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How markets performed last week

	Index on Mar 27, '20	*One-week	% chg over Dec 31, '19 Local currency	in US $
Sensex	29,816	-0.3	-27.7	-31.1
Nifty	8,660	-1.0	-28.8	-32.1
Dow Jones	21,637	12.8	-24.2	-24.2
Nasdaq	7,502	9.1	-16.4	-16.4
Hang Seng	23,484	3.0	-16.7	-16.3
Nikkei	19,389	17.1	-18.0	-17.5
FTSE	5,510	6.2	-26.9	-31.4
DAX	9,633	7.9	-27.3	-27.8

*Change (%) over previous week Source: Bloomberg

PERSONAL FINANCE P8
PRODUCTIVITY TIPS FOR WORKING FROM HOME

CORONAVIRUS EFFECT P4
DON'T SEE A RECESSION; RECOVERY LIKELY FROM Q2: RAJIV KUMAR

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

NON-ESSENTIAL ITEMS CAN BE TRANSPORTED DURING LOCKDOWN

The home ministry on Sunday allowed the transportation of all essential and non-essential goods in the country and the use of state disaster response funds to provide shelter to migrant workers and the homeless stranded due to the lockdown. Union Home Secretary Ajay Bhalla wrote to chief secretaries of all states and Union territories, asking them to ensure relief camps were set up for homeless people, including migrant labourers. 12

EPF withdrawal allowed in view of lockdown

The labour ministry has allowed about 60 million subscribers of retirement fund body Employees' Provident Fund Organisation to withdraw an amount not exceeding their three months' basic pay and dearness allowance from their EPF account in view of the lockdown to fight Covid-19. Besides, it also introduced an online claim settlement facility. PTI

ECONOMY & PUBLIC AFFAIRS P4

Loan moratorium for 90 days a task cut out

The 90-day moratorium on all term loans given to customers is a big relief for banks as well as borrowers, but the initial feedback from the industry is that the documentation process may entail some hardship. Bankers anticipate operational challenges with respect to communicating the Reserve Bank of India's dispensation to customers.

Seal your borders to stop migrants: Centre to states

Govt issues advisory to states; mandatory 14-day quarantine for daily wagers

VIRENDRA SINGH RAWAT & SOMESH JHA
Lucknow/New Delhi, 29 March

Fearing a renewed surge of coronavirus (Covid-19) cases by the movement of migrant labour, a panicky central government cracked down hard on state administrations across India, including some run by the Bharatiya Janata Party, for allowing migrants to move across cities and highways and ordered that not only should labour stay where it was, but that the administration must take steps to ensure its well-being *in situ*.

The massive exodus of migrant labour from industrial and commercial centres like Noida, Ghaziabad, Thiruvananthapuram, Mumbai, Bengaluru, Hyderabad, and Kolkata had caused chaos on Saturday, leading to fears that long queues of people jostling and pushing could lead to a surge in cases.

These were people who, having lost their jobs after a lockdown and with no savings, food or shelter, decided to return home. Many took recourse to walking long distances, but realising the political damage queues of people trudging on roads with their belongings on their backs could cause in the future, some state governments, including the Uttar Pradesh (UP) government led by Yogi Adityanath, quickly announced they were arranging transport to ferry them to their villages. This, in turn, led to even larger numbers massing on borders and at bus stations of bigger cities. Turn to Page 3

WORKING OUT THE MATHS

470 mn
India's estimated labour force

80% +
Workforce in unorganised sector

100 mn
Size of interstate migrant workforce (even though there's no official count)

RURAL WAGES SET TO TAKE A HIT P12

THE LONG ROAD HOME: Migrant workers board crowded buses to their respective villages, amid a nationwide lockdown, in Ghaziabad on Sunday PHOTO: PTI

NUMBER OF COVID-19 CASES TOUCHES 1,024 IN INDIA

8 Deaths reported in last 24 hours in India

140+ New Covid-19 cases reported

34,931 Covid-19 tests done so far

113 Testing labs currently functioning, 47 private labs approved (30% capacity utilisation)

1,024 Overall Covid-19-positive people as country enters Day 6 of 21-day lockdown, with 901 active cases. This includes 95 cured/discharged cases, 1 migrated and 27 deaths

14 days Mandatory quarantine in state-run camps for migrant labourers returning home

65% Wagons of Indian Railways (or 125,000 wagons) transported essential items

11 Empowered groups of secretaries formed to look at isolation beds, medical emergencies, essential medical supplies, human resources, public grievances

PM: Sorry, but hard decisions needed

ARCHIS MOHAN
New Delhi, 29 March

Prime Minister Narendra Modi on Sunday apologised twice for the 21-day national lockdown having inconvenienced people, but said tough decisions were needed to "nip the disease in the bud". He appealed to the people to maintain social distancing and not violate the lockdown by coming out of their homes.

In his *Mann ki Baat* address, Modi said people might wonder why the PM "has put everyone in such trouble", but stressed that there was no option but a lockdown to fight the contagion in a country with a population of 1.3 billion. He said the battle was between life and death, given what countries the world over were experiencing, and that is why such strong measures had been taken.

Modi said he extended heartfelt apologies to all Indians and said he strongly felt from the core of his heart that the people would forgive him because he had to take certain decisions which may have caused hardship to the people. The PM did not specifically mention the countless migrants, who, over the past five days, had queued up to hail buses. Turn to Page 3

Shutdown puts ₹15-trn debt at risk

201 stretched firms paid ₹1.48 trn as interest in April-December 2019

KRISHNA KANT
Mumbai, 29 March

More than half of all borrowings, worth nearly ₹15 trillion, by listed non-financial companies are in the danger zone due to the coronavirus (Covid-19) lockdown and its adverse impact on corporate finances in the coming quarters.

According to an analysis by *Business Standard*, 201 non-financial listed companies are likely to face a sharp deterioration in their financial position in the first half of 2020-21 (FY21), making it tough for them to service their debt.

Some of the top indebted companies likely to face financial headwinds in the coming quarters include NTPC, PowerGrid, Tata Steel, Adani Power, JSW Steel, UPL, and Steel Authority of India.

The financially stretched companies in our sample either had negative net worth or earnings before interest, taxes, depreciation, and amortisation (Ebitda) during the first half of 2019-20 (FY20) or had a high debt-to-equity ratio, high debt-to-Ebitda ratio or low interest coverage ratio.

Together these 201 companies owed ₹14.9 trillion to their lenders at the end of September 30, 2019, up 4.1 per cent year-on-year (YoY) during the first half of FY20. Turn to Page 3

INDEBTED COMPANIES LIKELY TO FACE FINANCIAL HEADWINDS

Companies*	Total debt (₹ cr)	Interest cost**(₹ cr)	D/E (x)	ICR (x)	Debt/ Ebitda (x)
NTPC	1,48,469	7,494	1.3	4.7	5.6
PowerGrid	1,37,070	9,299	2.2	3.7	5.3
Tata Steel	1,02,746	7,478	1.4	2.2	8.3
Tata Motors	95,465	7,054	1.8	3.7	4.9
Adani Power	48,516	5,428	5.0	1.4	8.5
Tata Power	48,184	4,537	2.6	2.0	7.1
SAIL	48,181	3,437	1.3	1.7	10.8
JSW Steel	41,228	4,305	1.1	2.9	4.5
Jindal Steel	32,113	4,189	1.0	1.8	5.7
UPL	31,066	1,725	2.2	3.4	7.0
Financially stretched companies (201 firms)	**14,91,794**	**1,47,752**	**1.8**	**1.1**	**11.9**
Financially strong companies (590 firms)	**9,29,142**	**1,11,735**	**0.3**	**7.5**	**1.5**

*The list excludes telecom operators such as Vodafone Idea, RCom, Bharti Airtel
**Interest cost annualised based on figures for 9MFY20
D/E: Gross debt-to-equity ratio; ICR: Interest coverage ratio
All ratios based on interim results for either H1FY20 or 9MFY20 Source: Capitaline

BS SPECIALS ON MONDAY

BANKERS' TRUST
What next, Mr Shaktikanta Das? 6
No one cares about fiscal deficit now. Or for that matter inflation. The focus is on growth and growth alone.
TAMAL BANDYOPADHYAY writes

BUSINESS LAW
Work from home, a challenging homework 10

Both employers and employees are liable for data breach from home.
SUDIPTO DEY writes

THE SMART INVESTOR
Financial sector stocks are not attractive yet 9
Marquee stocks are available at significantly lower valuations, but near-term risks may not be fully priced in. HAMSINI KARTHIK writes

POLITICS & PUBLIC AFFAIRS

Farm-to-fork logistics on the edge 11
As the lockdown enters second week, the supply chain, dominated by small players and highly disorganised, remains largely disrupted.
SANJEEB MUKHERJEE writes

Indian infotech companies unlikely to sack employees

DEBASIS MOHAPATRA
Bengaluru, 29 March

Despite the grim business outlook owing to the global spread of coronavirus (Covid-19), Indian information technology (IT) services firms are unlikely to resort to any major staff retrenchment, given the sensitivity of the issue.

Though this approach is in line with big US firms such as Salesforce and Morgan Stanley, whose chief executive officers have taken the public stand of not laying off employees, Indian IT firms, however, are not expected to take such a pledge publicly. This is primarily because unlike many US firms, Indian IT firms never had any layoff policy owing to its political sensitivities though employee retrenchment due to "under performance" is common.

Globally, the chief executive officers of prominent companies such as Salesforce, Visa, Morgan Stanley, Citigroup, Bank of America, and FedEx have taken the pledge not to pursue any significant layoffs in 2020. Turn to Page 3

BOOTS ON THE GROUND

Number of people employed by the companies

Firm	Headcount	Attrition(%)
TCS	446,675	12.2
Infosys	243,454	19.6
Wipro	187,318	15.7

As on December 31, 2019 Source: Companies

LAYING OFF THE PINK SLIP

- High staff utilisation levels provide IT firms leverage to carry staffers on bench
- Most IT firms have done rightsizing of employee pyramid through mid-level layoffs last year
- Indian IT firms can draw inspiration from US companies which have taken 'no layoff pledge' in 2020

POWER GENERATORS SHUTTING CAPACITY

The power sector is witnessing an unprecedented amount of generation capacity being shut. In a month, the demand for power has gone down 31 per cent. According to the data from regional load despatch centres, of the 117,000 megawatt (Mw) generation capacity, 41,037 Mw was shut on Friday due to the low demand/reserve shutdown. With the high-paying commercial consumers shut for another 21 days, states are avoiding power purchase. Some states are shutting down their costlier units and shifting to cheaper sources. SHREYA JAI & AMRITHA PILLAY write 5

Industry calls for extended financial year

RUCHIKA CHITRAVANSHI
New Delhi, 29 March

Auditors and industry bodies have called for extending the financial year 2019-20 by three months, till the end of June, amid the coronavirus (Covid-19) pandemic.

Industry representatives recently met officials of the Ministry of Corporate Affairs, seeking, among other things, an extension of the financial year on grounds that "any financial statement prepared for April 2019 to March 2020, will not give a true and fair view as it does not represent one complete business cycle of the entity".

The Confederation of Indian Industry told the ministry: "With the current backdrop of coronavirus, the entire economy is getting stagnated for at least a couple of quarters, which are a kind of missing quarters for corporates."

The auditors cited issues such as physical verifications of inventories, fixed assets, balance confirmations, fair-value measurements, and going-concern assessments, which are difficult to carry out under the present circumstances.

An audit report, even if submitted at a later date, may not present a reliable picture if the auditors try to ascertain the key data for the March figures in June. Turn to Page 3

WHAT'S KEEPING THEM UP

Challenges auditors face

- Physical verification of inventory
- Confirming bank balances
- Fair-value measurements
- Assessing nature of going concerns
- Impairment of assets

India Post calls to say you've got mail

NIVEDITA MOOKERJI
New Delhi, 29 March

At this time of the year, post offices are noisy with agents hard-selling a range of tax-saving schemes to the last-minute investors. The week gone by was different. On Friday afternoon, at the ITO Post Office across the normally buzzing Bahadur Shah Zafar Marg, a masked guard curtly said the timing had been changed to 10 am to 1 pm. In the pre-Covid days, it operated till 8 in the evening.

Surely the postmen, the lifeline of the country till the internet and mobile phones overtook snail mail, were still around picking up and delivering letters and parcels? All 66 postmen attached with this post office had been given paid leave, a solitary official working beyond the opening hours pointed out, while ushering in inside the building through a back door, where parcels were piled up waiting to be delivered ever since the three-week lockdown was announced on March 24.

Changing with the times and in compliance with social distancing norms, customers are now picking up their parcels, speed posts and registered letters within the city themselves after they are informed on phone. In most urban areas, door delivery by postmen has been replaced by window collection at post office branches. "The decision was taken after many people refused to take parcels being delivered by postmen for fear of catching infection from an outsider," another official said.

India Post, part of the essential service list issued by the government, is operational but only partially. The traffic is down considerably. A senior official at Dak Bhawan, the headquarters of the Department of Posts (DoP) in New Delhi, estimated at least a 40 per cent reduction in footfall across the country as the virus-linked clampdown came into effect.

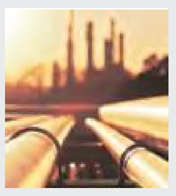
Changing with the times and in compliance with social distancing norms, customers are now picking up their parcels, and speed posts themselves

The substantially low traffic in parcel booking as well as in financial transactions is being handled by a fraction of the mammoth workforce that India Post has. Of the 450,000 employees that the organisation has, only 201,881 are attending office now, according to a source in the DoP. This includes 147,000 *gramin dak sewak* — all in rural areas.

In fact, the India Post employees in rural areas, hardly infected by coronavirus, are working in full strength, he said. Local authorities have clamped down in some states, Punjab being one, where even curfew passes are not enough to continue with the essential services, according to the official. Turn to Page 3

IN BRIEF

Enough petrol, diesel, LPG for 21-day lockdown: IOC



India has enough petrol, diesel and cooking gas (LPG) in stocks to last way beyond the three-week nationwide lockdown as all plants and supply locations are fully operational, Indian Oil (IOC) Chairman Sanjiv Singh said. Singh, who continued to oversee the mammoth operations of ensuring that fuel reaches every nook and corner despite bereavement of his father on the day 21-day lockdown was declared, said there is no shortage of any fuel in the country and customers should not resort to panic booking of LPG refills. "We have mapped demand for entire April and beyond. We have refineries operating at levels enough to meet all of the demand," he said. PTI

Yamaha, TVS unveil user-friendly initiatives

Yamaha Motor India announced it was extending the Lifetime Quality Care Approach for an additional 60 days. "Under the current circumstances, we feel a few of our customers may struggle to get their vehicles serviced on time or avail of warranty benefits," the company said. Accordingly, the company said free service valid till April 15 and normal warranty would be extended till June. PTI

NRAI seeks support from landlords in F&B sector

The National Restaurant Association of India (NRAI) has requested landlords in the food and beverage (F&B) sector for their help and support, including a complete waiver of rentals and common area maintenance for three months up to June or till such time that the business lockdown on account of Covid-19 pandemic continues. PTI

Fortis sets up isolation wards in all its hospitals

Fortis Healthcare said it has set up isolation wards in all of its 28 hospitals across the country with a total of 262 beds to treat Covid-19 patients. The healthcare major said medical teams are already treating 21 Covid-19 positive cases along with 87 suspected cases at various hospitals. Two Covid-19 patients were discharged from Fortis Memorial Research Institute, Gurugram on Sunday, Fortis Healthcare said PTI

NPPA asks states, UTs for availability of mask, glove, sanitizer

National Pharmaceutical Pricing Authority (NPPA) has asked all states and UTs to ensure availability and distribution of masks, gloves and sanitisers in the wake of the pandemic. In a letter, NPPA Chairperson Shubhra Singh has asked them to resolve issues in movement of stock and manpower on priority to ensure uninterrupted production and supply of medicines and medical devices. PTI

JSW Group commits ₹100 crore to fight pandemic

The JSW Group on Sunday said it would extend financial assistance of ₹100 crore to combat Covid-19. Besides, the group will also provide equipment to healthcare workers to deal with the situation, and its employees will donate one-day's salary to prevent the spread of the virus. PTI

IndiaNivesh to wind up PMS business

IndiaNivesh has decided to shut down its portfolio management services business. "In view of the current market volatility pursuant to the global outbreak of Covid-19 and its long term impact on our business, we have decided to close our operation at IndiaNivesh Investment Managers, a Sebi-registered portfolio manager," the firm said. BS REPORTER

DGCA suspends alcohol tests for all aviation personnel, including pilots

Aviation regulator DGCA on Sunday said it was temporarily suspending breath analyser alcohol test for all aviation personnel, including the pilots, hours after an Air India union made the request saying these tests could aid the spread of coronavirus. The decision came hours after SpiceJet said that one of its pilots, who did not fly any international flight in March, tested positive for the virus. The DGCA said in its order that due to the "extraordinary" circumstances over Covid-19 and directions issued by high courts in Delhi and Kerala, the breath analyser tests for "all aviation personnel" were temporarily suspended "at all airports till further orders". PTI

Sun Pharma unit termed OAI by USFDA

Sun Pharmaceuticals Industries on Sunday said its Halol plant in Gujarat had been classified as 'Official Action Indicated' (OAI) by the United States Food and Drugs Administration (USFDA) after a December 2019 inspection. OAI means that pending product approval from the facility could be withheld by the regulator. Earlier in December, the plant had been issued Form 483 by USFDA with eight observations which has escalated into an OAI classification. BS REPORTER

Billions in PE funds waiting on sidelines

Covid-19 halts new deals, pushes PE focus on portfolios

PAVAN LALL
Mumbai, 29 March

As primary capital markets face a battering over the lockdown due to the coronavirus pandemic, alternative asset managers are rewriting how they locate deals, manage their portfolio companies, and engage with promoters of potential targets.

Top private equity firms had shut offices around a week or so before the country officially did and kept executives and principals are now operating through telephone calls and Zoom-enabled video-conferencing. Deals that were past the stage of due diligence are still being transacted but early stage ones have halted.

CORONAVIRUS PANDEMIC

One executive with an American PE firm said the focus was on cash preservation for the next three months, and protecting costs structures for portfolio firms, given the tight liquidity and risk aversion banks have. "Institutions may say they will appropriate ₹200 crore in credit but when it comes down to taking that money, the disclaimer suggests two tranches or over a period of time," the executive said, adding that his firm has told portfolio companies' senior managers to take a pay cut so that immediate advances can be made to lower-rung staff for emergency shopping.

Renuka Ramnath, founder and CEO, Multiples Alternate Asset Management, said the outbreak had stymied certain facets of the PE business with specific regard to doing diligence and having outreach meetings with portfolio companies and the management of target firms.

Despite high-tech replacements for meetings, somethings don't have a proxy. "Almost 99 per cent of Indian companies don't upload their balance sheets and financials and, even if they do, those have to be tallied with hard copies, which can't be exchanged through couriers and delivery like earlier," said the executive with the American firm. "The last thing anyone wants with these markets is to catch a falling knife."

That said, the combination of substantial dry powder and highly leveraged promoters in the system may be a once in a decade shopping opportunity for those players who can move fast enough to close a deal. "There are many opportunities in sectors such as health care, FMCG and the financial services, with robust businesses that can withstand economic and social uncertainties over the long term," said Iqbal Khan, partner with law firm Shardul Amarchand Mangaldas & Co. Investors say they see large companies going through the grind, as their promoters struggle with liquidity because they are levered up at the holding company level and are starting to get margin calls thanks to the crashes in the stock market, and in the next six months, the targets that will come up for PE companies will make for a harvest season like never before.

"Several businesses are going to need to raise fresh equity if they are to get fresh credit, which means PE infusions are going to be unavoidable," Ramnath said. "The current disruption would also ensure that only fit companies would be around."

$13-BILLION DRY POWDER: INDIA-DEDICATED FUNDS

Year	India-dedicated funds raised... ($ bn)	Dry powder assumption	Dry powder ($ bn)
2016	4	10%	0.4
2017	6	25%	1.5
2018	8	50%	4.1
2019	9	80%	6.8
Total	27		12.8

Source: EY

Another investor with a top-ranked international firm said while this may be a perfect time for option-traders and hedge funds, its important to wait at least 60 days. "When it comes to a U-shaped recovery, you don't want to be the one who got in on the left side of the U," he said. Presently, there is no shortage when it comes to funds.

Vivek Soni, leader for EY India's PE Services practice, said most investors are long on India because of its growth-speed. "Yesterday, Moody's slashed India's GDP growth forecast for 2020 to 2.5 per cent and the G20 released its GDP forecast for 2020, putting global growth at -2.2 per cent. Even so, according to the G20, India is expected to have the highest growth rate of 2.1 per cent in 2020," he said. The point is once this pandemic recedes, notwithstanding the projected knock down of India's real GDP growth rate, investors will find ample opportunities.

