

13 ECONOMY

MARKET WATCH FPIs PULL OUT OVER ₹1 LAKH CR

New Delhi: As the coronavirus pandemic is triggering fears of a global recession, foreign investors have started rowing back from the Indian capital markets by withdrawing a massive over Rs 1 lakh crore in March after remaining net buyers for six consecutive months. **PTI**

SURGE IN DATA USAGE SINCE LOCKDOWN ANNOUNCED TO TACKLE COVID-19

Lockdown triggers changes in viewership trends; data usage spikes delayed, extended

AASHISH ARYAN
NEW DELHI, MARCH 29

WITH THE country under a complete 21-day mandatory lockdown and nearly 10 days of partial lockdown and work from home to limit the spread of coronavirus, the data usage patterns of users have undergone a shift, according to the initial data collected by the three major telecom companies. A comparative analysis of the data between March 10 and March 25 has showed that due to complete and partial lockdown effected by various governments, the volume of data usage spiked between 9 am and 11 am in the morning, and then after 4pm until 10 pm.

"Earlier, we had data spikes between 8 and 10 in the morning and then between 5 and 8 in the evening, which are mainly office travel hours. Then, of course, the usage was high during weekends due to binge watching habits. Of late, however, that has changed," a senior executive of a telco said.

During the initial period of the

EXPLAINED Telcos may seek nod to set up temporary towers in rural areas

THE SHIFT in data usage pattern and the overall reduction in transmission quality has the telcos looking for extra access and backhaul spectrum to prepare for any eventuality in case the lockdown extends beyond the currently stipulated 21 days. Telcos are also preparing to seek the government's permission for roving telecom towers in certain villages on the periphery of urban areas and metros if the situation does not improve even after the mandatory lockdown period.

partial and complete lockdown, there was a huge surge in data usage, which prompted the telcos and industry body Cellular Operators Association of India (COAI) to issue appeals to over-the-top (OTT) and digital video streaming players to limit the streaming quality to standard definition from high and ultra-high definition.

"We saw an initial surge of up to 30 per cent in data traffic volume, which put a lot of strain on the network. With the transmission quality now limited, we are hoping that about 20-30 per cent of the bandwidth will now be free, which will be beneficial in reaching out to more consumers," another senior executive said.

Another telco executive, however, said they had been seeing continuous load on their network infrastructure instead of the isolated periodical spikes earlier, and

that they expected the reduced transmission quality to have little to no impact on freeing up the bandwidth in the near term.

"Whatever network or bandwidth is freed up will be consumed, that has to be understood. The network infrastructure was anyway under pressure. So a relief as such we do not see in the near term, or until April 14 at least. Once more cell sites come up, the parameters can be checked again," the executive said.

The work for reducing bit rate and limiting transmission quality was accelerated after Department of Telecommunications (DoT) Secretary Anshu Prakash was learnt to have personally called up heads of OTT and digital streaming players and sought their cooperation, sources close to the development told *The Indian Express*.

Mobile data users have not felt any problems even up until now in general as far as speeds are concerned, the telcos said. However, to prepare for an eventuality that the lockdown is extended beyond 21 days, the three major telecom operators and COAI have written to the DoT to allocate additional access and backhaul spectrum.

"The DoT has asked all operators to approach the Wireless Planning Commission. The allocation has various entanglements. The Supreme Court has various concerns about spectrum being allocated through an auction process.

"So the ministry is aware about the situation but they are being careful," COAI director general Rajan Mathews told *The Indian Express*.

The required spectrum allocations are likely to be done within the next week after the matter is vetted by top legal counsels of the government, a senior ministry official said, adding that there may not be an immediate benefit to the end user in the near term even if the spectrum is allocated.

"We had asked for all this spectrum as a precautionary measure. We have also been seeking permission for temporary tower sites, which we call 'cell on wheels'. Hopefully we will minimise any problems that could occur," Mathews said.

