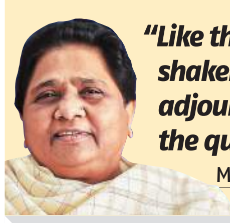


"Like the 1984 anti-Sikh riots, the recent violence in Delhi has shaken the entire country. It would be better if Parliament adjourns all business, and holds an open debate and answers the questions of the public. But, not doing this is unfortunate"

MAYAWATI
Bahujan Samaj Party chief

"India is being recognised as an entrepreneurial nation, and for this, our hard-working youth deserves praise. Because of them, we have the largest start-up ecosystem and got success from tech to space science"

RAM NATH KOVIND
President

"This (NRC) is a process that is entirely internal to India. Therefore, there will be no implications for the government and people of Bangladesh. You have our assurance on that count"

HARSH VARDHAN SHRINGLA
Foreign secretary

IN BRIEF

Govt to allow onion export from March 15, tweets Goyal

The government will allow export of onions from March 15 in the interest of farmers, Commerce and Industry Minister Piyush Goyal (*pictured*) said on Monday. The decision will help boost the income of farmers, the minister said in a tweet. The government last week decided to lift nearly six-month-old ban on export of onions as prices are likely to fall sharply due to bumper rabi crop. The ban was imposed after the prices of the commodity skyrocketed. Now, onion prices have stabilised and there is bumper crop also. Expected monthly harvest in March is over 4 million tonne, against 2.8 mt last year, Food Minister Ram Vilas Paswan had said last week. PTI

PNB Housing board to take a call on raising funds today

PNB Housing Finance's board will meet on Tuesday to take up plans for raising equity capital (about ₹1,500-1,600 crore) to support business growth. The firm has kept options open to raise money through qualified institutions placement, or a preferential issue. Its share price was down 6 per cent at ₹338.2 per share on the BSE. BS REPORTER

GST officials detect fake invoices, arrest 3 in Delhi

GST officials have arrested three persons involved in floating 17 fake firms and wrongfully availing credit on taxes paid on input worth ₹436 crore by issuing fake invoices. Officers of the Central GST Delhi East Commissionerate detected that the fraudulently availed input tax credit by these firms was used to file refund claims to the tune of ₹11.55 crore. PTI

UP CM says Jewar to make Noida investment hub

Uttar Pradesh Chief Minister Yogi Adityanath on Monday said the proposed Jewar international airport in Greater Noida would position Noida region as a global investment hub in the next 5-10 years. The CM inaugurated or laid the foundation of 23 projects worth more than ₹2,800 crore. BS REPORTER

Fuel demand likely to rebound to 3.8% in FY21: Ministry

Fuel demand is forecast to rebound to 3.8 per cent in the next fiscal year, from its slowest pace in six years, according to oil ministry estimates. Petroleum product demand in FY21 is likely to total 222.79 million tonnes, up from 216 mt estimate for this fiscal year, the Petroleum Planning and Analysis Cell (PPAC) said. PTI

Ministry for not extending duty on palm oil imports

The Directorate General of Trade Remedies (DGTR) has not recommended extension of bilateral safeguard duty on imports of a particular variety of palm oil from Malaysia, according to a notification. The DGTR had in August started a probe into an alleged jump in imports of refined bleached deodorised palmolein and refined bleached deodorised palm oil from Malaysia following a complaint. PTI

Recovery via IBC better than other options: IBBI chief

Asserting that recovery through Insolvency and Bankruptcy Code (IBC) has been better, IBBI Chairperson M S Sahoo said creditors had recovered ₹1.6 trillion, which is 207 per cent of the realisable value of assets of 190 companies rescued till December last year under it. He said incidental recovery had been pretty good under the Code. PTI

Feb manufacturing PMI slips marginally to 54.5

Coronavirus scare keeps companies spooked and business optimism low

SUBHAYAN CHAKRABORTY
New Delhi, 2 March

The manufacturing sector maintained strong growth momentum for a second straight month in February, even as the outlook remained bleak because of the coronavirus outbreak, said a monthly survey released on Monday.

The Nikkei India Manufacturing Purchasing Managers' Index (PMI) stood at 54.5 in February, slightly lower than the eight-year high of 55.3 in January. In PMI parlance, a print above 50 means expansion, while a score below that denotes contraction. The beleaguered sector has continued to strengthen ever since PMI fell to a two-year low of 50.6 in October. However, official data shows that contraction remained entrenched in the manufacturing sector till December.