Pankaj Naik, head of the digital and technology practice at investment banking firm Avendus, said they advised on a couple of deals which closed (TA Associates Investment in Accion Labs and Vivriti Capital which got ₹350 crore from LGT Lightstone Aspada) but has seen the volumes of deals reduce all around. "Deals may not be happening but the scrutiny on potential targets is on."

'Priority is to shift 90% of over 4-mn workforce to WFH model'

As the global Covid-19 pandemic continues to disrupt life, India's $191-billion information technology (IT) services industry and tech start-ups have reworked their business models significantly. **DEBJANI GHOSH**, president of industry body Nasscom (National Association of Software and Service Companies), discusses the way forward, in a conversation with **Neha Alawadhi**. Edited excerpts:

How are IT-BPM companies coping with the situation?

For IT/ITeS (information technology enabled services) and BPM (business process management) companies the biggest priority is shifting almost 90 per cent of its 4.36 million workforce to a work-from-home model. In a big country like India, everything is not going to work properly from day one, but things have been moving fast. Mission critical services — like banking, hospitals, which require a lot of on-ground support, and a lot of security — cannot take data out and work from home, even though these are less than 5 per cent of the work force.

We are ensuring we take right care of these people with social distancing and sanitisation in the campuses, which is critical.

What are some of the main issues as more and more firms work from home?

Q&A

DEBJANI GHOSH
President, Nasscom

The critical piece we now have to think about is connectivity, as most companies will work from home fully in the coming weeks. How much will our networks withstand? Will they allow the kind of work we do, which in most cases cannot afford latency. Also, power supply is going to become a critical issue.

The extension of a lot of schemes is also a priority, like the SEZ scheme ending on March 30. We had a meeting with Commerce Minister Piyush Goyal to bring that up. We will need extension of these schemes for at least six months, so business doesn't stop and get impacted.

My biggest request to the government is to reassure the world that our IT industry is very resilient, very adaptive, we're changing fast and will not let our customers down.

What are the key issues facing start-ups and small and medium enterprises (SMEs)?

With start-ups and SMEs, its really about liquidity. We have to ensure that the government or large companies, everyone who owes money to SMEs pay up. This is the time when start-ups can become really useful. They're innovative and can find solutions quickly. Now is the time to buy from start-ups. Please don't ask them to do trials, buy from them, invest in them.

One of the things we have asked the government for now is dongles, laptops, chargers. These have to be classified as essentials for work from home to happen. We need these to get delivered to ensure business continuity.

What is the Nasscom Taskforce that is being planned for Covid-19?

We've been hearing of so many companies working on different solutions like ventilators, working on something that will help track quarantine patients, etc, but all these efforts have been disjointed. So, there are two things we are doing. One, creating a directory of people and companies working on Covid-19 solutions, which will be accessible to anyone who may need it — resident welfare associations, government, anyone.

Two, Nivruti (Rai, Intel India country head) is leading a taskforce and members will now vote on what areas to take up — containment, tracking, testing, recovery. Once we identify the topics, we will maybe break it up into smaller groups. The members are more than 30-35 companies including Intel, TCS, Accenture, Wipro, SAP, AWS, Tech Mahindra and a lot of more big and small companies.

"One of the things we have asked the government for now is dongles, laptops, chargers. These have to be classified as essentials for work from home to happen"

How are clients looking at the situation?

They are also in the same boat, having to figure out how to work from home and the impact on businesses. They know that the one thing that will take them through this is the use of technology. So, the expectations from us are only going up in terms of our ability to continue our services as we work from home.

As an industry, we got together and said that first priority has to be safety of our people. We have to figure out how do we keep our client's businesses up and running while keeping our people safe.

Ad budget drop likely to sting sports industry

The sports industry, especially cricket, could be a big loser

SURAJEET DAS GUPTA & VIVEAT SUSAN PINTO
New Delhi/Mumbai, 29 March

Corporates, who foresee the economy slowing even further, are contemplating as much as 50 per cent cut in their advertising budgets, according to media buying agencies.

The sports industry, especially cricket — as it remains the most popular sport in India as well as one that attracts heavy advertising — could be the big loser.

The Covid-19 outbreak has already put brakes on a busy sports calendar. While the Indian Premier League (IPL) has been pushed to April 15, the likelihood of the tournament happening in the first half of the year seems slim, say experts.

The T20 World Cup hasn't been postponed (it was slated for October), though the tournament hangs on a thread as movement of international players remains uncertain. The Tokyo Olympics has also been postponed by a year.

Broadcaster Star-Disney has a lot at stake because the rights to the IPL as well as the T20 World Cup are with the media house. Even if the IPL gets pushed back further, the premium on IPL programming could fall sharply, said executives at top media buying agencies.

Many are hoping the IPL could happen in September, just before the T20 World Cup in October. They point to Australian cricket coach Justin Langer's statement a few days ago about IPL being the best tournament to prepare before the T20 World Cup for their reassurance.

"But selling IPL at ₹8-10 lakh per 10 seconds, the average rate at which it is sold, would be tough in September when general entertainment channels (GEC) channels like Sony, Colors, and Zee have their popular shows such as KBC, Big Boss, and India Idol. With their spot prices available at ₹2.5-3 lakh per 10 seconds, it will be tough for Star to command such a high premium," a senior media executive said.

The challenge is not limited to broadcasters, but extends to IPL franchisees and even the Board of Control for Cricket in India. The board depends on bulk of its revenues of over ₹4,000 crore from IPL.

"Imagine if it is cancelled, Star TV won't pay any broadcasting and advertising rights which itself is ₹3,300 crore per annum. Then, no sponsorship ads from the likes of Vivo. And, franchisees won't pay their 20 per cent share of revenue. If it is postponed, the price of the rights will have to be renegotiated downwards and so will the deals with franchisees. So, everyone loses," said a senior executive of an IPL franchisee.

Corporate houses are already diverting ad budgets meant for IPL to other programmes.

R S Sodhi, managing director, Gujarat Co-operative Milk Marketing Federation, makers of Amul, said: "We devote 20-25 per cent of our ad budget around sporting events. This year, major tournaments have been pushed back. So, some part of that money has gone into advertising on news channels and GECs and some will go into digital advertising."

₹9,100 cr
Indian sports sponsorship market

85% Contribution of cricket to sports sponsorship

KEY EVENTS THIS YEAR: IPL, T20 World Cup

IPL: Could happen in September, not April

T20 World Cup: Slated for October

Advertiser interest: Down due to Covid-19

Ad budgets: To be slashed by 50 per cent

Source: Industry

Kamal Nandi, business head and executive vice-president, Godrej Appliances, said: "Summer will be a washout for us because of the lockdown. I am ruling out any advertising during the April-June period. As far as advertising beyond that goes, much will depend on how fast things improve."

There are others who portray an even gloomy picture. Shripad Kulkarni, media agency veteran and independent expert, said he expects ad spending down by 10-15 per cent, if not more. "I don't foresee any major sports events happening this calendar year. For businesses, the biggest challenge will be to keep operations going and tide over the liquidity crisis," he said.

Ashish Bhasin, chief executive officer, APAC and chairman, India, Dentsu Aegis Network, said ad spends will take a hit. "Digital advertising will also not see the 28-30 per cent growth rate projected earlier for the medium," he said.

Lockdown effect: Premium TV viewers on the rise

VIVEAT SUSAN PINTO
Mumbai, 29 March

Affluent households are not only counting on their smartphones but also television (TV) sets to keep them busy during the lockdown. Data from the Broadcast Audience Research Council (BARC) shows that premium TV viewers, who've access to multiple entertainment devices, in the top six cities of India, grew 22 per cent between March 14 and March 20, with tune-ins surging 11 per cent. March 14-20 is when the phased lockdown was announced. The comparative period are the weeks prior to the lockdown.

Specifically, Mumbai saw the sharpest rise in viewership from premium households, growing 28 per cent in the period under review. This was followed by Delhi, Kolkata and Bengaluru at 22 per cent, 19 per cent and 17 per cent, respectively.

However, the rise in premium TV viewership came even as time spent on smartphones grew 8 per cent during the lockdown from affluent homes. While senior citizens and children contributed the most to premium TV viewership growth, individuals aged between 35 and 44 years were big contributors to time spent on smartphones.

According to BARC, middle-aged people within premium households, were spending more time on their phones for news and entertainment, while family elders and kids were turning into their TV sets for the same. "One obvious explanation for this is kids not being allowed to use mobile phones and family elders not being too savvy with gadgets, forcing them to depend on television for entertainment," said Karan Taurani, vice-president, research, Elara Capital.

Viewership by children aged between two and 14 years, for instance, grew 20 per cent between March 14 and 20, a significant chunk of which came from affluent households, said BARC. Similarly, viewership by those aged above 61 years grew 7 per cent in the period under review, while TV viewership by middle-aged people grew 4 per cent only.

Interestingly, teenagers and young adults aged between 15 and 21 years seemed to be devoting equal amount of time on television and smart phones during the lockdown. The growth in premium TV viewership as well as time spent on smart phones for this age group was the same in the first week of the shutdown, at 7 per cent each.

BARC said the trend would stick on for a few more weeks as broadcasters repackage old programmes as well as repurpose digital shows for television.

"Broadcasters are innovating in these challenging times and this period could set a new normal on how content libraries are utilised in the future," said Ashish Pherwani, leader, media and entertainment sector, EY India.

QUARANTINE TRENDS

GROWTH IN TV VIEWERSHIP
(by socio-economic class)

Class	Growth %
NCCS A	11
NCCS B	8
NCCS C/D/E	7

GROWTH IN TIME SPENT ON SMARTPHONES
(by socio-economic class)

Class	Growth %
NCCS A	8
NCCS B	6
NCCS C/D/E	4

Comparative period taken for TV viewership is March 14-20 versus previous weeks, comparative period taken for smartphone viewership is March 16-22 versus previous weeks. NCCS is new consumer classification system

Source: BARC

Defaulting promoters likely to get a lease of life

Lenders may not sell pledged shares by March-end

ABHIJIT LELE & DEV CHATTERJEE
Mumbai, 29 March

Several promoter entities, facing a deadline of March 31 to either pay loans or lose control over their companies, are likely to get a lifeline with the public sector lenders planning a "deep restructuring" of their loans.

A banker said the loan restructuring may be needed for some companies, where shares have been pledged as security for credit, and are finding it challenging to meet regulator norms like maintaining cover. "But this is not a blanket policy and will be implemented on a case-to-case basis," he said.

A senior State Bank of India official said changes in repayments for restructured cases will not be considered as second restructuring. "There is case of disruption for three months due to which lenders may tweak schedule on case-to-case basis," the official said.

Further, accounts which have been provided relief are going to be subject to supervisory review for justifiability on account of the economic fallout from Covid-19. "The intention is very clear — not to push any non-performing asset under the carpet. Wherever there is genuine need, banks can go ahead with whatever they want to do," the SBI executive said.

At present, no new default has happened at SBI but banking system is getting ready. While banks may relax selling pledged shares of defaulting companies, the non-banking finance companies (NBFCs) may not adopt a similar strategy. The NBFCs have already started selling shares of companies that have defaulted to their loans.

Last week, several NBFCs started selling shares of Future group after the promoter entities failed to provide more collateral on their loans.

The total market capitalisation of the group's listed firms fell to ₹10,740 crore from ₹42,000 crore reported a year ago. At the same time, value of pledged shares fell by half to ₹8,100 crore a year ago to ₹3,868 crore currently, which has made the NBFCs jittery. "We made several requests to the promoter to provide more collateral, but as it was not provided, we had to sell its shares in the market," said an official of a NBFC.

The Future group has promised to sell its insurance venture to repay loans and is in talks with various potential investors. But due to the pandemic, these talks are delayed.

TEMPORARY RESPITE

- Banks to give more time to promoters to sell stake/assets
- Covid-19 slowed sale of assets by promoters
- NBFCs may sell defaulting promoters' shares
- Promoters' stake to fall in several defaulting firms

FROM PAGE 1

Industry calls for extended financial year

Companies, too, are struggling with ascertaining their inventories due to supply-chain disruptions.

"We will have to roll back inventory figures to derive year-end numbers. This is different from physical verification done at year end. Control testing done later, which is rolled back to year end, also has its challenges. If the financial year is extended, it may help companies channelise their efforts to other priority areas at this point of time and auditors will also be able to obtain appropriate audit evidence," said Sanjeev Singhal, partner, SR Batliboi & Co.

The government and the regulators in the last few days have taken steps to ease the compliance burden for companies, extending deadlines for filing and waiving late fees till June this year.

The Securities and Exchange Board of India last week allowed listed companies to file their fourth-quarter and annual financial results by June 30 and also extended the date for filing quarterly corporate governance reports by one month.

However, audit companies might not be able to place adequate checks and balances in place in a lockdown while compiling their report.

Deloitte India is planning to issue guidelines for companies so that they can provide minimum basic information that can help in financial reporting.

Many company experts said they were finding difficulty preparing their financial statements primarily related to areas that required management. These could relate to forward-looking cash-flow estimates, recoverability and impairment of assets, contract modifications, etc.

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Seal your borders to stop migrants...

This lead to a spat between Delhi Chief Minister (CM) Arvind Kejriwal and the Centre, with Kejriwal charging that his pleas to reassure labour that their basic needs would be met where they were, became ineffectual when Adityanath offered transport to migrants.

On Sunday, following discussions with the Centre, state governments put elaborate plans in place to monitor those who had already reached home and to prevent more from travelling out, so that the spirit of the all-India lockdown was maintained.

After a high-level meeting chaired by Cabinet Secretary Rajiv Gauba on Sunday, the government issued fresh directions that district and state borders be effectively sealed and opened only for goods movement.

"District magistrates and superintendents of police in the respective states will be made personally responsible for implementation of these directions which have been issued under the Disaster Management Act," an order issued by the Ministry of Home Affairs said.

The states have been asked to stop incoming buses at the border and place the occupants on mandatory 14-day quarantine. Food and other essentials should be made available to the people during this period, the Centre said.

Action should be taken against landlords who are asking such tenants to vacate, the Centre said. Food and shelter provided to the needy — including migrant labourers — be made available at the place of their work. Sufficient funds are available with the states for this, the Centre said. Also, employers should pay the workers for the lockdown period, it added. Although there is no official count of migrant labour, UP is among the states contributing a sizeable chunk.

Migrant workers board a crowded bus amid the nationwide lockdown in the wake of coronavirus pandemic PHOTO: PTI

Earlier, the UP government had advised migrant workers to stay put where they were and had appointed nodal officers, comprising a senior bureaucrat and a police officer each, for the different states, including Delhi, Maharashtra, Punjab, Himachal Pradesh, Odisha, Kerala, Tamil Nadu, etc to coordinate with the respective administrations in ensuring they get food and are not harassed by their landlords during the interim lockdown period.

However, the influx started when Prime Minister (PM) Narendra Modi announced that the lockdown would continue till April 14. After this, the state government deployed a fleet of over 1,000 UP State Road Transport Corporation buses to ferry these migrant labourers to their districts. Most of these labourers were bound for the central and eastern UP districts viz., Varanasi, Gorakhpur, Ghazipur, Ayodhya, Gonda, Sultanpur, Bahraich, etc.

The state government has allocated ₹13.50 crore to the various districts to arrange for the stay of these workers, apart from screening and quarantine facilities at the local level. The government is utilising the vacant premises, such as schools, colleges, community centres for such temporary arrangements.

"They will be allowed to go home only after serving the mandatory quarantine period at these facilities," said UP Additional Chief Secretary Awanish Kumar Awasthi.

The government is mobilising social and religious organisations for setting up community kitchens for them, so that they can be provided with food packets during the period of their stay at these places.

Meanwhile, Adityanath asked nodal officers to try convincing the people of UP origin working in other states to observe social distancing and remaining in their current locations. Besides, the district authorities have been directed to monitor people who have already arrived from other states over the past few days. The authorities have contacted nearly 60,000 gram pradhans via personnel manning the CM helpline to reach out and keep track of those who have returned home, intimate the health officials if they exhibit symptoms corresponding to Covid-19.

Meanwhile, having previously assured the government of its cooperation, the Opposition Congress party on Sunday said the Centre had got it all wrong. In a letter to the PM, Congress leader Rahul Gandhi said India was different from all other countries and a total lockdown would not be effective here.

"It is critical for us to understand India's conditions are unique. We will be required to take different steps than other large countries that are following a total lockdown strategy," he said in a letter to the PM. This contradicts the position of some in his own party members who had not only asked for a strict lockdown but also demanded Parliament be shut as part of this process.

Gandhi said the number of poor people in India who are dependent on a daily income is too large to unilaterally shut all economic activities in the wake of the pandemic. "The consequences of a complete economic shutdown will disastrously amplify the death toll arising from Covid-19," he feared.

"The sudden lockdown has created immense panic and confusion," he said, adding factories, small industries, and construction sites have closed, and tens of thousands of migrant labourers are undertaking the arduous journey to reach their home states.

Gandhi said the labourers have been rendered vulnerable without their daily wages or access to nutrition and basic services. "It is important that we help such sections find shelter and provide them with money directly into their bank accounts to help them tide over the next few months," he said. The Congress leader added that a complete lockdown will almost certainly lead to millions of unemployed youth rushing to their villages, thus, increasing the risk of infecting their parents and the elderly population living in villages. "This will result in a catastrophic loss of life," he noted.

Indian infotech companies unlikely to sack employees

Even Cognizant, which has Indian roots with 65 per cent of its employees in India, has announced paying an additional 25 per cent of the basic pay to most of its staffers in India.

"Indian IT services firms are not likely to take any public stand on layoffs like many US firms. But firing staffers owing to business disruption and consequent demand slowdown is not likely to happen in big way," said a source familiar with the thought process. "Increments, bonuses, and variable payouts are going to be on hold for the middle and senior managements."

Many large corporations, including Bajaj Auto, the Vedanta group, and the Essar group have stated not to reduce their headcount.

As far as Indian IT services firms are concerned, 55-60 per cent of their operating expenses comprise wages. So, any decision not to reduce the staff base can adversely impact their cost structure.

However, some experts say given the high (employee) utilisation level and low bench (reserve employees who are not deployed in any projects) strength, companies are in a better position to absorb the adverse impact on cost.

The utilisation level of Infosys stood at close to 85 per cent (excluding trainees) at the end of the December quarter of 2019-20 (FY20), while it was close to 80 per cent for Wipro.

Shutdown puts ₹15-trn debt at risk

The figure rises to ₹17.1 trillion if their audited balance sheet for 2018-19 (FY19) is taken into account. The combined borrowings by these companies were up 12 per cent YoY during FY19.

In comparison, the entire sample of 787 companies had combined borrowings worth ₹24.2 trillion at the end of September 2019 and ₹30.7 trillion at the end of March 2019. The analysis is based on common sample of 880 companies that are either part of BSE500, BSE MidCap or BSE SmallCap index.

The latest RBI dispensation allowing three months moratorium on interest payments by borrowers will allow these companies to delay ₹35,000 crore of interest payment over the next three months. Together these companies had spent around ₹1.48 trillion on interest payment during the first nine-months (April-December 2019 period) of FY20. The interest moratorium will provide financial breather to these companies from the likely dip in revenue and profits due to Covid-19 shutdown. Interest payment was equivalent to 9 per cent of these companies' net sales on average during the first nine months of FY20 and was their biggest cost head after raw materials and ahead of employee cost. In comparison, interest payments were equivalent to 3.5 per cent of net sales of all listed non-financial companies in the Business Standard sample.

In addition, listed non-banking finance companies such as Housing Development Finance Corporation, Bajaj Finance, Shriram Transport Finance, LIC Housing, Indiabulls Housing, Piramal Enterprises, and L&T Finance Holdings had total borrowings worth ₹24.3 trillion at the end of September 2019.

More on business-standard.com

India Post calls to say you've got mail

The focus of the department is now on transporting essential goods including medicines, food items, masks and even clothes. Cargo planes are at work and so are other flights organised by Air India's subsidiary Air Alliance and Indian Air Force to ferry medicines and food to several locations, the source quoted above said. One such flight would take off from New Delhi on Monday to deliver essential items to Port Blair. A similar medical consignment was delivered from Chennai to a hospital in Pune last week. Most of the state capitals are being served through this route, based on the civil aviation ministry's schedule.

Delivery of non-essential items — primarily letters and speed posts — however, is only within cities. The number of speed post and registered letters has crashed, but not vanished. On March 27 (Friday), the third day of the lockdown, some 600,000 speed post and registered letters were booked across India. Money orders are being sent as well, though the amount of transaction is down. There were 6,000 money orders sent on March 28 (Saturday) and a total sum of ₹50 lakh delivered.