India Inc reaches out to employees as companies across sectors may dock part of salary for March, April

AASHISH ARYAN,
AANCHAL MAGAZINE &
PRANAV MUKUL
NEW DELHI, MARCH 29

WITH THE 21-day mandatory lockdown in place starting to have an impact on cash flows, companies across India have started sending out mails to their employees, explaining the impact and near term plan.

A cab aggregator, which had already laid off nearly 500 employees in one go in December and was expected to further lay off an equal number of people in the next three months by March, is likely to continue letting go people even after this month, some of the employees *The Indian Express* talked to said.

A food delivery startup — which mostly operates cloud kitchens — also sent a mail to its employees, telling them there could be a pay cut between 20 to 50 per cent for April, owing to the current circumstances wherein the cash flow and liquidity in hand are limited.

The company, however, assured employees it would not be axing any jobs in the near term. A call on the payment of salaries docked in March and April would be taken as and when the situation improved, the startup said in its mail.

Two of the big four accounting firms have expressed also concerns about the impact of COVID-19 on their cash situation to their employees, with one of them suggesting a likelihood of a pay cut and another announcing it for

3 KEY POINTS

1 With the 21-day mandatory lockdown in place starting to have an impact on cash flows, companies have started sending out mails to their employees, explaining the impact and near term plan

2 Airlines, which are one of the worst hit sectors, were among the first to announce pay cuts

3 However, certain companies in the cash-rich IT and software services sector have announced additional payouts for a section of their employees

partners and executive directors.

A Mumbai-based accounting firm has decided to defer hikes and bonuses for all employees, along with a hiring freeze for the next fiscal starting April 1. A 25 per cent pay cut has also been communicated by the company for partners and executive directors.

In a LinkedIn post, Shyamal Mukherjee, chairman and territory senior partner at accounting company PwC India, said "We at PwC India have initiated proactive measures that will help navigate the uncertainties, keep all employees safe and make our organisation more sustainable. We have worked out some interim measures which includes deferment of

promotions, increments and bonus till a point in time one gets certainty around business."

Airlines, which are one of the worst hit sectors by COVID-19, were among the first to announce pay cuts across the board. In an attempt to protect its cash flows, India's largest airline IndiGo announced up to 25 per cent salary cuts across the board, including for its CEO. Similarly, GoAir, in an effort to cut down costs, extended its salary cuts to all its employees for the month of March. Full-service carrier Vistara cut employee salaries by around 10 per cent, in addition to asking some of its staff to go on leave without pay.

National carrier Air India, too, has frozen recruitment and induction, in addition to implementing 10 per cent deduction in allowances, excluding basic pay, house rent allowance and variable dearness allowance, for all employees, except cabin crew, for a period of three months effective March 2020 salary.

However, certain companies in the cash-rich IT and software services sector have announced additional payouts for a section of their employees during this time of crisis. Cognizant told its employees last week it would be paying an additional 25 per cent of their base salary in April.

This policy, which is likely to cover almost two-thirds of Cognizant's Indian staff, is applicable for employees who are at associate level or below. Similarly, Facebook has announced an extra \$1,000 for all of its 45,000 employees for managing expenses in the wake of the COVID-19 outbreak.

FIGHTING COVID-19

CCL registers highest output in one-day

New Delhi: Central Coalfields Ltd (CCL), a subsidiary of Coal India Ltd, has registered its highest one-day coal production with almost 6 lakh tonnes production on March 28 amid the 21-day nationwide lockdown. Further, CCL has ensure continuous dispatch of coal to its linked power plants, without any break, so that sufficient stock is available at their end. **ENS**

IndiaNivesh closes down PMS business

Mumbai: Financial services company IndiaNivesh has decided to wind up its portfolio management services (PMS) business due to coronavirus-triggered turmoil in the markets. The flagship brokerage business is not being shut, but the ongoing lockdown-related aspects is leading to a delay in releasing payouts to clients. It can be noted that indices have lost over 40 per cent of their value in the last few weeks because of COVID-19. **PTI**

Contribution towards PM-CARES Fund to qualify as CSR spending

ENS ECONOMIC BUREAU
NEW DELHI, MARCH 29

CONTRIBUTIONS BY companies towards the PM-CARES Fund for emergency relief will count towards mandatory corporate social responsibility (CSR) expenditure, the Corporate Affairs Ministry clarified on Sunday. The Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM-CARES) Fund was constituted by the government earlier this week to receive charitable contributions to deal with emergency situations like the current coronavirus outbreak.