India's overall industrial production fell 0.3 per cent in December. However, some economists see an increase in core sector output as a sign of moderating decline. Core sector expanded 2.2 per cent in January, a mild increase from 2.1 per cent in December.

As of February, manufacturing production increased at a similar pace to January's 91-month high, as companies reacted positively to new business gains and favourable market conditions. At the sub-sector level, growth was led by consumer goods makers, followed closely by intermediate goods producers, as new orders rose at a faster clip.

February data showed that exports contributed to the expansion in total sales, with Indian companies noting the second strongest improvement in international demand for their goods since November 2018. In end-2019, manufacturers had fallen back to demand from overseas markets to rescue them at times of lax domestic demand. Foreign orders expanded for the 28th month in a row, the survey said.

However, the subdued mood over the coronavirus outbreak restricted new hiring in the sector. The increase in hiring is the weakest in last three months. In November, the survey had noted massive layoffs.

But firms continued to increase input buying as robust sales growth and higher production needs held steady. In turn, stocks of purchases continued to expand in February, with the pace of accumulation being the quickest in close to three-and-a-half years, the survey said.

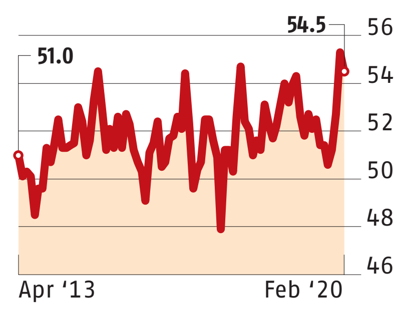
Latest data also pointed to a general lack of pressure on the capacity of manufacturers and their suppliers, with vendor performance and backlogs increasing only fractionally.

While average cost burdens increased further, inflation was moderate, one that was negligible by historical standards. Input goods like chemicals, food, metals, paper, plastics and textiles, mostly from China, continued to get costlier as China's factories remain closed.

However, the rate of charge inflation crept upwards slowly, a trend that has been a key theme of the manufacturing PMI survey for over a year, the survey noted.

Business sentiment remained under pressure due to uncertainty over whether domestic demand would recover. "Also, alarm bells are ringing for Indian goods producers as the COVID-19 outbreak poses threats to exports and supply chains. Businesses became less confident about the year-ahead outlook for output, in turn restricting hiring activity," said Pollyanna de Lima, principal economist at IHS Markit.

GROWTH TRAJECTORY



Note: A reading above 50 denotes expansion, while below 50 denotes contraction
Source: IHS Markit

Fitch cuts India's growth forecast to 4.9% for FY20

Fitch Solutions on Monday cut its forecast for India's economic growth to 4.9 per cent in the current fiscal year, saying manufacturing could come under pressure from weak domestic demand and supply chain disruptions due to the coronavirus outbreak.

The gross domestic product (GDP) growth is forecast to recover slightly to 5.4 per cent in 2020-21, it said. "We are revising down our forecast for India's real GDP growth to 4.9 per cent in FY20, from 5.1 per cent previously, and 5.4 per cent in FY21, from 5.9 per cent previously," the agency said.

The real GDP growth decelerated to 4.7 per cent in the third quarter, from an upwardly revised 5.1 per cent in Q2, owing to slower government consumption, a contraction in gross fixed capital formation, and a smaller net exports contribution. "A failure of the FY21 Union Budget to provide support to the industry will also bring little reprieve for a sluggish industry already coming under heavy pressure from a credit squeeze following the collapse of several key NBFCs," it said. PTI

GST COLLECTIONS: HOW TOP 10 STATES FARE

Of the top 10 states in terms of goods and services tax (GST) collections from domestic activities, six saw a fall in year-on-year growth in February. While three states — Karnataka, Uttar Pradesh, and West Bengal — witnessed a significant increase in GST collections, Rajasthan saw a tad one percentage point rise.