During the stressed times, India Post has begun using its mobile vans, which are more like post offices on the move, extensively. From financial transactions to booking parcels, the in-house fleet, used earlier for marketing purposes during insurance melas etc, is active in many states including Andhra Pradesh, Kerala, Uttar Pradesh, Bihar and West Bengal. According to an official dealing with the financial services, the transactions were down by about 30 per cent a few days ago but were now picking up after assurance from the Prime Minister.

But the fear of lockdown and the virus is far from gone. At the capital's Gol Dak Khana office, one of the biggest in the country, there are two levels of sanitisation before you can enter the building. First with soap and water on the roadside and then with sanitiser inside the main gate. Out of a total strength of 280 employees in this office, only 45 were at work on Saturday. Most of the regular work has been suspended and the backlog will take some time to clear, a source pointed out.

The guard at the Gol Dak Khana office continues with his eight-hour drill, while managing his own tea and coffee from time to time. A few miles away at the Foreign Post Office, only a guard has been around for about a week as all international flights remain grounded and employees are at home.

PM: Sorry, but hard decisions needed

They even cycled or walked hundreds of kilometres, in an effort to reach their homes after he had announced the lockdown from Tuesday midnight. Modi, however, said he understands what the poor must be going through.

Quoting a Sanskrit saying, '*evam evam vikar, api tarunha saadhyate sukham*', that is "an illness and its scourge should be nipped in the bud itself", the PM said when a disease becomes incurable, treating it is arduous.

Possibly alluding to those who are trying to get to their homes from big cities to smaller towns and villages, or still not following precautions, the PM said those violating the lockdown do not understand the seriousness of the challenge.

"Everyone has to protect themselves and their families and for the next many days they have to abide by the *Lakshman Rekha*. The determination and restraint of each Indian will help in facing the crisis," he said.

"*Aarogyam param bhagyam, swasthyam sarwaarth sadhanam*, that is good health is the greatest fortune," the PM said. He said health is the only way to happiness in the world, and social distancing is the most effective way of fighting Covid-19.

The PM said people need to understand that in the current situation, we need to ensure social distance, not human or emotional distance.

Modi said it has pained him to see that some of those quarantined are being stigmatised and ill-treated. He said social distancing is the most effective way in fighting the blight.

"Our sympathy for the poor should also be far greater. Our humanity stems from the fact that whenever we see a poor or hungry person, we first try and feed him or her in this time of crisis," he said.

Modi shared his conversations on phone with some of those engaged in the fight against the virus, including a person who has recovered from Covid-19.

Modi said coronavirus has incarcerated the world. "It is posing a challenge to knowledge, science, the rich and the poor, the strong and the weak alike. It is not confined to any nation's borders, nor does it make distinction of region or season," he said.

The PM said the zeal and commitment of doctors, nurses, paramedics, Asha workers and sanitation workers is helping the country fight the infection at such a massive scale. He said the country is concerned about their health and the government has announced a health insurance cover of ₹50 lakh for them.

He thanked retail shopkeepers in keeping their shops open, drivers, workers, banking sector employees, those working with e-commerce companies, deliverymen and all those keeping supply chains operational, or ensuring people watch uninterrupted television. He requested them to follow safety precautions.

BS SUDOKU # 3011

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Solution tomorrow

HOW TO PLAY
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'No recession, recovery likely from Q2'

Amid criticism that the Union government's ₹1.7-trillion scheme is not enough to deal with the Covid-19 crisis, NITI Aayog Vice-Chairman **RAJIV KUMAR** tells **Indivjal Dhasmana** that since the approach followed to give the package is graded, one can assume that more would be announced if there is requirement. Edited excerpts:

"THE RBI HAS INCENTIVISED BANKS TO LEND BY REDUCING THE REPO RATE SHARPLY AND EXTENDING FORBEARANCE TO LENDERS FROM THEIR DEBT SERVICING. ON THE LIQUIDITY SIDE, THE CENTRAL BANK HAS PRIMED THE GUN. AS AND WHEN DEMAND RISES, BANKS WILL BE IN A POSITION TO GIVE ADVANCES WHICH ARE NECESSARY"

RAJIV KUMAR, Vice-chairman, NITI Aayog

Many experts, including former finance minister P Chidambaram and economist Jean Drèze, are saying that the government's package is not enough. Do you think that more is needed and will come?

If you include the package by the Reserve Bank of India (RBI), the total comes to about ₹4.5 trillion. The two packages have to be taken together because both the fiscal and monetary policies have to work in tandem. The total package constitutes 2 per cent of the country's gross domestic product (GDP). Finance Minister Nirmala Sitharaman has clearly stated that we have adopted a graded approach. If there is more need, the government will act accordingly. The graded approach is simply to try and retain fiscal rectitude rather than go overboard. And since it is the graded approach, one can assume that more would be forthcoming as and when needed.

Is RBI's liquidity push at a time when there is little demand for credit going to help the economy?

The criticism of RBI has so far been that it was not generating enough liquidity. More importantly, the RBI has incentivised banks to lend by reducing the reverse repo rate sharply and extending forbearance to lenders from their debt servicing. On the liquidity side, the RBI has primed the gun. As and when demand rises, banks will be in a position to give advances which are necessary. This slack in credit demand is not going to remain forever. Hopefully, it is a short-term phenomenon. Earlier, the credit off-take from banks had been declining sharply and that trend needed to be reversed. Now, the RBI has taken measures to reverse the trend which had for several quarters. Until this lockdown, credit enquiries were much higher than credit supply. NITI Aayog has shown this evidence on several occasions.

Q&A

But the RBI's most steps are for three months only.

These can always be extended.

There are various estimates that give a very pessimistic view of the economy in 2020-21 or the calendar year 2020. For instance, Moody's Investors Service pegged the growth at three-decade low of 2.5 per cent in 2020. What is your estimate?

Those who are making these annual GDP growth forecasts are very brave people and I am not. The better word is that they are foolhardy and I am not. Given the uncertainty in domestic as well as global markets, I think it is completely premature to talk about growth estimates for 2020-21. It depends on the severity, the length, the spread of this virus-created crisis. I am not going to hazard a guess at this stage. The only thing I can say is that the global economy could well go into recession as Kenneth Rogoff has said. But for India, I am hoping that the present crisis might end by June and the second quarter of FY21 could see recovery and growth. I don't expect two successive quarters of negative growth, which is a definition of recession. So I don't foresee the Indian economy slipping into a recession.

Does this mean April-June quarter will see contraction in GDP?

I am not sure. But April-June will be severely impacted by this lockdown. I am not hazarding a guess.

The effect of lockdown on employment is very severe. Even if the economy is going to recover in the second quarter of FY21, jobs will not come back immediately. How long will it take to generate the jobs which have been lost?

The impact of lockdown is most severely felt on the services sector, including the informal sector. The informal sector's ability to bounce back is as good as its ability to shut down when the demand falls. You can see that agriculture will continue as it is. I see employment coming back sharply in services sector, may not start rising from the previous levels. These sectors are hospitality, tourism, and trade. I can see a sharp bounce back as we normally refer to as V-shaped rather than U-shaped recovery in the services sector, which accounts for about 55 per cent of our economy.

As the government will have to incur much higher expenditure and revenues are not forthcoming, will we have to shun the fiscal deficit targets or come out with a new road map?

It's not time to talk about fiscal challenges. It is time to talk about how we will come out of this acute contingency in a shape that will minimise employment loss and maximise chances of economic recovery. No country in the world is talking about the fiscal deficit at this moment.

There are so many migrant workers crowded on state borders to go to their homes. Have the chances of the spread of virus not increased, as there is no adherence to social distancing?

That is why the governments — both the Centre and the states — have been emphasising they should remain where they are. All arrangements are being made for that. I am just hoping that better sense will prevail. People moving across states are not going to help anybody.

Essentials are not reaching the people due to lack of transport facility and fear among shopkeepers that they will get infected.

Much has been done to facilitate transport of essentials. Nobody can take away individual's fears. It requires a bit of courage. Prime Minister Narendra Modi in his *Mann Ki Baat* too complimented everybody who is part of providing essential services. There is thankfully very large number of people who are providing essential services and goods. That situation is well managed. The government is doing everything that it can to ensure that essential goods and services are maintained round the clock.

90-day loan moratorium a task cut out

Communicating to customers and documenting process key hurdles

HAMSINI KARTHIK
Mumbai, 29 March

The 90-day moratorium on all term loans given to customers is a big relief for banks as well as borrowers, but the initial feedback from the industry is that the documentation process may entail some hardships.

Bankers anticipate operational challenges with respect to communicating the Reserve Bank of India's (RBI's) dispensation to customers, documenting their consent to exercise the option and the requisite paperwork that comes along with it. In the context of the nationwide lockdown and banks operating on bare-bone infrastructure, bankers say some of the basic processes could be difficult to implement in the current scenario. For instance, most of the branches operate with skeletal human resource to carry out just basic work during the lockdown period. "Footfalls in the branches have reduced significantly," says Padmaja Chunduru, managing director and chief executive of Indian Bank. Unless customers approach the branches themselves, which in a lockdown like scenario could be difficult, banks stare a mammoth task of reaching out to them.

CORONAVIRUS PANDEMIC

Banks say call centres are also working on extremely thin capacities. "Reaching out to customers through call centres may take a very long time," says the retail head of a private bank.

It is also not just about getting the consent but also properly informing the customers that moratorium will mean loan tenure getting extended by three months, which will entail corresponding interest charges and accordingly getting their approval is the key challenge.

As teams in the back-end operations mostly work from home, bankers say there could be some delay in completing the necessary paperwork for the moratorium

Bankers say the staff strength at call centres could be as thin as just 10–30 per cent of optimum capacities. Most banks say they will send out SMS and emails to their customers but how many will respond to their digital communications is a question mark. "Success of the moratorium will depend on how many of the customers react to our messages and email," said another banker. Also, unlike in 2016 (during demonetisation), this time banks will have to digitally document the customers' consent and store it.

As teams in the back-end operations mostly work from home, bankers say there could be some delay in completing the necessary paperwork for the moratorium. But here's the larger debate. The RBI has given authority to banks to decide which customers should be given the dispensation for payment of instalments. Experts say this itself may result in differentiation between customers, particularly in the retail side. "If banks were to take a call on who should get the leeway and who should not, it could have different implications at a later date," said a senior executive of a private bank heading the retail division.

To mitigate any differentiation in customers, it is anticipated that public sector banks could give a blanket moratorium to all customers, while those in the private space are still deliberating on how to implement the moratorium. SBI Chairman Rajinsh Kumar has clarified the moratorium will be automatically extended to all customers. Another managing director of a PSB says most of the state-run banks will follow SBI's decision. However, a similar clarification is awaited from most private banks. "We are still considering how to go about with implementing the moratorium," said a retail banking head of a private bank.

Many public sector bank customers, despite a blanket extension, may not want a moratorium.

BoI reduces MCLR up to 25 bps, deposit rate cut next

Hike in working capital demand likely soon

ANUP ROY & NAMRATA ACHARYA
Mumbai/Kolkata, 29 March

Government-owned Bank of India (BoI) will reduce its benchmark marginal cost of funds lending rate (MCLR) by 15-25 basis points across categories from Wednesday.

This follows the Reserve Bank of India's (RBI's) huge liquidity injection to directly address the stress in financial conditions caused by Covid-19. The MCLR at BoI for a year stands reduced to 7.95 per cent from the earlier rate of 8.2 per cent. The new lending rate for overnight borrowing is 7.25 per cent.

The external benchmark lending rate, linked to RBI's repo rate, has been reduced by 75 basis points (bps) to 7.25 per cent. With this, the bank has passed on the benefit of the rate cut announced by RBI on Friday, to its home, vehicle and small and medium sized (MSME) customers, BoI stated.

RBI has expanded liquidity in the system sizably to ensure financial markets and institutions are able to function normally, in the face of Covid-related dislocation. It also wanted to ensure bank credit flows on easier terms are sustained to those affected by the pandemic.

On an increase in demand for credit due to the sharp rate revision and package, public sector bank executives say working capital usage is expected to go up in the near future, as companies might need funds to pay salaries. The picture on investment credit is unclear. A recovery after control of the pandemic and lifting of the lockdown will provide clues for long-term credit demand.

The surfeit of liquidity in the system will also put pressure on deposit interest rates. A K Das, managing director and chief executive (MD & CEO) of BoI, said they'd revise these, too, as liquidity is not an issue now. When there is huge transmission happening on the asset side, the liability side might also have to be realigned. The asset-liability committee will decide.

Mrutyunjay Mahapatra, MD and CEO at Syndicate Bank, says: "We are looking at ways to quickly transmit the lower rates. The cost of funds also needs to come down. At the same time, we need to keep the interest of depositors in mind."

RBI's other move

Experts are pondering the likely effect of RBI's ₹1-trillion Targeted Long Term Repo Operation (TLTRO). It is thought to be unlikely to help lower rated firms much, as banks would still be interested in buying bonds of top rated entities. However, the benefit might eventually accrue to the weaker ones, as yields across the rating range will fall because of the liquidity support.

"The TLTRO will result in purchase of higher grade corporate bonds in the first place. Lower rated companies might not benefit directly from TLTRO immediately but gradually, due to the reduction in spreads from it on AAA bonds," said B Prasanna, global markets head at ICICI Bank.

After the announcement of TLTRO, yields on AAA-rated bonds fell as much as 165 bps. However, bonds below AA rating are hardly traded in the secondary market. So, it would be hard to gauge the rates till companies start issuing bonds, with the financial year also coming to an end.

According to Prabal Banerjee, group finance director at Bajaj Group, the TLTRO does not automatically improve the plight of lower rated companies. However, the three-month moratorium on all term loan instalment payments has cheered all companies; they'd also like it to be extended.

"There is a need for at least six months of moratorium. Please understand, corporations do not want banks to sacrifice even one rupee; we want banks to get all the money. So, there is no question of forgoing interest altogether — that will be too much to ask and not be fair," Banerjee said, while welcoming the RBI move.

However, on TLTRO being targeted for only investment grade bonds, Banerjee says these companies hardly need money in this environment, when capacity expansion is not happening. It is the lower rated or even unrated firms that should have been given some support.

(With inputs from Abhijit Lele)

IBBI eases timeline for IBC cases

RUCHIKA CHITRAVANSHI
New Delhi, 29 March

The Insolvency and Bankruptcy Board of India (IBBI) has issued fresh guidelines that will give ongoing insolvency cases more time on account of the lockdown.

The guidelines stated that "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." The IBBI notification came into effect from March 29.

The government had recently increased the threshold for default from ₹1 lakh to ₹1 crore to prevent triggering of insolvencies. The step was taken especially to safeguard the small and medium enterprises facing the brunt of lockdown.

The government may also consider scrapping the provision for triggering insolvencies for a period of six months by suspending section 7, 9, and 10 of IBC, which enables a financial creditor, operational creditor or the promoter, respectively, to initiate proceedings against a company.

As Covid-19 grips the markets and economy, firms and lenders are bracing for the impact it would have on corporate bankruptcies.

STATSGURU

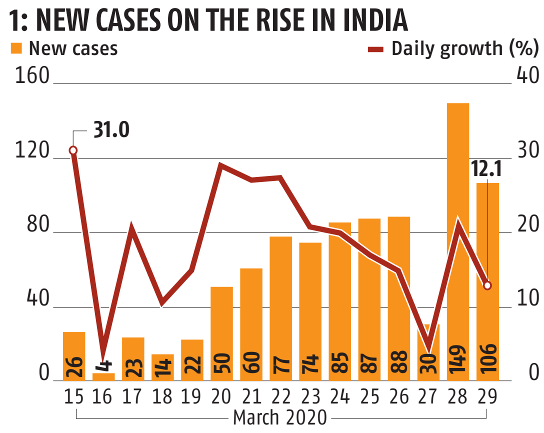
India's Covid-19 test

The number of coronavirus (Covid-19) cases has surged across the world, and India is also witnessing an increase. It added more cases in one day (149 on March 28) than its total about less than a fortnight ago (110 on March 15), though the growth rate has been volatile (chart 1). This may well have to do with reporting and testing. However, the spread is undeniable. The number of districts affected has risen from 82 to 132 in a matter of days (chart 2). The worst-affected states remain Maharashtra and Kerala. They accounted for more than a third of the cases. The majority of them are Indian citizens, though there are some foreign nationals as well (chart 3).

A comparison with the worst-affected countries, including the US, which overtook China to have the most number of confirmed cases last week, shows that India's growth trajectory offers some comfort. The number of cases in India has grown around nine times in the two weeks after crossing the 100-mark. Other countries have seen cases grow by a multiple of more than 44 in a similar period (chart 4). Undeniably, some of this has to do with low testing. South Korea has tested around 20,000 a day. Austria has announced plans to test 15,000 a day. India had tested less than 30,000 individuals in total since the outbreak. The number of deaths as a percentage of confirmed cases is 2.6 per cent. This is lower than in many countries (chart 5). Demographics may play a part. The elderly are particularly vulnerable to the disease. India has fewer people over the age of 65 (chart 6) than the rest of the world.

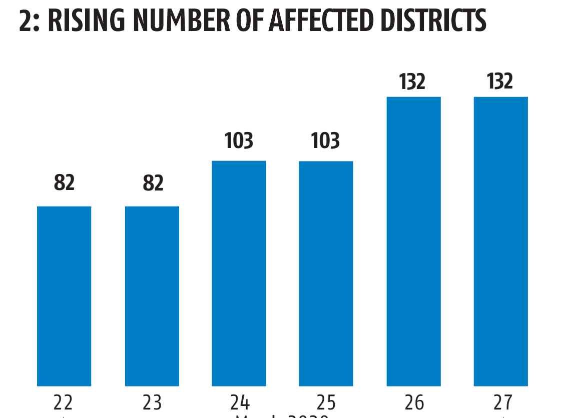
SACHIN P MAMPATTA

1: NEW CASES ON THE RISE IN INDIA



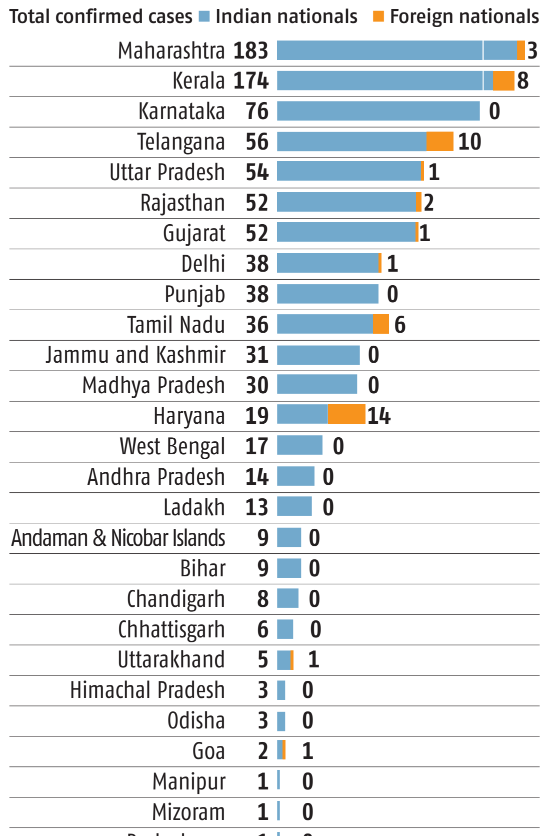
Note: Latest figures as available in the second half of Sunday
Source: Ministry of Health and Family Welfare, *Business Standard* calculations

2: RISING NUMBER OF AFFECTED DISTRICTS



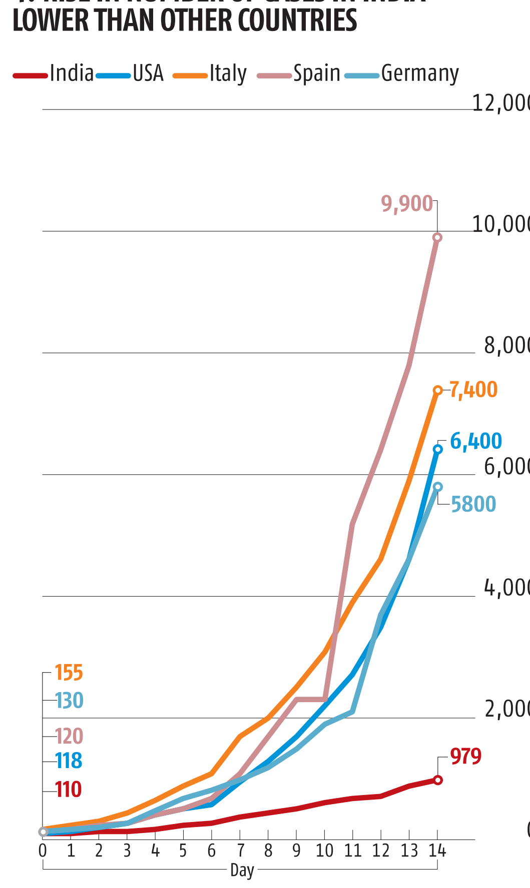
Source: Ministry of Health and Family Welfare

3: MAHARASHTRA AND KERALA ARE WORST AFFECTED



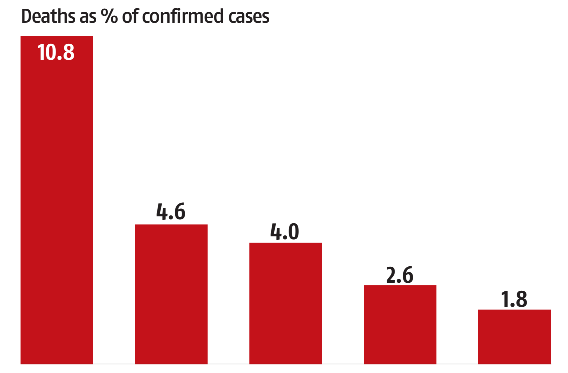
Source: Ministry of Health and Family Welfare

4: RISE IN NUMBER OF CASES IN INDIA LOWER THAN OTHER COUNTRIES



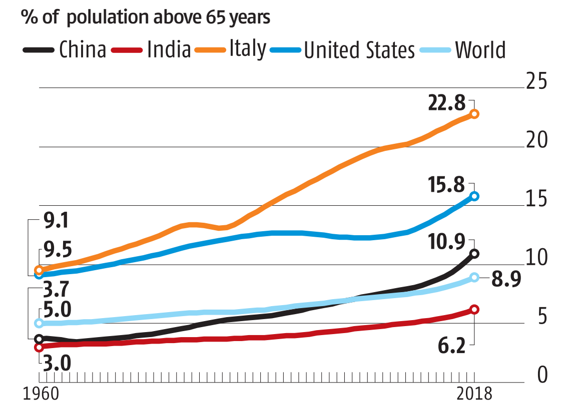
Note: Shows cases from the day the total reached 100
Source: Johns Hopkins University, Ministry of Health and Family Welfare

5: LOWER PROPORTION OF DEATHS IN INDIA



Note: Cases from the day the total reached 100
Source: Johns Hopkins University, Ministry of Health and Family Welfare

6: INDIA HAS A YOUNGER POPULATION



Source: World Bank

StatsGuru is a weekly feature. Every Monday, *Business Standard* guides you through the numbers you need to know to make sense of the headlines

Compiled by *BS* Research Bureau

Power generators shutting capacity

State entities shutting costlier units and turning to short-term power purchase

SHREYA JAI & AMRITHA PILLAY
New Delhi/Mumbai, 29 March

With normal life thrown out of gear with a nationwide lockdown, the power sector is witnessing an unprecedented amount of generation capacity being shut.