"The PM-CARES Fund has been set up to provide relief to those affected by any kind of emergency or distress situation. Accordingly, it is clarified that any contribution made to the PM CARES Fund shall qualify as CSR expenditure under the Companies Act 2013," said a notification by the Ministry.

Companies with a minimum net worth of Rs 500 crore, turnover of Rs 1,000 crore, or net profit of Rs 5 crore are required to spend at least 2 per cent of their average profit for the previous three years on CSR activities every year. Prime Minister Narendra Modi is the chairman of the fund, while Def-

'Corporates spent ₹52K cr in last five fiscals'

New Delhi: Corporates have spent Rs 52,000 crore towards social welfare activities in the last five fiscals and now making contributions to the Prime Minister's relief fund will further help them meet their obligations under the companies law, a senior government official said.

"The macro picture is that over the last 5 years, CSR contributions amounting to around Rs 52,000 crore have been made against total demand of around Rs 77,000 crore," Corporate Affairs Secretary Injeti Srinivas said. **PTI**

ence Minister Rajnath Singh, Home Minister Amit Shah and Finance Minister Nirmala Sitharaman are among its members.

The Ministry had earlier clarified that any expenditure undertaken by companies towards dealing with the virus outbreak, including for preventative healthcare, sanitation and disaster management, would count towards mandatory CSR expenditure.

Lockdown period not to be part of timeline for any insolvency process

KARUNJIT SINGH
NEW DELHI, MARCH 29

INSOLVENCY REGULATOR IBBI on Sunday stated that the 21-day lockdown imposed by the Centre will not count towards timelines in the corporate insolvency resolution process (CIRP) under the Insolvency and Bankruptcy Code (IBC). The IBC prescribes that the CIRP for companies be completed within 330 days, including time taken for litigation.

"...the period of lockdown imposed by the Central Government in the wake of COVID-19 outbreak shall not be counted for the purposes of the timeline for any activity that could not be completed due to such lockdown, in relation to a corporate insolvency resolution process," said a notification by the Insolvency and Bankruptcy Board of India (IBBI).

Experts said the move was welcome as many insolvency cases had come to a standstill during the lockdown. "(It) is a welcome move as many CIRP proceedings have come to standstill due to the lockdown," said Daizy Chawla, managing partner at law firm Singh and Associates, adding that if the provision had not been notified there would have been a "flood of litigation to seek exclu-

sion" of this time period once the lockdown is lifted.

Manoj K Singh, founding partner of Singh and Associates, however, said more steps were needed to protect businesses undergoing CIRP. He said if companies that were previously not under stress needed relief from the Reserve Bank of India in terms of a moratorium on payments for three months, then businesses undergoing insolvency proceedings also need interim financing to preserve business value.

"Some kind of financial impetus is required for companies under resolution, so that business can be preserved and so that they can have some interested buyers when the economy starts getting momentum again," he said, adding that the Centre may choose some criteria to ensure that only business which have ongoing operations are given this interim finance. He noted that if this was not done, companies undergoing CIRP would not remain going concerns.

The government, last week, increased the default threshold for initiation of insolvency proceedings to Rs 1 crore from Rs 1 lakh, to protect small enterprises from being dragged into insolvency proceedings due to issues caused by the coronavirus outbreak.

MOVE COMES AS SPICEJET PILOT TESTS POSITIVE FOR COVID-19 DGCA temporarily suspends breath analyser test for all aviation personnel

PRANAV MUKUL
NEW DELHI, MARCH 29

FOLLOWING WHAT was the first incident of a pilot testing positive for COVID-19 in India, aviation regulator DGCA has moved to suspend breath analyser test, to check for alcohol consumption, at all airports across the country until further notice. On Sunday, low-cost carrier Spicejet said one of its first officers had tested positive for the disease. The said pilot did not operate any international flight in March, and the last flight he operated was on March 21 from Chennai to Delhi and has been quarantined at his home since then.