COMPILED BY INDIVJAL DHASMANA

Top 10 in terms of GST collections from domestic activities

Jan '20 / Feb '20 (₹ crore)

State	Month	₹ crore	YoY growth (%)
MAHARASHTRA	Jan '20	18,085	19
	Feb '20	15,735	12
GUJARAT	Jan '20	7,330	19
	Feb '20	7,216	11
KARNATAKA	Jan '20	7,605	4
	Feb '20	7,414	14
TAMIL NADU	Jan '20	6,703	18
	Feb '20	6,427	8
UTTAR PRADESH	Jan '20	5,698	4
	Feb '20	5,776	13
HARYANA	Jan '20	5,487	14
	Feb '20	5,266	8
WEST BENGAL	Jan '20	3,747	7
	Feb '20	3,942	13
DELHI	Jan '20	3,967	13
	Feb '20	3,835	12
TELANGANA	Jan '20	3,787	19
	Feb '20	3,667	6
RAJASTHAN	Jan '20	3,030	9
	Feb '20	2,932	10

Source: Finance Ministry

Ministry red-flags divestment in NTPC, PFC, PowerGrid

PRESS TRUST OF INDIA
New Delhi, 2 March

The Power Ministry has raised concerns over the proposed strategic divestment of government equity in NTPC, PFC, and PowerGrid, which may bring down its stake to below 51 per cent.

However, a final call on the proposed government stake sale is yet to be taken as the ministry has conveyed its reservations to the Finance Ministry.

"There are issues. There will be some advantages and there will be some disadvantages," Power Secretary S N Sahai told reporters on the sideline of 19th Foundation Day celebrations of Bureau of Energy Efficiency (BEE) on Monday.

Asked whether the power ministry has rejected the proposal, he said: "There is nothing like rejection. Each proposal has two sides, the advantages and disadvantages, we have conveyed both of them to the Finance Ministry. We have told them about the disadvantages, and we are cognizant of the advantages."

He further said that the ministry has highlighted both aspects of the issue and no stand has been taken yet, and these are part of deliberations on the proposal.

Earlier, under disinvestment plan, it was proposed to divest government equity below 51 per cent of its stake in certain public sector undertakings, including NTPC, PowerGrid and Power Finance Corporation (PFC).

Thereafter certain foreign bond holder in these PSU had raised concerns about that. The power entities are supposed to compensate bondholders after reduction of the government stake to below 51 per cent.

Moreover, the PSUs have raised concerns about this proposal saying that it would not go down well with investors particularly foreign lenders.

An official said that the power ministry has forwarded these PSUs concerns over reducing government stake below 51 per cent to the Finance Ministry.

Presently, the government owns 54.14 per cent in NTPC, 54.96 per cent in PowerGrid and 55.99 per cent in PFC.

On foundation day celebrations, the BEE launched star rating programme for deep freezers and light commercial air conditioners (LCAC).

The star labelling programme for deep freezer and LCAC together are expected to save about nine billion units of electricity and reduce CO2 emission by 7.7 mt by 2030. The star labeling for the two appliances are launched under voluntary mode which would be converted into mandatory mode after market transformation.

The power ministry has already conveyed its reservations to the finance ministry

CRISIL SME TRACKER

Profitability of dairy units will rebound in next fiscal

CRISIL EXPECTS A sharp hike in milk procurement costs relative to milk retail prices to deal a huge blow to the earnings before interest, tax, depreciation and amortisation (Ebitda) margins of dairy processors — especially private small and medium enterprises (SMEs) — in the current fiscal year (FY20).

The all-India milk procurement cost is estimated to have risen 19 per cent year-on-year (YoY) for dairy processors over April-December 2019, and is expected to rise by 18-20 per cent for the full fiscal.

The uptick in prices has been fuelled by a 5-6 per cent decline in milk production in the current fiscal year — due to high temperatures during April-June, and floods in July-August.

Retail milk prices rose by 3-4 per cent during April-December 2019, and are expected to rise 10 per cent during January-March 2020, thus closing this fiscal 5 per cent higher YoY.

The impact will be magnified in states such as Karnataka and Haryana, where state governments offer a subsidy of ₹4-6 per litre on milk supplied to cooperatives. While large private players are able to match the price offered by cooperatives to obtain the quantity of milk they require, SMEs are unable to do so, and fail to procure as much milk as they require.

Milk procurement prices are expected to stabilise in FY21, given abundant availability of water, following a monsoon that was 10 per cent surplus compared with the long period average.