In a month, the demand for power has gone down by 31 per cent. And, there has been a 68 per cent increase in capacity which has been backed down.

According to data from regional load despatch centres, of 117,000 Mw generation capacity, 41,037 Mw was shut on Friday due to "low demand/reserve shutdown". With the high-paying commercial consumers shut for another 21 days, states are avoiding power purchase. Some states are shutting down their costlier units and shifting to cheaper sources. Uttar Pradesh has already said it will be unable to pay to power and coal companies and the railways.

"Independent power producers that have a low fixed cost component in their tariff (rate), will take a huge hit due to this low demand-related backdown," said Debasish Mishra, partner at consultancy Deloitte Touche Tohmatsu. The supply rate at thermal power plants has two components — fixed cost and variable cost or fuel cost. Under a long-term power purchase agreement with generation companies, buyers are obliged to pay the fixed cost even if they do not procure power during a period.


CORONAVIRUS **PANDEMIC**

Mishra says the drastic fall in consumption in the industrial and commercial categories due to lockdown will also have a severe impact on the financials of state-owned power distribution companies and their cash flow. In Gujarat, among the more industrialised states, demand in the past 28 days has fallen by 44 per cent. In Maharashtra, the demand fall was 30 per cent during the period. Low commercial demand translates to less revenue for state power utilities.

Discoms in Maharashtra are now looking to buy cheaper power and burn less coal. "Our demand right now is 14,500 to 15,000 Mw; the peak was 21,000 Mw in February. We are going by the merit order dispatch and closing down the costly government-run plants to reduce generating capacity. We are backing down more of thermal, to not burn coal," said an official of the Maharashtra State Electricity Distribution Company. Maharashtra has also shifted its loyalties to short-term power purchase. The official said, "We opened our portal on Thursday to buy short-term (one to three months) from the market, as it is cheaper today and our demand is lower. We are also buying from the exchanges, as it is reasonable at this point of time."

In the current month, the price of power at the day-ahead market of the Indian Energy Exchange (IEX) has come down to 2.4 a unit. The total volume cleared is 77 billion units in March till date, against 147 billion in February at an average ₹2.9 a unit.

An IEX executive says while prices are going down, the purchase volume is not increasing. "As states reduced purchase from several power plants, a lot of sellers became active on the merchant (or open market) sale. However, when the prices crashed, many buyers exited," he said.

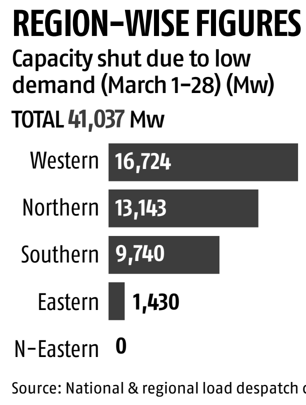
Analysts do not see this short-term purchase as good news for merchant power producers. "They will take a hit, as it is not viable to generate and sell power at the existing low rates at these exchanges," said Rupesh Sankhe, vice-president at Elara Capital.

The central government has also allowed deferment of payment by states to power generating stations. It also asked government-owned generators to maintain seamless supply, despite low or delayed payment.

Sector experts say this means financial trouble for power producers. "Three months of moratorium on payments from discoms to gencos will put more financial stress on the gencos, already struggling with low capacity utilisation and outstanding payments from discoms," said Mishra.

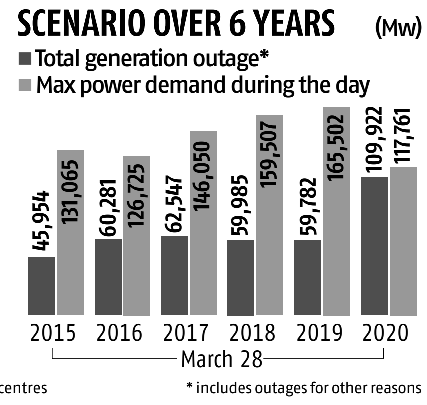
As of January 2020, power discoms owed a cumulative ₹86,813 crore to generating companies. The largest share is owed to central government-owned gencos, ₹30,941 crore.

REGION-WISE FIGURES



Source: National & regional load despatch centres

SCENARIO OVER 6 YEARS (Mw)



* includes outages for other reasons

Transport, logistics woes clog ports and airports

DILASHA SETH
New Delhi, 29 March

Round-the-clock Customs clearance has been allowed for three months but there is another implementation issue. Non-essential shipments have already clogged ports and airports, with agents or brokers not turning up due to unavailability of logistics partners and transportation.

In many cases, duties are not being paid by importers due to temporary closure of manufacturing facilities. In some cases, duty is being paid but imported stuff is not being lifted.

Customs officers say it has become difficult to clear essential items due to the flood of non-essential items overflowing at warehouses, as these are not getting picked up. "The crux of the problem is that transportation is permitted only for essential commodities. So, non-essential goods have clogged the whole system," said an officer.

A look at ICEDASH, the ease-of-doing business interactive visual monitoring dashboard of the Customs department, shows the growing problem in this regard. On this, consignments cleared within 48 hours has green blinking displays, amber for up to 72 hours and red beyond that. It shows about half of air cargo is taking more than three days to get cleared. In normal circumstances, about 75 per cent of cargo would get cleared within 72 hours. At the Mumbai and Delhi airports, the number of consignments getting cleared in less than 48 hours is down 22 and 40 per cent, respectively. Kolkata has seen a sharp fall, of 66 per cent, for shipment clearance under 48 hours. As for sea, 45 per cent of consignments are getting cleared in less than 48 hours; 50 per cent are taking more than 72 hours.

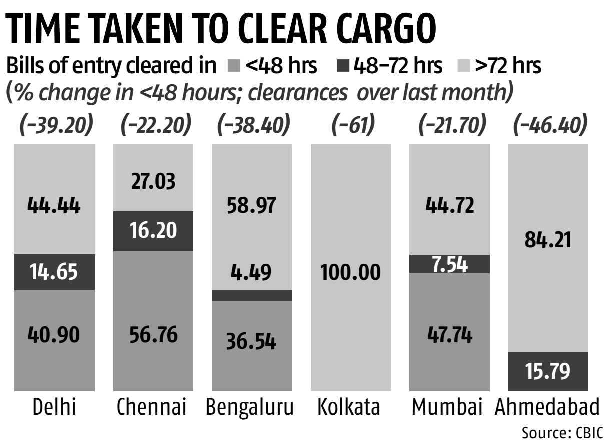
In the case of risky consignments, going for assessment and examination, broker should be available to explain the goods to the officer. They're not showing up. In many other cases, officials say, duty which is to be paid online is not being paid.

On Tuesday, Finance Minister Nirmala Sitharaman had announced round-the-clock Customs clearance till June 30. Officials say the policy announcement was not in line with reality — the issue is not clearance, but picking up of items after that, due to logistics unavailability. "Although thinly staffed, Customs officers are ensuring timely clearance at their end. The delay is on the side of importers, with their agents or brokers not turning up to explain the goods, due to unavailability of transport to travel and take deliveries," said one. Another officer says a courier firm doubled its freighters of non-essentials, which are getting cleared from Customs but are lying at the airport because of non-availibility of transport.

"Freighters full of non-essential goods like chocolates and clothing items are landing, which has blocked the entire system. Apparently, they feel Customs is working at skeletal levels and so they can get goods cleared without adequate enforcement activity," he said, adding that they pay duty and keep it at the airport only, as they cannot transport at this stage.

On the other hand, many logistics and air freight carriers have suspended operations. This could pose a problem in importing essentials like Covid-19 testing kits and ventilators. A Mumbai-based Customs officer said he had a call from a counterpart in another country to clear a testing kit consignment, even as the courier partner refused to take delivery.

TIME TAKEN TO CLEAR CARGO



Source: CBIC

Clarifications on shipment issues

EXIM MATTERS

T N C RAJAGOPALAN

Last Monday, the Centre issued a number of notifications giving effect to the decisions of the Goods and Services Tax (GST) Council. More notifications followed in the next few days to cope with the spread of Covid-19 and three-week countrywide lockdown that requires everyone, except those connected with essential services, to stay home.

CGST rules to calculate the ITC reversal for situations wherein capital goods are used exclusively for non-business purposes

The definition of 'turnover of zero-rated supply of goods' under Rule 89(4) of the Central GST (CGST) Rules has been amended. It shall be the actual transaction value of zero-rated supplies made under a legal undertaking or the value which is one and a half times the value of like goods domestically supplied by the same or similarly placed supplier, as declared by the supplier, whichever is less.

A newly added explanation to Rule 96 (10) of the said CGST Rules clarifies that the benefit of the notifications mentioned therein shall not be considered to have been availed of only where the registered person has paid Integrated GST (IGST) and has availed of exemption of only Basic Customs Duty under the said notifications.

A new Rule 96B is inserted in the CGST Rules, providing for recovery of refunds granted of unutilised input tax credit (ITC) or IGST paid on export goods, where the export proceeds are not realised within the time allowed under FEMA (Foreign Exchange Regulation Act) regulations. No recovery would be made where a write-off is granted by the RBI, on merits. If the export proceeds are realised later, the amount recovered may be claimed back as refund.

A special procedure for compliance under the GST laws has been prescribed for a corporate debtor from the date of appointment of the Insolvency Resolution Professional till the corporate insolvency resolution process goes on. A revised mechanism has been prescribed under Rule 43 of the said CGST Rules to calculate the ITC reversal for situations wherein capital goods used exclusively for non-business purposes or for exclusively making exempted supplies or for exclusively making taxable supplies are subsequently used in making exempted, as well as taxable, supplies.

The commerce ministry has banned export of Hydroxychloroquine and its formulations, all ventilators, including any respiratory or oxygen therapy apparatus or any other breathing device/appliance, sanitisers, surgical masks and textile raw materials for masks and overalls. However, export of Hydroxychloroquine and its formulations may be made by units in special economic zones (SEZs), export oriented units and by domestic tariff area (DTA) units, in discharge of their export obligation against advance authorisations. Export of restricted active pharmaceutical ingredients (APIs) and formulations made from these may be done by SEZ units. The formulations made from restricted APIs may be exported by DTA units in discharge of export obligation against advance authorisations.

E-mail: tncrajagopalan@gmail.com

A petition for financial emergency

The key issue in a financial emergency is the provision for govt employees' salary cut

RAISINA HILL

A K BHATTACHARYA

On March 26, the Centre for Accountability and Systemic Change (CASC), a governance reform outfit, filed a petition with the Supreme Court, seeking that the Centre must declare a financial emergency in view of the country-wide lockdown imposed after the COVID-19 outbreak. This was a public interest litigation that pleaded with the apex court that it must direct the Centre to use the financial emergency provisions under Article 360 of the Indian Constitution.

Two days earlier, Finance Minister Nirmala Sitharaman had ruled out the imposition of a financial emergency, while announcing the government's decision on March 24 to extend the deadlines under various statutory rules and procedures for individuals and companies. "No move to impose financial emergency as was claimed by some reports," Sitharaman said while addressing the media.

There was, however, a lot of speculation that the Narendra Modi government might consider imposing a financial emergency to deal with the challenges of providing more funds to help the economy overcome the adverse impact of COVID-19. The imposition of a financial emergency was also being linked to the stimulus package that the Modi government was expected to announce just like so many other countries had rolled out similar measures in the last few days.

But what does a financial emergency entail?

The Indian Constitution has provided for three kinds of emergencies. Article 352 allows the government to impose a national emergency if it believes that there are serious threats to the security of the country or any of its territories due to war, external aggression or armed rebellion.

Under such an emergency, the Centre assumes all executive, legislative and financial powers and it can frame laws on subjects that are the domain of state governments under the State List. All fundamental rights stay suspended except Article 20 (right to protection against conviction of offences) and Article 21 (right to life). Such an emergency has so far been imposed on three occasions — at the time of India's war with China in 1962 and Pakistan in 1971, and on grounds of internal disturbances in 1975.

The second kind of emergency can be imposed specifically for states under Article 256, under which President's rule can be imposed on any state if there is a failure of the constitutional machinery. Such emergencies have been imposed on many states over the last many years. These are revoked once an elected government can be formed in the state.

A financial emergency under Article 360 can be imposed by the President if he or she is satisfied that the country's financial stability is threatened. Such a decision has to be laid before both the Houses of Parliament and they have to approve it by passing a resolution within two months. Under its provisions, the Centre can impose norms of financial propriety on all states and all the state governments, requiring their budgets too to be passed by it. So far, no government has imposed a financial emergency in the country.

The most significant power under Article 360 is that the Centre can reduce salaries and allowances of those serving the government at the Centre or in the states, including judges of high courts and the Supreme Court. It is this provision which can provide substantial cushion for central finances if and when the need arises to provide a stimulus without completely abandoning fiscal discipline.

Salaries and allowances account for an estimated 25 per cent of the total expenditure of all the states. For 2019-20, this would be about ₹9 trillion. For the Centre, the civilian employees' salary and allowances are estimated at ₹2.5 trillion.

Thus a financial emergency will give the Centre the flexibility of imposing a cut in the total salary budget of about ₹11.5 trillion for all central and state government employees. A 10 per cent cut in salaries will give the Centre a saving of about ₹1.15 trillion.

But it will also be a hard decision, adversely affecting the popularity of the government. No government employee will like the pay cut and each of them will remember it with a lot of pain. But at a time when many private companies are letting their employees go, shutting down their operations which are leading to job losses and even cutting wages, the salary reduction provision of the financial emergency is certainly an option that the Centre can examine. The country will also eagerly wait for the Supreme Court response to the public interest litigation filed by CASC on the need for imposing a financial emergency.

CHINESE WHISPERS

Positive spin

The Congress' leaderships in the states it runs held meetings on Saturday on what kind of relief it should organise for migrants heading home. Some said the party should be more visible in organising relief for people in view of the coronavirus lockdown. There was also a consensus that all Congress governments should come up with a common relief plan. Sources said Congress General Secretary Priyanka Gandhi Vadra would lead the relief measures. The Congress Working Committee is also set to meet in the next couple of days. The party believes that while it has criticised the Narendra Modi government for failing to act suitably to mitigate the economic distress caused to the poor, it should focus on positive aspects such as how its state governments are managing the situation more effectively.

A 'towel' alternative

While chemists and online retailers have exhausted their N95 face masks recommended for protection against coronavirus, Tripura Chief Minister Biplab Kumar Deb (*pictured*) has offered a "cheaper and easily available" alternative. In a video uploaded on Twitter, Deb demonstrated how the traditional towel — known locally as *gamchha* — can be used instead. Addressing the people of Tripura, Deb urged them to "always keep a *jal gamchha* (towel)" handy because masks from Kolkata and Guwahati took time to reach the state. "Till the time the lockdown in the country goes, don't put the *gamchha* down. This way every household in Tripura will have a ready-made mask available to them," he said in the video.

Paswan's misfire

There was much confusion after Union Finance Minister Nirmala Sithraman announced all 800 million beneficiaries of the public distribution system would get 5 kg extra food grain for free from their ration shops for the next three months, as part of the COVID-19 benefit plan. That's because just a day before the announcement, Ram Vilas Paswan, minister of consumer affairs, food and public distribution, had tweeted that the government had decided to give 2 kg extra grain for free as part of the same programme. With the lockdown keeping journalists from seeking clarification, there was much debate as to the amount of increase till a statement from the government settled the argument in favour of 5 kg. But that still left one question unanswered: Why did Paswan make this hasty declaration?

What next, Mr Shaktikanta Das?

No one cares about fiscal deficit now. Or for that matter, inflation. The focus is on growth and growth alone

BANKERS' TRUST

TAMAL BANDYOPADHYAY

Last Friday, the Reserve Bank of India (RBI) did more than what the market was expecting from the central bank. It cut the policy rate to its historic low; released ₹3.74 trillion liquidity into the system, already slush with close to ₹3 trillion average excess money, daily; and discouraged banks to keep the money idle. It also announced a series of regulatory forbearance for banks to fight the impact of COVID-19 on economy.

Are these measures enough? Yes for the time being, but if the movement of government bond yield last Friday is any indication, the RBI will have to do more. On Friday, after the out-of-turn monetary policy was announced, there was a sharp drop in the 10-year government bond yield but as the banks rushed to sell, the yield spiked again before the market closed. With no risk appetite for dated government bonds, the banks, the main buyers of such papers, are dreading the government borrowing programme which starts in April.

The estimated gross borrowing for fiscal year 2021, which starts this week is ₹7.8 trillion. However, this is bound to rise. By how much is anybody's guess at this juncture. The government has already announced a ₹1.7 trillion relief package; tax collections will be severely hit; and the disinvestment programme cannot sail through in the current market condition. This means fiscal deficit will rise. And, to bridge that, the government borrowing.

A March 27 note of ICICI Securities Primary Dealership Ltd pegs the actual spend by the government in the ₹1.7 trillion package at around ₹70,000 crore as the flow of money under certain heads has already been budgeted but front-loaded now; the relief package also has some non-cash components. It estimates the fiscal deficit in the current year at 4.1 per cent of GDP and for 2021, 5 per cent — 1.5 percentage point higher than the estimated 3.5 per cent. The fiscal deficit of the states can go up to 3.9 per cent in 2021 from the estimated 2.7 per cent. These figures will rise further as one can presume that there will be more stimulus packages by the government as the situation unfolds.

But no one cares about fiscal deficit now. Or, for that matter, inflation. The focus is on growth and growth alone. And, to ensure that, the government and the RBI — fiscal and monetary authorities — work in close coordination.

The government is raising ₹80,000 crore through cash management bills on March 31. Banks will pick up the short-term bills but they may not get excited about the dated securities when the auctions start in April even though there is enough liquidity in the system.

If indeed that happens, the yield will rise and negate the impact of the rate cut and flood of liquidity. The overnight call money can be available at around 4 per cent but the 10-year government bond yield could inch towards 7 per cent, widening the spread between the policy rate (4.4 per cent) and the bond yield.

So what can the RBI do?

It needs to break the risk aversion of banks and infuse adrenaline in their veins. Both the Centre and the states borrow money from the RBI through the so-called ways and means or WMA advances to tide over temporary mismatches in the cash flow of their receipts and payments. It's a sort of working capital for which the central bank sets a limit. In the second half of the current fiscal, the limit for the Centre is ₹35,000 crore.

