stake sales, including plans to list Life Insurance Corporation on stock exchanges and sale of its stake in IDBI Bank. Privatisation of BPL, Container Corporation of India, Shipping Corporation of India and national carrier Air India will be other key issues next year.

Can sell BS-IV vehicles for 10 days after lockdown, but not in Delhi-NCR: SC

EXPRESS NEWS SERVICE
NEW DELHI, MARCH 27

TAKING INTO account the efforts to contain the COVID-19 spread, the Supreme Court Friday allowed automobile dealers 10 more days after the 21-day lockdown ends to sell 10 per cent of the unsold stock of vehicles made to Bharat Stage IV (BS-IV) pollution standards. Hearing a plea by the Federation of Automobile Dealers Association (FADA) via video conferencing, a Bench of Justices Arun Mishra and Deepak Gupta, however, said such vehicles could not be sold in Delhi-NCR.

"In Delhi-NCR region, we are not allowing sale and registration of these kind of vehicles any more. However, in the remaining part of the country, due to the situation which has arisen due to lockdown, it is ordered that not beyond 10 per cent of the vehicles,

except with dealers in Delhi-NCR region, are permitted to be sold out of the aforesaid number of vehicles to make up the good of six days which were available before the lockdown has been ordered in the country", the bench stated.

It ordered that "details of sale shall be furnished by the applicant and there shall be no violation of the order", adding that the sale should be done "within ten days of the lifting of the lock-down operating in the concerned cities and not beyond it." FADA, through senior advocate KV Vishwanathan sought a 30-day extension, contending that given the prevailing situation, there would be bankruptcies and job losses if this was not done. However, the court was not inclined to grant the relief.

The apex court had earlier set a deadline of March 31 for sale and registration of BS-IV vehicles as the BS-VI norms would come into effect from April 1, 2020.

ICAI issues guidance for financial reporting, auditing taking into account COVID-19

KARUNJIT SINGH
NEW DELHI, MARCH 27

THE REGULATOR for the accounting profession, the Institute of Chartered Accountants of India (ICAI), on Friday issued an accounting and auditing advisory, with guidance on incorporating the impact of disruptions caused by COVID-19 on financial reporting and auditing.

The note provides guidance to companies and auditors on measuring impairment of assets, evaluating contingent liabilities and the ability of business to remain operational. Experts said the advisory was timely and that auditors would have a major role to play in evaluating the going concern status of companies in the current scenario.

"There is a need to advise the preparers of financial statements to ensure that the potential im-

pact of COVID-19 is suitably considered in preparing and reporting their financial statements for the year ended March 31, 2020," said the guidance note.

The guidance note has also called on companies to evaluate whether they will be able to continue as a going concern. "In the current scenario, while making this (going concern) assessment, management would generally be expected to prepare detailed forecasts which will require regular update till the financial statements are authorised for issue," the guidance noted.

"Those preparing and auditing accounts will have a major role to play in evaluating various aspects including revenue recognition, valuation of financial instruments and assessing going concern assumptions, in discussions with the management," said Kaushal Kishore, partner at accounting firm BSR & Co.

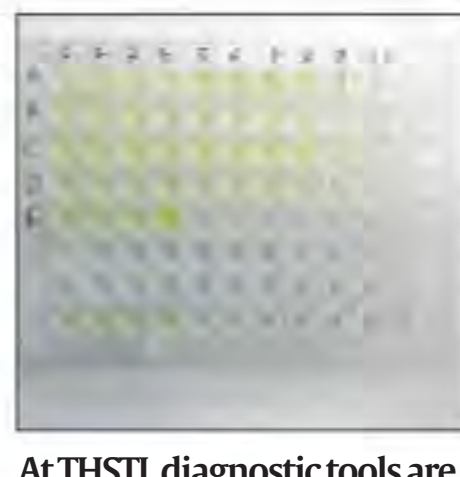
will measure antibodies to the SARS-COV-2 virus using a test that uses chemically-produced DNA or RNA molecules, known as aptamers. The second test is a point-of-care tool similar to a glucometer that THSTI hopes doctors can use to check for COVID-19 in their patients within a span of 20-30 minutes.

The tools might be a significant addition to the country's resources to test for the spread of the virus. They deviate from the real-time polymerase chain reaction (RT-PCR) tests recognised as the gold standard for COVID-19 testing, but the institute hopes to make them up to 95 per cent accurate, so the government sees merit in their use. Under THSTI

of the virus. "In case of actual infection, these are the surface proteins, which inside the body basically generate the antibodies," Dr Shrivastava explains.

Once the protein is ready, expected this week, Dr Sharma and his team will get cracking on it with the alisa technology. This consists of experiments using a "huge" aptamer library to find the one molecule that would bind with the protein samples to detect the virus most accurately.

"It is like you have a bunch of keys (the aptamers) and, from those keys, you have to fish out the one that can open the lock (the one that helps detect the viral protein the best)," he explains. The institute hopes samples



At THSTI, diagnostic tools are being developed that could be a significant addition to India's resources to test for the spread of the virus.

COVID-19 disease going forward. The first one is a rapid diagnostic tool called 'alisa', which