Though the surplus monsoon played spoilsport for kharif crops, lowering production by an estimated 6 per cent, it has boosted sowing of rabi crops and is expected to lead to a healthy harvest, improve animal health, and exert downward pressure on fodder prices in coming months.

With the monsoon expected to be normal in 2020 too, milk procurement prices are likely to be stable hereon. This is expected to stabilise milk procurement costs, easing pressure on SME margins from Q1FY21.

ALLOWING LIFE INSURERS TO SELL HEALTH POLICIES

Standalone firms to lose out but buyers will gain: Experts

Non-life insurance companies will face stiff competition from life insurers

SUBRATA PANDA
Mumbai, 2 March

The Insurance Regulatory and Development Authority's (Irdai) move to set up a committee for studying the feasibility of allowing life insurance companies to offer indemnity-based health insurance policies has sparked a debate in the industry. The overarching view is that standalone health insurers would lose the most in this scenario.

Non-life insurers would not be affected severely as they could focus on other segments. Within the health segment, they could also look at selling more benefit-based products, which thus far formed a minuscule portion of their health business, experts said.

"It is likely to impact standalone health insurers more than multi-line insurers, since the latter have other products to offer in the market," said Subramanyam Brahmajoysula, head-underwriting and reinsurance, SBI General Insurance. "Life insurance firms have a superior distribution network. Health insurance indemnity policies can be complex and in-depth knowledge of the product features is required to provide appropriate advice to customers. This is an area where non-life insurance advisors might have an advantage, at least initially."

Moreover, experts believe if the regulator goes with the idea, Life Insurance Corporation (LIC), because of its size and reach, will benefit the most, and non-life insurers will have to be on their toes as to how they fulfil customer expectations. The overarching thought behind the move is to improve the penetration of the health insurance business in India. Before 2015, life insurance companies were allowed to sell indemnity based products, as well as benefit-based products. But in 2015, the regulator decided that to allow life insurance companies to sell benefit-based products, but not indemnity based products.

As far as health insurance is concerned, industry experts say, it has always been dominated by non-life insurers. But capacity building in underwriting and claims management is expensive and both standalone health insurance and general insurance firms are struggling to make portfolios large and viable.

"The life insurance industry has an enormous distribution network. If you look at LIC, it has 1.2 million agents and all other companies put together have a got a million agents. So 2.2 million agents will be selling health insurance. It will be a game-changer not only for LIC, but also for the industry and the country," said N S Kannan, MD & CEO of ICICI Prudential Life Insurance, at the *Business Standard* Insurance Roundtable 2020.

If some portions of the general insurance segment are being opened up, then some of life insurance may also open up, said the CEO of a general insurance company. The health insurance segment is growing and the more firms create awareness, the more they can capitalise on it. Experts said it should not be seen as cannibalisation but as a developmental goal.

NON-LIFE INSURERS REGISTER 15% GROWTH IN PREMIUMS

Non-life insurers have registered 15 per cent growth in premiums underwritten by them between April and January of this financial year. In absolute terms, premiums underwritten by the insurers totalled to ₹1.59 trillion, against ₹1.39 trillion in the same period last financial year. The private non-life insurers grew at 15 per cent in the period, with highest growth recorded in fire, health, and motor segments, while aviation, crop insurance, and credit guarantee struggled. State-owned insurers posted 9 per cent growth in premiums with crop, fire, and credit guarantee insurance performing well. Segments like motor, health, and personal accident lagged behind.

Segment-wise gross premium underwritten by non-life insurers for April-January FY20 (₹ crore)

	Fire	Marine	Engineering	Motor	Health	Crop	Credit	Aviation	Liability	Personal accident	Others	Total
PRIVATE	7,749	1,637	1,042	36,320	11,228	13,430	227	131	1,652	2,746	1,609	77,770
Growth (%)	40	12	10	18	20	0	4	4	14	6	10	15
STATE-OWNED	5,881	1,433	1,144	21,219	20,396	6,522	54	451	723	1,121	1,925	60,869
Growth (%)	31	7	6	-2	5	84	80	33	3	-6	-9	9
INDUSTRY TOTAL*	13,630	3,069	2,185	57,539	42,328	28,753	1,191	582	2,348	4,371	3,534	159,557
Growth (%)	36	9	8	9	15	24	-4	25	10	3	-1	15

*Includes performance of standalone health insurers and specialised PSU insurers

Source: Irdai