The RBI has the flexibility to revise the limit "at any time", "taking into consideration the prevailing circumstances". It can offer higher WMA financing to the Centre and the states for the time being till the banks get their risk appetite back.

The RBI can also buy government bonds through the primary dealers involved in the buying and selling of government securities. It had done so in 2001 after a series of terrorist attacks in the United States on September 11 shocked the global markets, leading to chaos.

Of course, it can continue to buy bonds from the banks through the so-called open market operations (OMO) to stem the volatility in bond yields. But what prevents it from buying the bonds directly from the government, through the private placement route? Section 5 of the Fiscal Responsibility and Budget Management (FRBM) Act allows the RBI to do so. Also, Section 4 (2) of the Act confirms that it can be done "on grounds of national security, act of war, national calamity, collapse of agriculture severely affecting farm output and incomes, structural reforms in the economy with unanticipated fiscal implications, decline in real output growth of a quarter by at least 3 per cent points below its average of the previous quarters".

The very next clause, Section 4(3) of the Act, caps the deviation from the fiscal deficit target at 0.5 per cent of GDP. I am sure there are ways of getting around this. In any case, there is no harm in suspending the FRBM Act at this hour of crisis.

On Friday, the US signed off a historic $2-trillion stimulus package to fight the devastating spread of COVID-19 — the largest emergency aid package in the US history, two-and-a-half times the stimulus package it had put in place in 2009 to ease the impact of the collapse of Lehman Brothers that plunged a large part of the world into recession. The $2-trillion package follows a $1-trillion infusion. Overall, the size of the stimulus package in the US is 15 per cent of its economy.

India can't afford to go that far as dollar is a reserve currency. The global rating agencies might not spare it if it does so but growth will silence them. Whether it is buying bonds directly or indirectly, it amounts to printing money and expansion in the RBI balance sheet. Does anybody care about that now? A part of it will probably erode as the rupee could see sharp depreciation against the dollar. But that's a small price to pay while fighting the war against COVID-19 which has brought the world to its knees.

The writer, a consulting editor with Business Standard, is an author and senior adviser to Jana Small Finance Bank Ltd.
Twitter: TamalBandyo

INSIGHT

Corona calamity: The role of China's cheerleaders

By including the yuan in its basket of leading currencies, the IMF gave China a legitimacy it did not deserve

VIVEK MOORTHY

As the count of coronavirus cases and fatalities mount, and the economic catastrophe worsens, one should step back to examine all of those who bear some responsibility for this grave calamity. The cover-up by Chinese officials — who forced the whistle-blowing martyr doctor Li Wenliang to sign a retraction in early January — has justifiably led to scathing criticism of the Chinese government and tributes to him.

A careful examination of the steps taken by the World Health Organization (WHO) and other supranational bodies after the SARS epidemic of 2003 originating in Guangdong to pressurise China to clamp down on its wet meat (live animal) markets is also called for. Further, was the WHO sufficiently proactive after it was informed on December 30, 2019, by the Chinese government about the virus? These questions need to be examined threadbare by medical experts in the months ahead. This article is to highlight China's long-standing dubious economic practices and to point to its "cheerleaders".

The International Monetary Fund (IMF) should be singled out for being such a cheerleader. When the Bretton Woods system-fixed exchange rates administered by the IMF collapsed in 1971, one of its main tasks became to promote the Special Drawing Right (SDR). The SDR was the "currency" created by the IMF to both supplement and supplant the US dollar for international transactions.

The SDR comprises a basket of leading currencies based on two criteria: (i) The country must be one of the five leading exporters in the world; and (ii) the currency must be freely usable. In November 2015, as part of its periodic review, the IMF decided to include the yuan in its SDR basket, the other four currencies being the US dollar, the euro, the Japanese yen and the pound sterling. China met the first criterion hands down, being the world's largest exporter for many years. However, it failed to meet the second criterion — that its currency must be freely usable. The IMF decision to include the yuan, effective October 2016, was made even after China's stock market tumbled in August 2015 and it imposed sweeping restrictions on its resident and overseas investors, blatantly violating the freely usable criterion.

The inclusion of the yuan in the SDR basket has been a more symbolic than substantive event since the SDR is barely used for payments. Nevertheless, by doing so, the IMF accorded China a legitimacy it does not deserve, thereby incentivising its government to continue with its autocratic ways.

The IMF apart, Arvind Subramanian (former chief economic advisor to the Government of India and earlier a senior IMF official) has also been a cheerleader of China. In his 2011 book, *Eclipse: Living in the Shadow of China's Economic Dominance*, he wrote: "First, the economic dominance of China relative to the United States... will be more broad-based... the fundamentals will be in place to facilitate the rise of the renminbi and its eclipsing of the status quo reserve currencies, the dollar and the euro".

This prediction was derived from models of the demand for a reserve currency, building on projections rooted in the convergence and the gravity models of growth and trade respectively. In critiquing his conclusion, I wrote, "...despite the yuan entering the SDR basket... due to the growing crisis in the Chinese economy, and other considerations, such an outcome is very unlikely" (*Applied Macroeconomics*, 2017, page 143).

As per the IMF data for 2019, the share of US dollar (62 per cent), euro, yen and sterling in global FX reserves was a combined 92 per cent. Thus the yuan's share could at most be 8 per cent, and probably around 5 per cent. To paraphrase Mark Tawin about his own demise, the predictions of the demise of the dollar have been greatly exaggerated.

Regarding economic dominance, as distinct from the currency's importance, it is well known that due to a flawed incentive structure, China's provincial governments puff up their GDP data. Subramanian deals with the data quality issue and discusses the estimates of Nicholas Lardy, a critic of pessimistic projections of China's growth prospects. However, he ignores the harsher critics of its data — notably, China's GDP expert Thomas Rawski at Pittsburgh University, and then Hong Kong-based critics of its data — notably Harry Wu and Karsten Holz.

Indeed, the Standard Chartered Bank index based on industrial goods production, freight, bank credit and major imports created by Stephen Green indicated that China's output was vastly lower than official estimates. As Green put it, back in the 1990s itself, Beijing was said to be "adding water", a Chinese euphemism, to its GDP. ("Lies, Damned Lies and Chinese Statistics", *Far Eastern Economic Review*, January/February 2009).

Going beyond GDP to human life, an infinitely more important matter. It is well known that the SARS epidemic, which started in Guangdong in November 2002, was initially hushed up by provincial officials. The accuracy of quarterly GDP estimates for 2003 were discussed by Rawski in SARS and China's economy in 2005. There is no mention in this book, *Eclipse*, of SARS, a glaring omission, let alone an assessment of China's capacity to be the world's leading economy without free speech.

Subramanian's failure to provide an objective assessment of China's economy is particularly noteworthy since last year at Harvard University he used raw data proxies (as Green did for China, documented above) to show that India's growth was hugely overstated. I hold no brief for the recent manipulation of Indian data that started in January 2015. However, I leave it to the reader to judge whether it is fair to project China's economic dominance based on its dubious data while criticising those of India much later.

The author is professor, Economics and Social Sciences Area, IIM Bangalore

LETTERS

A big salute to cops

Along with medical professionals, the police forces are doing a laudable job throughout the country in the fight against COVID-19 and in safeguarding citizens. Though the police have dealt with the public in a patient manner, there are times when they are forced to take severe action as some people do not take things seriously and flout rules and regulations. If not for the police, the lockdown in most parts of the country would have ended in chaos as many have not understood the gravity of the situation yet.

It is the duty of the government now to see that police personnel are also cared for. Health protection gears and devices are a must for the cops as most of them have to handle different types of people on the streets. The medical fraternity should help and guide them with frequent checkups and safety measures. Let us give them a big hand during a time when the whole nation is on a mission mode to overcome COVID-19.

M Pradyu Kannur

Sun, open air must

Corona is not the only virus which affects the lungs. We have less harmful viruses that cause chest congestion, especially in hilly terrains. In winter, it is common in Punjab too. The best treatment for this, we have been told, is to sit outdoors, under the sun and breathe in fresh air. Sitting within the four walls or places where there is no access to air or sun fuels the spread of this virus. Some say the coronavirus is spreading fast in Europe and in America because these countries are in the grip of winter and people remain inside. It has not been able to have the same impact in the Indian subcontinent because we get a lot of sunlight, they believe.

In my view, the government's directive that people should stay confined within the four walls of their homes is not going to help. Instead, many more people will fall ill. Deaths because of corona are fewer till now than deaths due to other seasonal diseases. People should thus be allowed to move out but, as a precaution, they can maintain distance from each other.

There is no point in stopping everything. Traffic can be opened with restricted occupancy. Shops can be opened in shifts. Similarly, schools and colleges can run with 50 per cent attendance at a time, in shifts or with alternate day attendance. The same principle should apply to factories and offices. The consequences of this lockdown can be harmful to the economy. It is not easy to start factories once closed.

Bhartendu Sood Chandigarh

Letters can be mailed, faxed or e-mailed to:
The Editor, Business Standard
Nehru House, 4 Bahadur Shah Zafar Marg
New Delhi 110 002
Fax: (011) 23720201 • E-mail: letters@bsmail.in
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The liquidity gush

RBI's steps will help in smooth functioning of financial markets

The Reserve Bank of India (RBI) did well to advance the monetary policy committee (MPC) meeting and announce a range of measures to support the financial markets in the wake of the COVID-19 outbreak. The governor indicated that the central bank was prepared to do "whatever it takes" and would consider all instruments, conventional or non-conventional. The RBI was earlier criticised for not doing enough at a time when most central banks were pulling out all the stops to battle a crisis of unimaginable proportions. While the MPC reduced the policy repo rate by 75 basis points, it cut the reverse repo rate by 90 basis points, taking it to 4 per cent. The idea is to discourage the banking system from parking excess liquidity with the central bank. This should help improve the flow of credit in the system. Therefore, along with liquidity measures, the effective accommodation is much higher than the 75-basis point cut in the repo rate. The central bank also reduced the cash reserve ratio by 100 basis points, which will release about ₹1.37 trillion into the system. Further, it will conduct targeted long-term repo operations (TLTRO) of up to ₹1 trillion at a floating rate linked to the policy rate, to be deployed in investment-grade corporate bonds, which will be classified as held to maturity. Although the RBI is not directly buying corporate bonds like other large central banks such as the US Federal Reserve, TLTRO will help ease pressure in this segment. Together with the steps taken since the February MPC meeting, the liquidity injection would now be worth about 3.2 per cent of gross domestic product. While it is true that the liquidity injection by itself will not address the problem, it would certainly help in the smooth functioning of the financial markets. The RBI may also need to take targeted measures to address the issues lower-rated bonds are facing.

Though the central bank is flooding the system with liquidity, the bond market is still facing significant uncertainties. For instance, it is not clear as to what extent the government's borrowing plan will change in the next fiscal year. Economists have reduced the growth forecast for 2020-21 by a significant margin. Lower growth will directly affect revenue collection and the government would not be in a position to cut expenditure, which could materially expand the fiscal deficit. Given the liquidity situation, it is not clear how much the central bank will be able to intervene. Clarity on such issues would help improve transmission.

In another major intervention, the RBI allowed a moratorium on paying instalments in respect of all term loans for three months. Also, companies can withhold interest payment on working capital loans. While these measures will give a much-needed relief to borrowers, it could affect bank balance sheets. The authorities would do well to address such concerns. On the macroeconomic front, the central bank refrained from giving projections on inflation and growth. With a nationwide lockdown, growth is bound to suffer materially. It will also be important to see how this simultaneous demand and supply shock influences inflation outcomes, though the RBI expects it to ease. Clearly, macro outcomes will depend on how soon the virus is contained and normalcy is restored. Every day will count.

The telecom test

A nationwide lockdown is putting pressure on network

With India under lockdown, online consumption has increased exponentially, thereby increasing the load on telecom infrastructure. Although there's no official data yet on this, estimates suggest at least a 20 per cent jump in online use since work from home became the new normal and virtual is the only meeting ground. In that backdrop, streaming services Netflix and Amazon's Prime Video as well as social media majors such as Facebook announced that they were cutting data use to help telecom firms decongest their networks. While that's a good move to help companies, governments, entrepreneurs, doctors, students, and many others to go about their business smoothly in the time of social distancing, telecom firms should treat the current crisis as a wakeup call for scaling up their overall infrastructure. More so, because around 70 per cent of data consumption at home is estimated on the cellular network.

Surely, COVID-19 has come without any notice but the frailty of India's telecom networks stands exposed as millions have turned to their home internet, both on landline broadband as well as mobiles. Call drop, which has been a menace for long, has seen a spike after the virus-linked lockdown. Data connectivity on mobile phones has also worsened. It's true that an extended lockdown and work from home have translated into not just meetings through video-conference and financial transactions on digital mode, but also a very large viewership of films and shows streamed online. Social media usage too has zoomed, all leading to an unprecedented level of telecom network congestion. Even as bandwidth can be saved for other businesses by lowering the quality of video-streaming services and others, that's a short-term measure to tide over an immediate problem. The telecom industry, with more than a billion mobile subscribers, should look at medium- and long-term strategies to invest significantly in infrastructure. And, the government should support the telcos in this mission, by allowing them to set up towers in areas where they haven't gone so far. The government and the regulator must also review the base price for spectrum auction so that telcos are able to participate in the upcoming bidding process at a time when they are financially stressed and have to pay a sizable bill linked to adjusted gross revenue (AGR).

The industry association has already asked the government for additional spectrum to tide over the current hurdle. But that too won't go too far in resolving the real problems in the telecom sector, especially when faced with a crisis like a nationwide lockdown. Around the world, countries have felt the data overload on the home internet and in that sense it's not an India-specific problem at this point. But, with some of the leading telecom service providers in the country running into deep losses, it's time to prepare for the future and that includes extra pressure on the infrastructure as is being witnessed currently. For that, they have to get out of the current financial mess — by rationalising tariffs and also through the support from the government and the judiciary where penalties and interests related to AGR dues are seen more pragmatically. Telcos should prepare in a way that the digital world does not collapse at a time when the physical world is grounded.

ILLUSTRATION: AJAYA MOHANTY

The Morning After

Policy interventions will have to be intelligent: Striving to create deep, but temporary, safety nets during COVID-19 without generating imbalances and distortions thereafter

Two things are becoming clearer with every passing day. First, only aggressive containment measures have a chance of flattening the COVID-19 outbreak curve. To be incentive-compatible, however, lockdowns need to be accompanied by commensurate income support — especially in emerging markets with incomplete and leaky safety nets — for populations to comply with lockdowns. Second, the global economic crater from this "sudden stop" of activity will be much higher than imagined. The global economy is on track to contracting (at an annualised rate) by almost 15 per cent and 7 per cent in the first two quarters of 2020, respectively. This is almost twice as deep as the recession during the global financial crisis. That said, the depth and duration of the recession will depend not just on the size of the shock (the severity of lockdowns around the world) but on whether the policy response is able to dampen the amplification of the initial shock across credit and labour markets, thereby minimising any hysteresis.

Given the size of the economic crater facing the world, it's no surprise that policymakers — particularly in developed markets — are throwing the kitchen sink at it. The US fiscal stimulus of 10 per cent of GDP is its largest in recorded history. The Fed has moved from being the lender of the last resort of the banking sector to becoming a commercial bank of the last resort to the broader economy, directly lending to small and medium enterprises (SMEs) and purchasing corporate securities, backstopped by equity from the Treasury. In the UK and France, credit guarantees of almost 15 per cent of GDP have been rolled out.

SAJJID Z CHINOY

With developed economies doing "whatever it takes", emerging markets have naturally been emboldened to follow suit, especially since they must contend with more low-income households and lower social insurance. Lockdowns can save lives. Policy buffers will have to salvage livelihoods — as best they can. We've therefore seen a raft of monetary and fiscal packages rolled out across emerging markets.

India's policy response commenced last week. The first order of business was to provide some income support so that India's largely informal and migrant workforce can buffer the economic hit of the 21-day lockdown. More support may be required, depending on the length of the shutdown and the consequent economic impact, to make it incentive-compatible for daily-wagers to stay at home.

Like the Fed, the RBI has also unleashed its bazooka. First, the repo rate was cut by 75 basis points, but the effective rate cut was closer to 100 basis points because abundant liquidity will ensure overnight rates trade below the bottom of the policy corridor, which was cut 90 basis points. Second, a three-month moratorium on repaying interest and capital was allowed, providing the much-needed forbearance to borrowers. Third, with credit spreads widening sharply, the RBI will provide term liquidity to banks to buy investment-grade corporate bonds. Credit spreads of highly rated companies immediately compressed by 50-100 basis points. Given the economic shock that awaits the world and India, these measures were much needed to simultaneously preserve financial stability and ease financial conditions.

But if the economic hit is worse than expected, more may need to be done. SMEs have received forbearance for now. But with revenues having dried up and firms still having to pay wages, their working capital requirements may well increase. But precisely because SMEs are most at risk, banks will be reluctant to lend to them. This is where the sovereign will need to step in with temporary, partial-loan guarantees to ensure credit flows to these sectors and a liquidity constraint doesn't morph into a solvency one, creating more stress in the labour market. Similarly, targeted long-term repo operations — while necessary — are likely to exacerbate the "flight to quality" with the difference between the "haves" and the "have-nots" growing. So policymakers may need to be creative about providing some liquidity down the credit curve as well. All told, more policy support may be needed both for low-income households, SMEs, and non-banking financial companies to shepherd them through the shock, and ensure financial-sector stress is not amplified.

That said, it's easy to make a laundry list of what more the state can and should do. But in emerging markets — where fiscal space is not unlimited and currencies don't benefit from the exorbitant privilege of the US dollar — policy constraints are more binding. So while policy must undoubtedly do "whatever it takes" in the heat of a crisis, interventions need to be designed to be targeted, temporary and — where possible — state-contingent.

If not, distortions will mount. Remember 2008? Global monetary policy "normalisation" was so shallow after the global financial crisis that the consequent "search for yield" had led to a large build-up of leverage outside the banking system. That very leverage is exacerbating the "sell-at-all-costs" Minsky moment currently underway, tightening financial conditions, and rendering partially ineffective the policy response to this crisis. In India, too, the massive fiscal and monetary stimulus after 2008 may have been warranted at the time, but its glacial withdrawal years later sowed the seeds of India's "Taper Tantrum" crisis in 2013.

We mustn't forget those lessons in the heat of the moment. Undoubtedly, fiscal and monetary policy must strive to ensure that the COVID-19 shock does not amplify through credit and labour-market channels. But interventions have to be designed mainly as insurance to households, small businesses, and the financial sector to shepherd them through the shock, not indiscriminate spending or open ended-guarantees that either distort allocative efficiency or cause macro imbalances at the other end of the pandemic.

On allocative efficiency, it's possible that some small businesses are not economically viable in the new world that awaits them when the dust has settled after the pandemic. Conversely, opportunities in other sectors may open up. Some creative destruction and resource re-allocation are inevitable. Policy must, therefore, be self-correcting: Provide a backstop during and in the immediate aftermath of the crisis, without distorting the resource re-allocation that is inevitable at some stage.

Preventing imbalances is equally important. With interest rates close to zero in developed economies, debt sustainability may still not be imperilled despite the massive fiscal deficits that COVID-19 will generate. But the starting point is very different in several emerging markets. With higher primary deficits, higher interest rates — and now much lower nominal GDP growth — debt sustainability may well become an issue if deficits run amok, even if central banks are buying the incremental issuance of government bonds. If debt sustainability becomes an issue, then fresh challenges await emerging markets — from rating actions to capital outflows that constrain monetary policy and induce macroeconomic instability — after the COVID-19 shock has passed. Therefore, indiscriminate fiscal spending to mechanically "make up" for the lost output from stalled private demand may not be sustainable in many emerging markets, especially if these economies are also experiencing a negative supply shock from the health/closure of some SMEs. A positive demand shock is not the optimal response to a negative supply shock.

None of this is to say that monetary and fiscal policy must not intervene aggressively in real time to buffer the economic shock of COVID-19. They absolutely must. But as history repeatedly reveals, policy stimulus is much easier to inject than to withdraw. Policy interventions will, therefore, have to be intelligent in emerging markets: Striving to create deep, but temporary, safety nets during the crisis without generating imbalances and distortions thereafter. In the heat of the moment, we shouldn't forget the morning after.

The writer is chief India economist at J.P. Morgan. All views are personal

COVID-19: Prepare for second-order effects

As India enforces a 21-day lockdown, I have a sense that we are living in the pleasant hope that we will dramatically slow the spread of the virus over the lockdown period, and things will limp back to normal after the lockdown is lifted. This rosy scenario, combined with the tsunami of stimulus efforts unleashed by many countries including the US and India, will substantially mitigate the enormous global disruption. That is what the markets are looking forward to, which is why stocks have taken off from the lows they hit earlier this week. A global market rally underpins that hope and belief.