"...this is to convey that due to the extraordinary circumstances in view of the outbreak of COVID-19 and also in view of the directions issued by Hon'ble High Court of Delhi and Hon'ble High Court of Kerala, the conduct of breath analyser test in respect of all aviation personnel as required under civil aviation requirements in force is temporarily suspended at all airports until further orders," the Directorate General of Civil Aviation (DGCA) said in an order Sunday evening.

Notably, a union of Air India pilots had on March 20 made a representation to DGCA requesting a temporary stay on requirement to conduct pre-flight and post-flight breath analyser test on account of the COVID-19 outbreak. On Sunday, the Indian Commercial Pilots' Association (ICPA) sent another letter to the regulator with a reminder following the Spicejet case. "You may please note that re-

A union of Air India pilots had on March 20 made a representation to DGCA requesting a temporary stay on conducting pre-flight and post-flight breath analyser test

ports indicate that a Spicejet airline pilot has tested coronavirus positive. Continuing BA tests in these circumstances is extremely dangerous. As a responsible association, which has demonstrably believed in the efficacy of pre-flight and post-flight BA tests, all we ask is that safety of our pilots be considered by you and appropriate orders be passed," the ICPA wrote in a letter to DGCA chief Arun Kumar on Sunday, prior to the regulator's order. Last week, the Delhi High Court ordered suspension of breath analyser test of air traffic controllers through tube process. It followed a Kerala High Court judgment, which ordered suspension of breath analyser test at airports in the state.

For the flight crew, both cockpit and cabin, the breath analyser tests are conducted by medical officers of the respective airline posted at the airport. As per regulations, the crew are mandatorily supposed to undergo the test to check for alcohol content in their blood once prior to their flight and once after it. The test involves blowing air into an instrument, which shows the content of alco-

hol in the blood of the person taking the test. Pilots have raised concerns that the apparatus for the test remains the same for the entire crew and that "droplets/aerosols of infected pilots may further infect the healthy".

In its Sunday orders, the DGCA noted that every aviation personnel reporting for duty will be required to submit an undertaking that he or she is not under the influence of alcohol and that he or she hasn't consumed alcohol or any other psychotropic substance in the last 12 hours. Further, for flight crew members, the airlines have been asked to conduct random checks to ensure compliance with the rules. Even as all scheduled flights across the board have been suspended, airlines are operating special flights both domestically and internationally to repatriate passengers and ferry essential goods. In a March 6 order, the DGCA had said that any aviation personnel, showing symptoms of COVID-19, will be exempted from breathalyser test.

A Spicejet spokesperson said: "As a precautionary measure, all crew and staff who had been in direct contact with him (infected pilot) have been asked to self-quarantine by staying at home for the next 14 days. All measures are being taken to provide appropriate medical care to him".

A Spicejet official said the airline was providing necessary information about its crew members to relevant government authorities that are trying to create a trail of who else might be infected as a result of coming in contact with the pilot in question.

Moratorium on credit card dues may lead to windfall for banks if users delay monthly repayments

GEORGE MATHEW
MUMBAI, MARCH 29

BANKS AND credit card companies could end up getting a bonanza if card users utilise the RBI moratorium and roll over their monthly card repayments by three months. With total card outstandings touching Rs 1,10,000 crore, banks stand to earn up to Rs 10,000 crore on accumulated interest charges for the three month period if all customers were to roll over their repayments.

The Reserve Bank of India (RBI) has allowed moratorium on repayment for three months, but it has not waived the interest charge for the three months. Normally, banks and card companies charge up to 42 per cent per annum interest rate on unpaid balance outstanding on credit cards.

"It makes sense not to use the moratorium on card repayment. After three months, banks will ask you to shell out the huge interest charge for three months. The interest rate ranges from 36 to 42 per cent. It's not 8 or 10.5 per cent as in home loans. If a customer has the means to repay card dues, he should continue making repayments," said a banking source.