What if this belief turns out to be false? Just as we underestimated the pandemic, what if we are underestimating the recovery time? Human beings are fundamentally optimistic, a trait that helps us in our normal lives. That is how we pull ourselves up when we fall. However, there are times when scepticism is a virtue and optimism is plain silly. Like in a pandemic. The idea then is to take defensive, not offensive, actions that are based on hope. But this is not our first instinct. For instance, just because stock prices have fallen a lot, we assume that they will go back up once the reason for the crash is mitigated or removed. It is an opportunity to buy because in "normal" times stock-market declines are usually the time to buy and not sit on the sidelines and worry. But as someone said: In the stock market you should follow the rules, and then know when not to follow them.

IRRATIONAL CHOICE

DEBASHIS BASU

I have been through every market crash since the Harshad Mehta scam of 1992. While the reason for each crash was different, there is something common to all of them: The first big decline does not capture the full impact of the problem. Investors are shocked and distressed but remain optimistic. The high stock prices they were used to before the crash still play on their mind. They expect the stocks to go up again when things are normal. This phenomenon is called the "recency bias".

Like optimism, we humans have another natural default selection. We see only the first-order effects — or the immediate result — of our action. First-order effects are simple and visible links between a cause and its effect. A 21-day lockdown (cause), which will slow the virus spread, is the first-order effect. But in complex situations (like a pandemic or financial upheaval), second- and third-order effects are much more important and unfold later. But we are not trained to visualise them. This is precisely why investors remain optimistic after the first big decline in an ongoing market crash. This happened in 1992, when stocks rallied between August and September to crash again. In 2000, stocks rallied between May and July to crash again. In 2008, stocks rallied between March and May, only to drop much lower. In each case, investors ignored second- and third-order effects.

I am not for a moment predicting where the markets will go. All I am saying is we may not be considering second- and third-order (negative) effects this time either. If we don't, we will be blindsided and disappointed. We have already seen such effects after demonetisation, which did not even produce the first-order effect of unearthing black money. But it badly hurt the informal economy, and destroyed income and demand as a second-order effect. We came to pay a heavy price for this, and other policy mistakes, with a paltry 2.5 per cent growth rate (it may be reported as 4.5 per cent but two percentage points lower by the old calculations).

What could be these effects in the coronavirus pandemic? It will not be about the virus, it is the economic impact of our war on the virus. Already, we can see the mass migration of labour back to their villages as result of the lockdown, a second-order effect, which the Modi government hadn't thought of and planned for. I suspect we will see a prolonged and unprecedented demand and supply shock. We cannot predict how this will play out. Except health care and staples, it is possible that every single sector will be badly hit by the sudden global contraction. We have not seen this in our lifetime and we don't know the chain of impact it can have. That is the single biggest reason to doubt a V-shaped recovery.

The worst part is that we are still looking to the government to change things with a package of measures. The stark reality is that even before COVID-19 hit us, we were staring at a clueless government unable to find solutions to the relentless decline in economic growth. As I have mentioned several times, this government has used the same playbook of previous governments and added a new vile element to it: Creating a continuous stream of social anxieties for the two most productive segments of the economy: Businesses (who create jobs and pay taxes) and households (who keep the demand going and pay taxes). When it has remained apathetic, arrogant, and clueless in a known situation of economic decline, where it had enough time to fix things, what would it be its response to second- and third-order effects of a pandemic? Well, we have seen its response so far and it has been pathetic. Brace yourself for huge, nasty surprises and hope for lucky breaks. It may be a long, bumpy ride.

The writer is the editor of www.moneylife.in Twitter: @Moneylifers

Here's looking at you, grid

BOOK REVIEW

PETER SAGAL

In a 1924 editorial headlined "A Familiar Form of Madness," *New York Times* expressed its disdain for that vulgar new entertainment, that lowly diversion for idle minds, that pointless display of erudition known as the "cross-word": "Scarcely recovered from the form of temporary madness that made so many people pay enormous prices for mahjong sets, about the same persons now are committing the same sinful waste in the utterly futile finding of words the letter of which will fit into a prearranged pattern, more or less complex." A year later, this Olympian condescension had gotten a little desperate: "The craze evidently is dying out fast and in a few months it will be forgotten."

How and why this "craze" arose and persisted, and how *The New York Times* came to not only change its institutional opinion but become the epicenter of American crossword culture, is the story told by Adrienne Raphel in her cultural and personal history of crosswords and the "puzzling people who can't live without them," of which she is clearly one. At the end of this diverting, informative and discursive book, her love for crosswords is clear, but her reasons — despite a determined effort on her part to explain them — remain, in the end, a puzzle of their own.

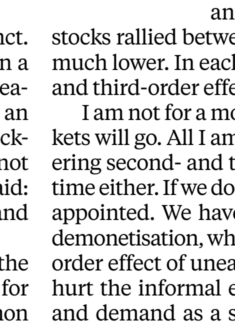
Ms Raphel proves a skilled cultural historian, dipping into newspaper archives and movie reels and private correspondence to describe how the crossword came to conquer the world. The first "Word-Cross Puzzle" was invented out of desperation by Arthur Wynne, the British-born editor of the Sunday colour supplement (titled, simply, "FUN") for Joseph Pulitzer's *New York World*. The deadline for the Christmas 1913 edition was upon him, and he had a blank space and nothing to fill it with. Perhaps that very problem suggested its solution: a puzzle in which readers had to fill in blank spaces with ideas of their own.

That first puzzle was in the shape of a diamond, or perhaps as close to a Christmas wreath as the graphics of the time could provide. The clues were straightforward — "What we should all be" yielded the answer "MORAL" — but the essential idea of a modern crossword, an interlocked array of words in which each solution provides clues to the next, was there. Wynne built his work, as Ms Raphel describes, on centuries of wordplay and word squares, in which words could be read across and down a grid of letters. Wynne wanted to patent his creation, but *The New York World* refused to pay for the application — thus saving themselves almost $100.

The paper may have come to regret that, as the crossword instantly became the most popular feature in FUN, if not the entire World. Wynne became overwhelmed with the demand for more and better puzzles, and eventually foisted the whole thing off onto his secretary, Margaret Petherbridge, a refined graduate of Smith College. At first Petherbridge, like *The Times*, thought it a diversion beneath her talents: a snobbery that ended when she tried to solve one herself. Suddenly she understood why "what had seemed like a major nuisance could be her chance to make her mark. … Placing her left hand on a dictionary and raising her right, Petherbridge vowed to take up the crossword."

It was Petherbridge who established the essential elements of modern crosswords: the rigorous proofreading, the separate lists of Across and Down clues, the avoidance of "unchecked boxes," or squares that were only part of a single word. As such, she became the true parent of the crossword. Wynne may have birthed it, but Petherbridge raised it.

In the end, it took the attack on Pearl Harbor to persuade *The Times* to abandon its sneer. Margaret Petherbridge — now Margaret Farrar, after marrying the co-founder of the famed publishing house Farrar, Straus & Giroux — wrote to publisher, Arthur Hays Sulzberger: "I don't think I have to sell you on the increased demand for this type of pastime in an increasingly worried world. You can't think of your troubles while solving a crossword." Farrar became the paper's first crossword puzzle editor, the founding dynast of the Hapsburgs of the crossword empire.



THINKING INSIDE THE BOX
Adventures With Crosswords and the Puzzling People Who Can't Live Without Them
Author: Adrienne Raphel
Publisher: Penguin Press
Price: $27
Pages: 285

It is in the modern era that this book loses its lapidary elegance. Ms Raphel includes a few quotes from the blog of Prof. Michael Sharp, who posts often savage reviews of every daily *Times* crossword under the pseudonym Rex Parker — but she never talks to him about his obsession or his adopted persona as the curmudgeonly scold whom every constructor resents but many secretly want to please. Ms Raphel herself competes in the crossword tournament (she does poorly), but the winners go unnamed and unquoted. Who are these people, who have devoted their efforts to become the greatest crossword solvers in America? If Ms Raphel had talked to the tournament announcer Greg Pliska, she would have discovered he's a talented constructor who wooed his wife with a series of original puzzles, the final one of which was a crossword with the solution: "WILL YOU MARRY ME?"

In my favorite memoir chapter, Ms Raphel visits a writing retreat to construct her own crossword. After much technical discussion of grids and themes and fill, she writes: "I became a mechanical god. I shifted gears; I tuned each letter individually…" She was also, in this and only this, a failure. Her puzzle was rejected, as so many are, by *The Times*. But her affectionate exegesis of this pastime, this passion, this "temporary madness," succeeds.

VALUE OF ₹1 LAKH INVESTED IN VARIOUS ASSET CLASSES

	SENSEX	GOLD	SILVER	FD (SBI)	PPF
1-YEAR	78,189	1,35,599	1,08,919	1,06,800	1,08,000
1-YEAR POST-TAX RETURNS	**78,189***	1,24,919	**1,06,243**	1,04,760	1,08,000
5-YEAR	**1,08,584**	**1,64,027**	**1,06,770**	**1,48,641**	**1,51,757**
5-YEAR POST-TAX RETURNS	**1,08,584***	**1,57,624**	**1,06,093**	**1,32,408**	**1,51,757**

*Note: Cumulative equity gains up to ₹1,00,000 in a financial year are tax-free. All post-tax returns are calculated for an individual in the 30 per cent tax bracket, without considering the indexation benefit

As on March 27, 2020, in ₹; compiled by BS Research Bureau

Productivity tips for work-from-home warriors

You need to revamp both your work practices and technology tools to maintain your efficiency and effectiveness

SANJAY KUMAR SINGH

The Covid-19 epidemic is opening up a new work culture, and the most prominent one is — work-from-home. And it isn't easy: For Devesh Chandra Srivastava, a 38-year-old New Delhi-based independent marketing consultant, these are trying times. "Under normal circumstances, my three-and-a-half-year-old daughter would have begun school, and I would have been free to focus on my work during the first part of the day. But since she is at home, and my wife, too, is working, it sometimes gets strenuous to manage the demands of both parenting and work simultaneously," he says. Like Srivastava, many people are discovering that working from home for a longer time is not the cakewalk they had imagined it would be.

Simulate office conditions: The first and biggest challenge: Maintaining a high level or same level of intensity. There is a tendency to start work late, take unscheduled breaks, and get distracted into unproductive activities. Sometimes, family members also behave as if the officegoer is on vacation.

Approach work from home with the same attitude as when you go to the office. "Don't make any changes to your schedule. The time you go to sleep, wake up, and the activities you do before leaving for work must remain the same," says Rituparna Chakraborty, co-founder and executive vice president, TeamLease Services.

Those who may have to attend video calls with clients and senior management should dress appropriately. "Getting ready and wearing the same clothes as those you normally do to the office is crucial for setting the right mood," says Chandrasekhar Sripada, clinical professor-organisational behaviour and strategic human capital, ISB. On the other, staying in your pyjamas could lead to a sloppy attitude.

Set up a demarcated work area. "Identify an area away from the main living room and mark it uniquely for work. Use a desk and chair," says Sripada. If you can have a room to yourself where you can shut the door, that is ideal. In smaller houses, set up your workstation in a secluded corner and use soundproof headphones. Do not work sitting on your bed.

Maintain fixed hours: Often, when you work out of home, the work hours can extend interminably. Your colleagues, customers and others tend to call at any hour of the day or night with sundry requests. "There must be a designated hour when you start work and a fixed one when you shut shop," says Chakraborty.

At the start of the day, create an agenda. List the tasks you need to accomplish. It will act as an anchor, ensuring you don't drift. Start using a daily scheduler. "Break up the entire day into half-an-hour or one-hour slots. Schedule specific activities, especially those that involve other stakeholders, for particular hours. Keep blocks of time when you will work intensely by yourself and will brook no disturbance. Such segregation is important or else the entire day could go by without you accomplishing much," says Chakraborty.

Take scheduled breaks of 5-10 minutes at regular intervals. Walk around the house and do a few muscle-stretching exercises.

Leaders need to work harder to keep their team members motivated. "Use video-conferencing tools to replicate the office environment. Schedule calls, assign the day's work, and monitor. Offer counsel and engage more intensively with colleagues," says Sripada.

Get adequate bandwidth: If you work on heavier applications, the slow speed of the internet could become a hindrance. Upgrade to a more expensive plan if you need to. Also, use file sharing apps like Dropbox to transfer heavy files.

Ensure software is compatible: Those who are using their home laptops or desktops could face this problem. "Workers may not have the necessary software at home, or the version they use may be an outdated one. They may need to upgrade to stay productive," says Udbhav Tiwari, public policy advisor, Mozilla.

Begin using video conferencing: Regular office meetings will need to be substituted with video conferences. Use a free service like Google Hangouts, which makes it easy to set up calls.

Zoom is another dedicated video conferencing tool that has both a free and a paid version. It allows the entire meeting to be recorded. A link can then be shared with members who were unable to attend. It also offers a 'raise your hand' feature. By clicking on a button, a participant can let others know that he wants to speak.

In its enterprise version, Google offers a video-conferencing product called Google Meet, which also has the recording feature.

"Break up the day into half- or one-hour slots. Schedule activities involving other stakeholders in some and keep others for working intensively by yourself."

RITUPARNA CHAKRABORTY
Co-founder and executive vice president, TeamLease Services

Collaborate with co-workers: A good application for working simultaneously on a document with other remotely located team members is Google Docs. It is a word processor that can be shared online. If you have tried working on one and have been disconcerted by the movement of the line you were working on because of your teammate's frenetic typing a few lines above you, the simple solution is to work on different paragraphs and on different pages.

When people work remotely, you may also need an online collaborative whiteboard like Google Keep or Lino. A whiteboard is useful while brainstorming as people at various locations can all put their ideas and suggestions at one place.

Minimise disturbance: Avoid pesky calls altogether by using an app like Truecaller. "Our primary mission is to make communication safer which is why the core feature of caller ID and spam blocking will always be free," says Nami Zarringhalam, co-founder, Truecaller.

The premium version offers additional benefits. "If you go premium, your phone will not ring when top spammers call you," says Zarringhalam. Paid users can even activate a feature that allows only phone calls from numbers listed in their contact list to come through. "If the number of calls you receive in a day drops, you will have those many more minutes of uninterrupted work time," adds Zarringhalam.

Timers: If you are a professional who bills his clients by the hour, you may need timer software to calculate the number of hours you have worked for. Timers can also be used to set time limits for each task. They can also remind you to take breaks at reasonable intervals.

Cheap index valuation isn't inspiring

Cloudy earnings outlook in the coming quarters is likely to play spoilsport

MARKET INSIGHT

DEVANGSHU DATTA

The Reserve Bank of India (RBI) has just announced extraordinary measures to help maintain economic activity during the pandemic. The central bank has cut policy rates by 75 basis points, alongside a moratorium on various loans, and a sequence of other measures designed to improve liquidity and transmission of rate cuts to commercial rates. It has also cut the cash reserve ratio, which frees more bank resources for commercial credit.

The RBI refrained from concrete projections. It believes, probably correctly, that inflation will fall due to low demand. It sees a high risk (guaranteed really) that the global economy, or several global regions, could slip into recession. There is an economic crunch both from the demand and supply side.

How long this situation could last and the eventual costs depends on imponderables such as eventual impact of the virus, the duration of lockdown, etc. For sure, economic growth in India will be lower for at least two quarters, with likely negative GDP prints.

Headline inflation, which includes food and energy, could go anywhere. The food basket has a 45 per cent weight in the India consumer basket. Headline inflation is currently well above the target "upper circuit" of 6 per cent due to high food costs.

It's hard to know where food prices will trend. They could spike due to unavailability, or food prices could collapse, due to an inability to buy, given large populations suffering loss of income. Both situations may occur in the next six months, at various stages.

But core inflation and energy will trend down. After the RBI cut, policy rates are well below headline inflation. A real negative policy rate, coupled with other liquidity-enhancement measures, should ensure money is available for anybody who is interested in borrowing it.

The lockdown could well lead to civil unrest if there are shortages of food and other essential items. The healthcare system may also not be able to cope if serious cases (not only COVID-related ones) spike. These are obvious downside risks. On the upside, cheap commodities, including cheap energy, reduce pressure on imports.

Investors may recall that the Nifty traded at 7,500 in May 2014, when Narendra Modi led the BJP to victory in the General Election. Last week, it hit 7,500 again, before rebounding to 8,600-plus. The rupee traded at ₹58-59 per US dollar during May 2014. It is now below ₹76 per US dollar.

This means that a foreign portfolio investor (FPI) who entered in May 2014 during that first rush of enthusiasm for the BJP has lost a considerable amount in dollar terms over the past six years, even if we ignore the opportunity cost of capital. A domestic index investor has a 14-15 per cent absolute return in rupee terms – that's below the rate of interest paid in a savings account.

Beyond all the rationale about the damage done by the black swan of the virus, take a long, hard look at the long-term trend of the economy. India is doing a lot worse on most counts than in 2014. There's far higher unemployment, consistently lower GDP growth, higher NPAs across banks and non-banking financial companies, lower exports and more public unrest. All these problems were already highly visible before the virus surfaced. The economy is still struggling to recover from the madcap demonetisation scheme. And a poorly designed and implemented Goods and Services Tax regime has not stabilised yet.

Some of the RBI-driven liquidity will flow into the stock market simply because there are no more productive channels

The lockdown has just made things a lot worse. The pandemic triggered a big exit by FPIs who pulled out a net ₹1.16 trillion worth of rupee debt (net sales of ₹57,003 crore) and equity (net sales ₹59,377 crore) in March.

Some of the RBI-driven liquidity will flow into the stock market simply because there are no more productive channels. But this could be a dead cat bounce. Investors, already tired of holding through seven successive quarters of lacklustre returns, may not be happy to hold for at least two more poor quarters. Any further bad news, such as a spike in COVID cases, or food riots, could trigger more flight of capital.

At 8,600 Nifty, the official price-to-earnings (P/E) ratio for the index (four trailing quarters of standalone EPS weighted by free-float market cap) is about 19.5. At 7,500 Nifty, it's about 17. Historically, the index has been a buy at 17 P/E, but these are extraordinary circumstances due to the cloudy earnings outlook.

HOME LOAN: STEP UP IS A GOOD OPTION IN DIFFICULT TIMES

BINDISHA SARANG

- No one is going home shopping during a lockdown. But once things start returning to normal, home shopping would not be a bad idea.
- Real estate prices are reasonable. Loan rates are also affordable – as low as 7.9 per cent for certain banks.
- The maximum tenure offered by most lenders is 30 years, which makes the EMI much more affordable.
- If you get a step-up loan repayment option, your EMIs will be smaller in the initial years of the tenure.
- They will increase with time, but by then the economy would have recovered from the impact of the Coronavirus epidemic.
- Since a step-up loan takes into account the future earnings potential of the prospective borrower as well, the loan eligibility also increases.

HOME LOAN RATES AND CHARGES

Lender	Interest rate (%)	Processing fee*	Maximum tenure (Yrs)
PUBLIC SECTOR BANKS			
State Bank of India	7.9-8.8	Up to 0.4%	30
Union Bank of India	8-8.85	Up to 0.5%	30
Central Bank of India	8-8.1	Up to 0.5%	30
Bank of India	8.1-9	Nil up to March 31, 2020	30
Indian overseas Bank	8.2-8.45	0.50%	30
PRIVATE SECTOR BANKS			
Axis Bank	8.55-11.5	1%	30
Kotak Mahindra Bank	8.2-9.25	Up to 2%	20
Federal Bank	8.55-8.70	3,000-7,500	30
ICICI Bank	8.25-9.35	0.50%	30
Citi Bank	8.03-8.98	Application fee: Up to 5,000 Booking fee: Up to 0.4%	25
HOUSING FINANCE COMPANIES (HFCs)			
HDFC Ltd.	8-9.6	Up to 1.50%	30
Bajaj Finserv	8.3-11.15	0.5%-3%	30
LIC Housing	8.1-9.2	As applicable from time to time	30
IIFL	8.7 onwards	Up to 1.75%	20
Indiabulls Housing	8.99 onwards	Up to 2%	30

*Processing fee is as percentage of loan amount, except where it is in ₹. Data as on March 25, 2020 Source: Paisabazaar.com

Dishwasher: A must-have gadget in times of Covid

It has emerged as the fallback option during the current crisis

NAMRATA KOHLI

For Delhi-based homemaker and educationist Bhawna Kumar, the dishwasher was an obvious choice. She believes technology scores over humans as it is "precise, dependable, consistent and productive". While setting up her home in, she bought a modular kitchen from Schneider which then had a tie-up with Whirlpool for a built-in-dishwasher. Says Kumar: "My dishwasher is excellent for bone china plates, glasses, and spoons. It is especially handy after a party. Stainless steel plates and bowls that we use daily also come out sparkling clean. However, the cooker, the *kadhai*, and utensils used for deep frying need to be cleaned by hand."

The dishwasher has proved a saviour for Kirti Kapoor, a homemaker in Delhi's Paschim Vihar, during the ongoing COVID-19 lockdown. She believes greater reliance on technology is the way to go even over the long term, with domestic help becoming less reliable in such times. A dishwasher, she believes, should also be preferred to achieve higher standards of hygiene, as the high temperature and water pressure completely remove sticky residue, bacteria and germs.

Key features: Dishwashers with a one-place setting are available. They can typically accommodate a dinner plate, dessert plate, single glass, soup bowl, teacup with saucer, knife, spoons and fork. Most typically come with a 12-place or a 14-place setting.

It is better for environmental reasons as well: A dishwasher uses 13 litres of water vis a vis 130 litres for a single sink load of utensils

The time period for one cycle ranges from 60-160 minutes. Generally, these devices come with six-eight programmes. 'Intensive' is for deep cleaning of pots and pans, 'normal' is for a regular wash, and 'eco' is to conserve water. 'One-hour express' is for a quick wash. There are also other options such as Rapid, Soak, Auto and Glass. The Glass programme is a 40-degree Celsius, sixty-minute, gentle cycle that takes care of delicate glassware.

Environment friendly: Using a dishwasher is better for environmental reasons as well. "Globally, the allocation of water is 5,000 litres per day per person. In India, it is only 1,500 litres. A single sink load of utensils ends up using 130 litres of water. In comparison, the dishwasher does the same job using as little as 13 litres. And the best among them use only eight litres of water per cycle," says Hardesh Chojher, senior director-marketing and R&D, Franke Faber India.

WIDE RANGE OF PRICE OPTIONS AVAILABLE

Brand	Price (₹)
Siemens SN558S06TE Integrated Dishwasher (Stainless Steel)	1,55,000
Siemens Free-Standing Dishwasher (SN236I03ME, Stainless Steel)	56,650
Faber FSID 8PR 14S Built-In Dishwasher (Stainless Steel)	55,000
IFB Neptune SX1 Dishwasher (Stainless Steel)	46,990
Whirlpool PowerCleanPro WF03033 DLX	44,991
Bosch Freestanding Pre-Activated VarioSpeed Dishwasher (SMS66GI01I, Silver)	43,000
LG D1452CF Dishwasher	38,994

Source: Croma

Hard water can pose problems: Food particles need to be removed manually or else they can interfere with the sensors. Second, many also argue that a dishwasher is more suitable for lighter, Western-style cooking and crockery-cutlery than for our desi kadhais and cookers. A Whirlpool spokesperson says: "One way to deal with this issue is to go for a machine that offers a combination of powerful water jets and steam to clean and dry more effectively."

A significant challenge while using a dishwasher is the quality of water available. "The maximum hardness a dishwasher can handle is 600 parts per million (ppm)," says Chojher. According to Vasant Kunj resident Mayank Trivedi, "My dishwasher became totally useless within a year. The company says the bore water I get is salty and asks me to use water from an RO water purifier."

Need for customised options: Dishwasher retailers say the Indian housewife wants more space suited for Indian vessels. She wants adjustable racks and flexible trays with side sliding, apart from a 14-place setting.

Use three basic criteria for selecting a dishwasher – the amount of energy and water they consume, and how many spray arms they have. Larger the number of spray arms, the better the wash. Typically, there are two, two-and-a-half, and in some cases, even three spray arms to maximise water spray in all corners of the dishwasher. They also save time. Voltas Beko dishwashers, for instance, come with corner-intense technology. The spray arm reaches the corners of the dishwasher, thereby ensuring greater cleaning efficiency

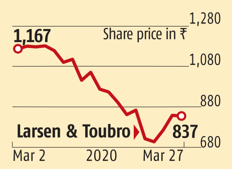
A buyer must check whether the dishwasher offers a cutlery basket, which not only provides extra space but also creates room for coffee mugs, egg beaters, and silverware.

Finally, as with any other technology, the dishwasher equips you with many choices: You can do targeted cleaning in the selected wash zone; the half-load feature means you consume less resources; and the delayed start option allows you to launch the dishwasher whenever it is convenient for you.

BSE 200: TOP 5 GAINERS OF LAST WEEK

BSE price in ₹	Mar 20, 20	Mar 27, 20	% Chg
Prestige Estates Projects	157.7	198.5	25.9
Shriram Transport Finance Co	580.9	725.2	24.8
Piramal Enterprises	684.8	849.1	24.0
InterGlobe Aviation	871.7	1,027.3	17.9
Aurobindo Pharma	346.7	392.3	13.1

QUICK TAKE: NEAR-TERM WORRIES FOR L&T



Shares of Larsen & Toubro (L&T) have rebounded after hitting their 52- week lows recently. However, there are concerns on near-term order flows, soft crude oil prices impacting West Asia prospects and lockdown in India leading to project delays

"RECENT GAINS COULD BE CONSOLIDATED IF WE SEE MORE GOOD NEWS THAT CONTAINMENT MEASURES ARE STARTING TO REIN IN THE SPREAD OF THE VIRUS"

KELVIN TAY,
Asia Pacific chief investment officer, UBS Wealth

Financial sector stocks are not attractive yet

Marque stocks are available at significantly lower valuations, but near-term risks may not be fully priced in

HAMSINI KARTHIK
Mumbai, 29 March

The recent meltdown in valuations of some of the top names in the financial sector — such as the HDFC twins (HDFC Limited and HDFC Bank), Bajaj Finance, ICICI Bank, Axis Bank and State Bank of India (SBI) — has rekindled investor interest in the banking and financial services space. As most of these stocks now trade closer to their 2008 levels, when the world was hit by the global financial crisis, there seems to be a consensus among brokerages that they have become attractive. But, if investors look deeper, beyond valuations, multiple concerns cloud over these stocks. Analysts say despite the recent dispensation on asset quality provided by the Reserve Bank of India (RBI), it may not have fully addressed the pain points yet.

Growth may fall further

While much has been talked about how growth has been on the slow mode for long, this aspect becomes critical in the context of a nationwide lockdown. Analysts at JPMorgan warn that the Covid-19 dislocation could last until June/July, but the impact on the real economy will likely last longer.

"The dislocation in the economic output in the near term will be sharp — that's a likely scenario. However, the second-order impact of this slowdown, on medium-term growth, is uncertain at this point and the resultant stress in the economy, as the problem recedes, could be long-lasting," they caution. This view is also subscribed by analysts at PhillipCapital, who note that banks are most vulnerable to a new leg of asset-quality crisis. "The most uncertain part is the lockdown period and the time the economy would take to return to normalcy," they add.

Banking stocks globally are viewed as a proxy of a country's growth rate and with India having lately become a consumption-led economy, this logic holds good even for Indian banking stocks.

MUTED EXPECTATIONS

(₹)	FY21 EPS estimates Previous	Now	Change (%)
Axis Bank	51.5	47.4	-8
Bandhan Bank	27.3	23.6	-14
Bank of Baroda	14.3	14.0	-2
HDFC Bank	68.5	51.5	-22
ICICI Bank	33.3	32.4	-3
IndusInd Bank	102.9	81.2	-21
Punjab National Bank	3.9	2.9	-26
RBL Bank	24.3	18.0	-26
State Bank of India	39.5	32.1	-19
YES Bank	-2.1	-3.7	-79

Source: JP Morgan

"Low growth may become a new normal for India and banking stocks going forward," says Abhinesh Vijayraj of Spark Capital. Whether HDFC Bank or RBL Bank, or SBI, analysts at JPMorgan have slashed their loan growth estimate by 6–17 per cent, FY21 earnings estimate by 2–79 per cent and believe that banking stocks in their coverage could at best grow by 1–14 per cent in FY21. This also is the first time since 2010 that banking stocks across the board are being subjected to a sharp downgrade in earnings estimates and target prices, which should be a good indicator for investors to appreciate that multi-year low valuations may itself not be a reason to turn optimistic on the banking sector.

Multiple asset quality threats

After Friday's relaxation from the RBI on asset classification, analysts widely agree that it could bring some near-term respite to the asset quality of banks. But, they also feel the move could more be a deferment of pain and not exactly a measure to alleviate it.

"We expect supply chain stress to manifest itself via higher slippages in the mid-corporate space, which, in turn, will imply higher downgrades in the BBB and BB loan book and higher non-performing assets (NPA) numbers," say analysts at JPMorgan. They say the stress is increasingly becoming sector agnostic and will likely not be specific to any industry, though real estate and hospitality look exceptionally vulnerable at this point.

These concerns are in addition to stress, which was already building in segments, such as small and medium enterprises (SMEs), unsecured retail loans, microfinance, and telecom. Analysts at ICICI Securities point out that unlike the December quarter when banks had huge sums of money flowing through the Essar Steel resolution, there aren't any large cases of resolution available for banks in the near term which could further increase the NPA numbers.

Consequently, analysts at PhillipCapital have identified that the potential stress as a ratio of total loan book could be 4.3–8.4 for top banks, such as HDFC Bank, SBI, ICICI Bank, Axis Bank and IndusInd Bank, should the worst case of asset quality (all points mentioned above turn against banks) play out.

For these reasons, even if investors must look into the stocks, which have suffered a deep correction in the last month, the available pool of attractive ones is now restricted to top lenders, such as ICICI Bank, HDFC Bank, and Bajaj Finance. That said, analysts at ICICI Securities warn that it is not necessary for the leaders of the previous rally to remain so in a new rally. "Outperformers may change ahead," they say.

STREET SIGNS

Bonds, mid-caps hurt balanced MFs

The market sell-off has hit balanced mutual fund schemes, where investors seek lower volatility from a mixed portfolio of equity and debt investments. In year-to-date, such schemes have given negative returns of over 21 per cent. According to industry experts, while these schemes have fallen 4-5 percentage points less than other equity schemes, allocation towards mid-cap stocks has taken a toll on their returns. Further, the debt markets have also seen a tough environment as liquidity has gotten tighter with overseas investors pulling out over ₹64,000 crore worth of investments from debt markets in current calendar year. "Yields have spiked in long-duration debt papers, which have hurt the debt component of these schemes," said an industry expert.

JASH KRIPLANI

High volatility, low interest

The unusually high volatility is leading to a drop in participation in the derivatives market. The Nifty open interest (OI) at the start of the April series was just 10 million contracts, which according to analysts, is the lowest in 10 years. Further, the rollovers and OI in the Bank Nifty, second-most traded index after the Nifty, too is significantly below historical averages. Market players say high implied volatility (IVs) is leading to pricing anomalies and discouraging traders from building huge positions. "Until we see IVs cooling off, we will continue to see low volumes and erratic stock movements," said an analyst.

SAMIE MODAK

YES Bank not in sync

Shares of YES Bank have plunged 33 per cent in the last four trading sessions, even as the Bank Nifty index has gained 18 per cent. From its March highs of ₹61, which it touched post the State Bank of India (SBI)-led restructuring, the stock has more than halved. Market experts said investors need to be careful while dealing in the counter till the time the stock finds its "real value". "Shares of YES Bank rose from ₹6 to ₹60 without much fundamental basis. In the last few trading sessions, the stock has dropped to more realistic value. The price trajectory is very suspicious, and could be partly because of complications surrounding lock-in and Nifty expulsion. Investors who want to bet on the bank's revival should wait for a few weeks before building positions," said a market expert.

SAMIE MODAK

'A fresh bull market in the near future unlikely'

After a precipitous fall from the top, the markets across the globe have been supported by stimulus from central banks. In the Indian context, the market is not factoring in a lockdown beyond 21 days as of now, **S NAREN**, executive director and chief investment officer at ICICI Prudential AMC, tells ***Puneet Wadhwa***. Edited excerpts:

What's your view on the recent measures announced by the government and the Reserve Bank of India (RBI)?

Central banks around the globe are adopting a "whatever it takes" approach to provide the required boost to the economy in this period of crisis and the RBI was expected to follow suit. Positive macroeconomic indicators, spread of India's interest rates above global interest rates, and lower inflation expectations provided the RBI and the government large headroom for giving monetary and fiscal stimuli. Also, the RBI has $480 billion of foreign exchange reserves, which puts India in a comfortable position in terms of foreign exchange reserves.

Have the markets overreacted to the Covid-19 pandemic?

The markets have reacted sharply to the developments related to the coronavirus (Covid-19) pandemic on account of fears of its potential impact on both domestic and global economies. Currently, equity valuations are cheap and investor sentiment is that of panic. Historically, such times have proven to be attractive for long-term equity investing. It's a once in a decade opportunity. The last time investors got such opportunity was in 2001 and then in 2008.

Do you expect another wave of selling once the health scare abates and companies assess the impact?

The market is in oversold territory and indicating that it is time to invest in equities. As the news flow on the Covid-19 pandemic improves, the markets are likely to improve, too. The risk factor to this assumption is that the market is not factoring in a lockdown beyond 21 days. That said, we do not know how long the impact of Covid-19 pandemic will play out. Disruptions are playing out both on the supply and demand side – so a broad-based slowdown in the near future is likely. Corporate India, too, will come to terms with this development and its impact will be visible in the earnings over the coming quarters. So, a fresh bull market in the near future looks unlikely.

Overweight and underweight sectors?

In any market bottom, the news flow is always extremely negative and one can never predict when the market will bottom out. That's always known in retrospective. Even the debt market is attractive currently and presents an interesting investment opportunity as there are reasonable credit spreads. Overweight on metals, mining, telecom and power. Consumer nondurables, autos and banking are the pockets we are underweight on.

Q&A

S NAREN
ED & CIO,
ICICI Prudential AMC

What about the banking sector in the light of recent developments and the battering seen in this correction?

Valuations across the banking space — private and public sector — have improved significantly. We have always been selectively positive on themes like corporate lending banks, good liability franchises, and customer-centric nonlending franchises and have improved exposure to select banks that have good asset-liability management, high current account savings account (CASA) franchise, and broad-based financial services presence. Non-banking financial companies (NBFCs) might see a moderation in loan growth, but we are positive on select gold financiers and insurance, i.e. segments which may benefit from India's long-term structural growth.

Are there any lessons from the earlier market corrections that investors can make use of now?

The lesson from 2008-2009 is that while earnings would get cut, it is not of significance as the markets will look beyond it. One has to remember that share prices have corrected 30–40 per cent. There is no logic in looking at earnings when share prices have faced such steep correction.

Volatility is a part and parcel of equity investing. Losing confidence in an asset class because of its inherent nature is uncalled for. India is in a very favourable position on the macroenvironment front. Investors should take this opportunity to invest aggressively into equities. Historically, it has been seen that whenever the markets corrected, those investors who stayed put have benefitted exponentially.

Are you facing any redemption pressures?

Before the outbreak of the pandemic, the Indian market valuations were lofty. Therefore, we were advising investors to opt for dynamic asset allocation products and debt schemes. There has hardly been any redemption pressure. Indian investors have matured since the last crisis seen in 2008. We are buying into this correction. Several names across sectors have corrected significantly and are available at valuations which are even lower than 2008 levels.

Outlook for systematic investment plan (SIP) flows?

For the last 12 months, inflows into SIPs have averaged over ₹8,200 crore. This trend is likely to continue, as SIP has emerged as retail investors' preferred route to invest in mutual funds. In the near-term, there could be some blips but the general trend we believe will remain positive.

"CURRENTLY, EQUITY VALUATIONS ARE CHEAP AND INVESTOR SENTIMENT IS THAT OF PANIC. HISTORICALLY, SUCH TIMES HAVE PROVEN TO BE ATTRACTIVE FOR LONG-TERM EQUITY INVESTING"

EVENTS THIS WEEK

Date	Particulars
30-Mar	US - pending home sales
	Eurozone - CPI, retail sales
31-Mar	India - fiscal deficit
	UK - GDP
	Japan - jobless rate, industrial production
	China - manufacturing and non-manufacturing PMI
	Eurozone - GDP
01-Apr	US - Markit US manufacturing PMI, construction spending PMI, ISM manufacturing
	UK - Markit UK manufacturing
	Japan - Tankan large non-mfg. and all industry index
	Eurozone - unemployment rate
02-Apr	US - trade balance, initial jobless claims
	Japan - monetary base
	Eurozone - unemployment change
03-Apr	US - change in nonfarm payroll, unemployment rate

Source: exchange/websites/Bloomberg
Compiled by BS Research Bureau

Will markets extend last week's gains?

Many on the Street are surprised by the stunning rally we have seen in the last four trading sessions. While the world economy continues to be in the ICU due to the coronavirus pandemic, policymakers are fighting hard to contain the damage. *Sundar Sethuraman* asks experts for their views:

DEEPAK JASANI
Head Retail Research, HDFC Securities

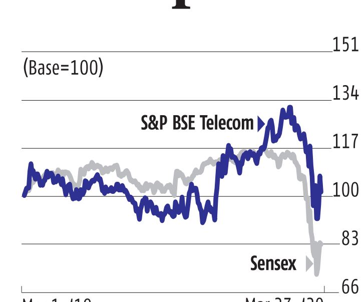
SIDDHARTHA KHEMKA
Head of Retail Research, Motilal Oswal Financial Services

ABHIMANYU SOFAT
Head of Research, IIFL Securities

	DEEPAK JASANI	SIDDHARTHA KHEMKA	ABHIMANYU SOFAT
Q Are you surprised by the 15% rebound in the market?	Yes and no. A bounce was expected after a 38% decline. However, the speed of the rise has been surprising.	Some bounce back was expected with various stimulus packages being announced.	The rebound is not surprising given that so much liquidity is coming on board.
Q Is this a bear market bounce or the start of a bull market?	For the moment, it seems more like a bear market bounce as they are typically sharp	Bull market would not start untill the virus is fully contained and the economy stands back on its feet	This is a bear market rally.
Q What will determine market direction from here on?	The spread of coronavirus in India and whether the lockdown gets extended beyond the 21 days.	The trend in coronavirus cases globally and the economic impact of lockdowns	Containing the spread of COVID-19 domestically and internationally.
Q Do you think we will go back to the recent lows?	We could at least retest the recent lows, if not break it.	Till the ongoing covid-19 does not subside markets would be highly volatile and move in a range	Highly possible. Markets could revisit the earlier lows if we see a community spread in India.

Telcos remain a safe bet amid Covid-19 disruption

RAM PRASAD SAHU
Mumbai, 29 March



Led by Bharti Airtel, telecom service providers have been among the biggest gainers in the telecom space over the last few trading sessions. This is on expectations that tariff hikes in the previous quarter and floor tariffs will help them offset the hit on revenues and subscribers amid the ongoing lockdown. Bharti has gained over 9 per cent over the last four days.

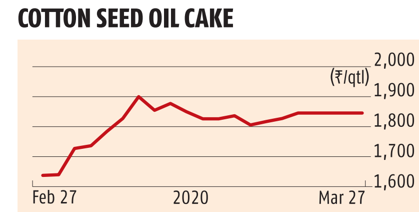
Analysts at Emkay Research believe that telecom remains one of the safest spots in the current scenario. Telecommunications is one of the few services that have been exempted from the purview of the lockdown. While brokerages have cut subscriber estimates for telcos, such as Bharti and Reliance Jio, they have not reduced the average revenue per user (ARPU) estimates. They have cut Jio's net subscriber addition for the March quarter to 14 million from the earlier estimates of 19 million. Though the shutdown is expected to dent subscriber additions, analysts believe that tariff hikes up to 30 per cent in December should help offset some of the hit on the revenue front.

Analysts at CLSA believe while the risk of lower-end subscriber downtrading and dual SIM reduction cannot be ruled out, there will be a likely spurt in usage, especially among data users who account for about half the Bharti Airtel's 283 million customer base. Further, 45-50 per cent of its recharges are done online, which is a positive.

The other positive could be the implementation of floor tariffs as requested by telecom operators. This could lead to a 50 per cent jump in tariffs and thus help improve realisations and average revenue per user. Motilal Oswal Financial Services expects Bharti Airtel's operating profit to increase 15 per cent in FY21 to ₹40,000 crore and with incremental growth coming from ARPU or market share gains. The near-term trigger for telcos is the outcome of the ongoing hearing in the Supreme Court on payment relaxation for adjusted gross revenues.

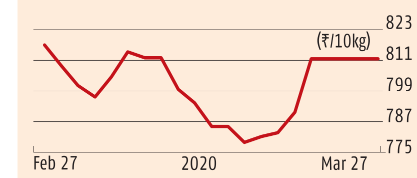
COMMODITY PICKS

COTTON SEED OIL CAKE



Cotton seed oil cake prices at the benchmark Akola market are trading at ₹1,855 per quintal. For the week ahead, prices are expected to head towards ₹1,900 per quintal. Steady demand from feed makers and end users amid supply disturbance is lending support to the prices.

REFINED SOY OIL



Refined soy oil prices are trading at ₹820 per 10 kg and prices are expected to head towards ₹840 per 10 kg over the next few days. Disturbance in supplies due to decline in crushing operations, logistics and labour issues on the back of Covid-19 outbreak are likely to support prices in the near term.