If a card holder has Rs 50,000 card outstanding, he will have to

BANKS MAY EARN UP TO ₹10,000 CR

■ Banks could earn up to ₹10,000 crore on accumulated interest charges for the 3-month period if all customers were to delay payments

■ The RBI has not waived interest charge for this 3-month period

ried forward, but rates on many of these loans are reasonable.

As per RBI data, there were 5.61 crore credit cards in the country, as of January 2020. The total card outstandings as on January 31, 2020 were Rs 1,10,864 crore, showing a spike in growth at 31.6 per cent on a year-on-year basis.

Though the interest rate in the banking system has been coming down in the last one year, interest rate on credit card outstandings has not fallen. Users say the credit card interest rates are outrageous and there's no justification to charge such a high interest rate.

According to bankers, defaults in card repayment affect the credit rating of the customer. "Even missing an installment can bring down the rating. It's better to pay up outstandings as early as possible without utilising the benefit of moratorium. We don't expect all card users to use the three-month moratorium on card repayments," said a banking source.

The high rates on credit cards — considered unsecured debt — are not unique to India alone. In Canada, where normal policy rate is 0.25 per cent, credit card interest rates are between 20-30 per cent. The average credit interest rate in the United States is lower at 16.69 per cent, down by 111 basis points since July 2019.

'Govts, central banks must boost efforts to help economies cope with crisis'

London: Governments and central banks need to step up efforts urgently to support their economies in the face of the coronavirus crisis, the head of the Bank for International Settlements (BIS) said on Sunday.

General Manager Agustín Carstens, who heads BIS — an umbrella group of the world's central

banks — wrote an opinion piece on Sunday saying that "urgent" solutions beyond those used during the 2008 financial crisis were needed.

Rules brought in after the 2008 crash were designed to prevent banks overextending themselves, but the worry now is they are not stepping in. **REUTERS**

'Discoms' outstanding dues to gencos rises 32% in Jan y-o-y'

Total outstanding dues owed by discoms to power gencos, rose nearly 32 per cent to ₹88,311 crore in January 2020 over January 2019, according to the PRAAPTI portal



₹6,618.20 cr:
OVERDUES OF NON-CONVENTIONAL ENERGY PRODUCERS LIKE SOLAR AND WIND IN JANUARY 2020

₹51,453 cr
TOTAL OVERDUE AMOUNT IN JAN 2019

₹86,948 cr
TOTAL OUTSTANDING DUES ON DISCOMS IN DEC 2019

₹75,930 cr
TOTAL OVERDUE AMOUNT ON DISCOMS IN DEC 2019

OVERDUES OF CENTRAL PUBLIC SECTOR GENCOs ON DISCOMS:
■ NTPC: ₹11,007.50 crore
■ NLC India: ₹4,731.13 crore
■ DVC: ₹4,614.49 crore

25.94%:
SHARE OF OVERDUES OF INDEPENDENT GENCOs WITHIN TOTAL OVERDUE OF ₹76,192 CR ON DISCOMS

OVERDUES OF PRIVATE GENCOs ON DISCOMS:
■ RKM Powergen: ₹3,421.68 crore
■ Adani Power: ₹3,201.68 crore
■ Lalitpur Power Generation Company Ltd: ₹2,212.66 crore
■ GMR: ₹1,930.16 crore

PRAAPTI: Payment Ratification And Analysis in Power procurement for bringing Transparency in Invoicing of generators, or PRAAPTI, was launched in May 2018
Source: PRAAPTI/PTI

Qatar Airways says it will need state support

REUTERS
DUBAI, MARCH 29

QATAR AIRWAYS will have to seek government support eventually, Chief Executive Akbar al-Baker told Reuters on Sunday, warning that the Middle East carrier could soon run out of the cash needed to continue flying.

Several states have stepped in to help airlines hammered by the coronavirus pandemic that has virtually halted international travel, with the United States offering \$58 billion in aid. Qatar Airways is one of few airlines continuing to maintain scheduled commercial passenger services and over the next two weeks expects to operate 1,800 flights.