Prerana Desai,
Research Head - Edelweiss Agri Services and Credit

BRIEF CASE

M J ANTONY

A weekly selection of key court orders

Leniency for mistakes in IT returns

An assessee who makes a bona fide mistake while filing returns should not face penal action on a "mechanical application" of Section 143(1-A) of the Income Tax Act, the Supreme Court declared in its judgment in Rajasthan Electricity Board vs Dy Commissioner. That provision can be invoked only when it is found on facts that the smaller amount stated in the return was a result of an attempt to evade tax. In this appeal, the board claimed 100 per cent depreciation according to the old rule, while the new rule allowed only 75 per cent. The revenue authorities demanded additional tax in view of the lower figure quoted. The board challenged the demand in the Rajasthan High Court, but it was rejected by a division bench. On appeal, the Supreme Court set aside the high court judgment and quashed the demand. The court stated that it was because of bona fide mistake and oversight that the assessee claimed 100 per cent depreciation, instead of 75 per cent. The burden of proof is on the revenue authorities to show that the assessee attempted to evade tax. It may be discharged by them by establishing facts and circumstances from which a reasonable inference can be drawn that the assessee has, in fact, tried to evade tax. "While interpreting tax law, the consequences and hardship are not looked into but the purpose and object by which taxing statutes have been enacted cannot be lost sight of," the judgment emphasised.

Coal PSU takes tribals for a ride

The Orissa High Court has rejected the appeal of public sector Mahanadi Coalfields against the order of the claims commissioner, who allowed the claim of certain tribal persons in Sundergarh district for compensation. Their land was taken over for prospecting coal. It was acquired in 1989 but disputes over compensation reached the Supreme Court. It appointed the claims commissioner to resolve the differences. However, the claims allowed by the commissioner were rejected by the government company. The commissioner maintained that the company filed 43 "misconceived and frivolous" civil cases, which "not only caused harassment to the innocent, illiterate tribal persons and oustees/project-affected persons but also prevented them from getting their legitimate dues flowing from the order of the Supreme Court". Many company petitions were filed with bogus names and it also produced satellite images to prove that the structures of the landowners were raised after the cut-off dates to claim compensation. The high court rejected the evidence as not trustworthy.

Customs tender scrapped as arbitrary

The Delhi High Court set aside the award of a contract by e-tender, observing that there was "complete arbitrariness in the decision-making process". There was also a violation of various conditions of the tender. In this case, Almighty Techserv vs Directorate of Logistics, the Central Board of Excise and Customs, had floated an e-tender for supply, installation, and maintenance of 74 videoscopes used by custom officers to detect contraband at seaports, air cargo complexes and container depots. When the tender was given to one firm, Almighty moved the high court alleging that though it had quoted the lowest price, the contract was given to a rival bidder. It also alleged that the price sheet of the bidders disappeared from the portal of the authority and reappeared only after the contract had been awarded to the rival. The high court examined the process and found arbitrariness. It clarified that though the judicial review was limited in matters of tender, a constitutional court is duty-bound to intervene when there is substantial public interest involved, or where the transaction is mala fide or there is arbitrariness in the award of contract.

Challenge to London award rejected

The Rajasthan High Court last week dismissed the appeal of Hindustan Zinc, which had challenged the award of the London arbitrators in its dispute with Swiss firm Glencore International. The parties had entered into an agreement providing that arbitration will be governed by the law of England and the venue will be London, and it would follow the Rules of the London Court of International Arbitration. The Indian company invoked the arbitration clause but the award was against Hindustan Zinc. It then invoked the appeal clauses in the Arbitration and Conciliation Act to assail the award. The single judge of the high court rejected the application as not maintainable. The company appealed to the division Bench arguing on the interaction between the Commercial Courts Act and the Arbitration Act. However, the division Bench also dismissed the appeal stating that when Hindustan Zinc invoked arbitration, it averred that the seat of arbitration will be London and therefore the appeal was not maintainable.

Descriptive words have no copyright

In a trademark dispute, the Delhi High Court stated that the rights of a registered owner of the trademark, though exclusive, are subject to various provisions and thus not absolute. The right of the registered owner is not greater than the right of a person using an identical trademark or resembling it in relation to similar goods and services if the other party has been continuously using the mark prior to the registered user. The court reiterated the rules in its order in Peps Industries vs Kurlon. The dispute was over the use of the words "No Turn" on mattresses, indicating that they need not be turned around. The court rejected the plea for an injunction as the words were descriptive and not used as a trademark.

Economic distress plea must be proved

If a firm wants to plead that it accepted an insurance amount under economic distress, it must show with evidence that the payment received by it was not a true settlement but it was foisted on it by the insurance company. The complaint should also be made without delay. The Bombay High Court stated so while dismissing the appeal, Agrocel Industries vs United India Insurance. The insured company was engaged in the manufacturing of pesticides in its Kutch unit. There was heavy rain damaging the chemicals. The company sought the insured amount, but there was a difference of estimate even after the surveyor's report. The company accepted an amount offered by the insurance company without raising any objection. But later the matter was taken to the arbitration and the award was against it. The tribunal rejected the plea of economic distress. The high court upheld the award as the plea of financial crunch was raised five months after accepting the amount from the insurer.

Work from home, a challenging homework

Both employers, employees are liable for data breach from home

SUDIPTO DEY

As work from home (WFH) becomes the new normal — at least for the next few weeks — businesses are rushing to put in place more structured WFH policies, say employment law experts.

While business continuity is the primary concern of most corporates, what complicates the matter is the need to ensure the security of client data even in a WFH scenario.

"Companies need to quickly realise that when they are allowing work from home, including mission-critical work, they become intermediaries under the Information Technology Act 2000. Hence, they are duty-bound to comply with the parameters of due diligence and other compliances under the Indian cyber law, rules and regulations," says cyber law expert Pavan Duggal.

India doesn't have a data protection law or a dedicated law on cybersecurity. Also, there is no specialised law on privacy. Experts say this complicates the scenario for businesses as they continue to be liable for breach in client data even when employees work out of the home.

While some employers — mostly in the tech space — already had WFH policies, others had telecommuting agreements. For a majority of businesses, WFH was more of an informal understanding on a case-by-case basis, say experts.

"Employers have started reviewing their policies and formalising their practices," says Vikram Shroff, head of HR Laws at Nishith Desai Associates. Atul Gupta, partner, Trilegal, points out data confidentiality provisions would apply even while an individual is working from home. "Employers would be advised to remind employees of the same and educate them on best practices to ensure that data continues to remain secure."

Shroff says an employer could initiate legal action for a breach of the employment contract and WFH policy/telecommuting deals.

Take the instance of the $190-billion technology industry in India that employees 4 million people, and is involved in several mission-critical operations for global clients. To transition the bulk of its workforce to work out of home required several regulatory approvals from various government departments, apart from the consent of clients.

"Companies have sought permission from their clients for enabling work from home and built internal crack teams to manage security and privacy issues," says a note prepared by Nasscom. The tech industry is still ironing out some teething regulatory issues with the government, says the industry lobby group.

Experts say companies looking at this transition must immediately first come up with detailed WFH policies, put them up on their websites, and get electronic consent from regular employees. Only those employees who agree with such policies should be allowed to work from home, say experts.

"The company should first ensure they have virtual private networks and cloud solutions so that basic security is taken care of even in a WFM environment," says G V Anand Bhushan, partner at Shardul Amarchand Mangaldas & Co.

All security protocols that are normally in place relating to not sharing of passwords, shredding of printed documents, not creating back-ups, and not using unsecured networks should be rigorously maintained, he adds.

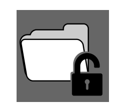
"Companies have to do far more capacity building among their employees while working from home in these transient times," says Duggal.

EXPERTSPEAK
RULES & REGULATIONS THAT MATTER

What are key dos and don'ts from employee perspective to safeguard against breach of data while working from home?

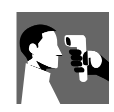
Dos:
- Understand and comply with your employer's security policies.
- Ask if you have any doubts regarding the process of printouts and using back-up drives, etc.
- Ensure you use only authorised hardware and software for work.

Don'ts:
- Don't share devices with spouse and children
- Don't be careless with screens and printouts while away from the computer
- Don't forget standard cyber-security tips while keeping anti-virus software up-to-date; don't open attachments from unknown sources



Can an employee face legal action for a data breach from home?

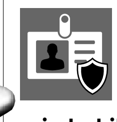
Yes. The laws, especially, the Information Technology Act, 2000, don't distinguish between home and workplace when it comes to data breaches.



Can a staffer claim compensation if he/she contracted Covid-19 while on business travel or at the office?

The principle of 'duty of care' cast an obligation on the employer to take reasonable care in ensuring the safety of its employees.

Where an employer has been complying with the health and safety standards prescribed by the government, it is unlikely for an employee to raise a successful claim for compensation. Also, the burden of proof would be on the employee.



What are the key privacy issues employers should keep in mind while sharing employee data with the government, vendors or other customers?

Currently, it isn't mandatory for employers to share any medical or private information of their employees with third parties. In some states, employers are obligated to report incidents of infectious diseases.

Sensitive personal data should be shared only on a need-to-know basis and personal information should not be published in the public domain.

According to experts from Shardul Amarchand Mangaldas, Trilegal, and Nishith Desai Associates

Time to push online dispute resolution

AKANSHHA AGRAWAL

In the light of the pandemic-induced lockdown, the Supreme Court recently announced hearings would now take place in urgent matters through video conferencing. Legal experts see this as a spark that could usher in a large-scale infusion of technology in the justice system — a silver lining to the ominous Covid-19 pandemic cloud.

Way back in 2005, an e-Committee established by the Supreme Court for planning the implementation of information and communication technology (ICT) in the judiciary recognised an "urgent need of re-engineering" of the judicial processes and ICT enablement as "mission-critical". However, a decade and a half later, much of this still remains work-in-progress.

Experts say one area that could see huge uptake is the demand for online dispute resolution (ODR), which would include the judiciary as well as the alternative dispute resolution (ADR) by parties going fully online.

Deepika Kihnal, who leads the judicial reforms team at Vidhi Centre for Legal Policy, is confident that the Covid-19 crisis is going to force a change in the way people look at ODR. "The legal sector is finally forced to adopt technology. With the sector embracing technology, it is only a matter of time before disputes start getting resolved online," says Kihnal. She thinks this will lead to a rise in online ADR mechanisms, followed by court-annexed ODR.

Kanchan Gupta, co-founder of Centre for Alternate Dispute Resolution Excellence, which is working to provide a private online platform, is already seeing an increased level of interest from clients, following the closing down of courts.

Experts say ODR cannot take off in India without active work from the government and the judiciary. "It is important the judiciary's digitisation plans enable all stakeholders in the justice system to exchange information digitally. This is best achieved by building a justice platform on open standards and modular principles," says Surya Prakash, fellow and programme director at DAKSH.

Prakash believes while the government should work actively to take the judiciary online, it should be wary of engaging with the ADR system and allow the sector to evolve by itself.

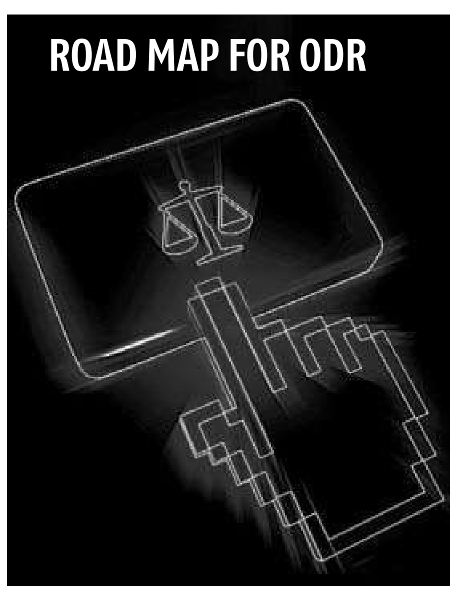
Recognising that this cannot function in a regulatory vacuum, he suggests the government could explore the possibility of eADR modules. "The recently formed Arbitration Council of India could act as a standard-setting body from a technology perspective to encourage institutional arbitration."

Several private ODR platforms have also emerged in India in recent years. Kinhal, who also works as policy consultant for one such platform, argues the government will be required to work in unison with private entities. "The judiciary is already buckling under the existing burden. The only way to resolve new-age disputes, especially the post-COVID disputes, in a timely manner, is if they are routed to ODR platforms."

Following the international regime, the government could help eradicate the concerns related to ODR platforms, such as the ability to provide unbiased and fair dispute resolution, data protection, privacy and most significantly, the enforceability of awards, say experts. "To build the public's trust and confidence in ODR platforms, the government needs to issue guidelines on the minimal standards of fairness and data protection that these platforms need to adhere to. As for the judiciary's ODR capability, the government needs to provide sufficient funds and expertise to help phased adoption of ODR," says Kihnal.

Gupta points out though the law allows ODR mechanisms and gives freedom to arbitrators to take the resolution process online, the biggest hurdle is lack of awareness. Experts suggest the government publish a list of approved institutions and push for a policy shift requiring civil disputes to first go through an ADR process.

ROAD MAP FOR ODR



Phase 1
Scope: 25 high courts and the Supreme Court which roughly comprises 1,000 judges and equal number of court halls
Description: Enable e-filing, online payment of court fee and online rectification of scrutiny objections across all the high Courts and the Supreme Court

Phase 2
Scope: Move certain special courts and tribunals completely online for the pre-litigation stage
Description: Legislation, such as Consumer Protection Act, 2019, Commercial Courts Act, 2018, and Family Courts Act, have provisions for pre-litigation mediation. These are fit cases for resolution through ADR methods and court annexed ODR can ensure cost-effective swifter resolution

Phase 3
Scope: Enable complete online resolution of certain category of disputes, such as motor vehicles accidents cases, loan defaults, consumer cases, with limited questions of law
Description: This is the first stage of accomplishing truly 'online courts' with state-of-the-art audio and video conferencing facilities, data management and storage capabilities, and easily navigable user interface across multiple languages

Phase 4 **Scope:** At least one courtroom equipped to function online in every district
Description: Apart from e-filing and complete ICT integration in all court processes, at least one court hall in every district court will be an end-to-end online court, capable of handling all the disputes

Source: Vidhi Centre for Legal Policy

GST COMPLIANCE OF COMPANIES UNDER IBC

Gaps in the new mechanism

ABHISHEK GARG & SUDIPTA BHATTACHARJEE

Recently, the ministry of finance notified the process to be followed by an interim resolution professional (IRP) or resolution professional (RP) for ensuring GST compliances of corporate debtors (CD) undergoing corporate insolvency resolution process (CIRP). This has been further explained through a circular dated March 23.

This is probably in response to the plethora of representations filed in this regard, after the enactment of the provisions of the Insolvency and Bankruptcy Code, 2016 (IBC). It is pertinent to mention that a few days back, the ministry of corporate affairs vide its General Circular No. 08/2020 had also outlined the procedure to be followed by IRP/RP, while undertaking compliances of the CD under the Companies Act, 2013.

Brief background

Under the IBC, an IRP/RP has the responsibility of managing affairs of the CD as a going concern. This responsibility includes the responsibility for all statutory compliances, including a deposit of tax. However, practically speaking, most of the CD at the time of commencement of the CIRP had defaulted on the payment of GST dues or filing of returns which made it impossible for an IRP/RP to file returns for the period of the CIRP and/or pay the GST liability accruing during the CIRP since such a scenario was neither envisaged in the law nor while designing the online utilities.

Therefore, the notification, at the outset, appears to be a welcome move for all the IRP/RP, who has been demanding the same. However, on deeper analysis, this may not cover all scenarios under the IBC -- in fact, this may even dilute existing rights, cast new responsibilities, and lead to interpretational issues as encapsulated below.

> **The notification appears to be a welcome move for all the IRP/RP who has been demanding the same. However, on deeper analysis, this may not cover all scenarios under the IBC**

Key ambiguities

1. Liquidation proceedings and personal guarantors not covered? According to the headnote of the notification, it notifies only companies undergoing the CIRP as the class of persons to whom the notification shall be applicable. According to the IBC, liquidation stands on a completely different footing than CIRP -- thus, if only the CIRP is mentioned in the notification, it cannot be assumed to include liquidation in its ambit. Therefore, it would appear that the notification is not applicable to CD who are presently under liquidation under Section 33 or Section 59 of the IBC.

Also, the provisions of insolvency and bankruptcy of personal guarantors have come into force from December 1, 2019. These personal guarantors might also be GST-registered persons. The notification is silent on the treatment of GST for such persons.

2. Dilutes right to GST credit: While Clause 4 of the notification allows the IRP/RP to take the input tax credit (ITC) of GST on supplies received during the CIRP, it does not mention the procedure of transitioning the ITC already lying in the electronic credit ledger of the CD to new registration taken by the IRP/RP. Therefore, it appears that the ITC lying in the CD's electronic credit ledger on date of the CIRP commencement cannot be used by the IRP/RP. If this is the intent, it will be against the settled law that ITC of an assessee is protected as a vested property right.

3. Circular more restrictive than the notification? While the notification specifies that Section 16(4) of the CGST Act, 2017, prescribing time-limit of taking ITC on invoices shall not be applicable, the circular clarifies that this concession is only applicable with respect to the first return filed by the IRP/RP. Therefore, the circular appears to go beyond the notification and to that extent may be vulnerable to legal challenge.

4. Use of IRP/RP interchangeably: The notification uses the words 'IRP' and 'RP' interchangeably despite their different connotations under the IBC. For example, where an IRP appointed by the NCLT is not ratified as RP in the first CoC meeting and the CoC goes ahead to appoint a different RP, whether registration taken by the erstwhile IRP will be handed over to the RP or does the new RP have to take fresh registration?

5. Filing of returns: While the notification provides for filing first return, it is not clear if the IRP/RP needs to file a final return on approval of a resolution plan or approval of liquidation. Further, it is not clear that in cases where a CD is revived by way of a resolution plan, whether the old registration will revive or not.

In summary, it appears that there are clear gaps (probably unintended) in the newly notified mechanism that need to be plugged immediately if this long-standing issue has to be addressed keeping in mind the intent and objectives of IBC, 2016.

Garg is partner, AGS legal, while Bhattacharjee is partner, Advaita Legal

"THE GOVERNMENT IS RESPONSIBLE FOR THIS TERRIBLE CONDITION (PLIGHT OF MIGRANT WORKERS). IT IS A BIG CRIME TO BRING CITIZENS TO THIS CONDITION"

RAHUL GANDHI, Congress leader

"IT IS MY EARNEST APPEAL THAT A NATIONAL ADVISORY BE ISSUED TO ASSIST THOSE WHO ARE TRAPPED IN TRANSIT"

SONIA GANDHI, Congress president

"WE SHOULD... LOOK UPON THE NATIONWIDE LOCKDOWN AS THE BEGINNING OF A NEW BATTLE IN WHICH THE PEOPLE ARE THE FOOT SOLDIERS AND THE PM IS THE COMMANDER "

P CHIDAMBARAM, Congress leader

India's farm-to-fork logistics on the edge

As lockdown enters sixth day, the supply chain remains largely disrupted but things look to settle down gradually

SANJEEB MUKHERJEE

Simran Sandhu, a farmer in Haryana, had high hopes from his wheat crop. Not only was the harvest looking good, he expected to get a good price as market prices had improved marginally over the last few months.

Two events put paid to his plans.

Frequent unseasonal rain in the latter half of January, followed by the nationwide COVID-19 lockdown, has left Sandhu fearing he may lose a substantial part of his harvest as labourers working in the fields have vanished and harvesters are difficult to hire.

Shops selling fertiliser and seeds are closed, clouding even the prospect of sowing short-duration summer crops, such as moong.

Hundreds of kilometres away, Rajkumar Bhatia, a fruit trader in Delhi's Azadpur mandi, has a problem of a different kind. In the initial few days of the lockdown, fruit truckers came to the mandi but there wasn't enough labour and small vehicles to ferry them forward because the police were enforcing the lockdown strictly.

The logjam prompted the Centre and states to order the police to exempt the movement of essential items. "Since Thursday, the situation has improved, but I am still apprehensive," said Bhatia.

On Sunday, there were reports from Azadpur mandi that tomato sellers faced a huge challenge in arranging for containers to supply the produce as their movement hasn't started in full strength.

Simon George, president of Cargill India, one of the most well-known FMCG companies in the country (makers of brands such as Nature Fresh, Sweekar, and Sunflower), says that retail demand for edible oils from foodservice businesses, such as hotels and restaurants, has gone down. But this has been somewhat compensated by the rising retail sales as consumers stock up more and eat more at home.

George has faced a challenge in running his 12 plants in the first few days but has ironed out many of the wrinkles. "By next week, I sincerely feel that a lot of things will get sorted out and the movement of trucks will be smooth," said George.

For a final packaged consumer goods item, such as biscuits, to reach the consumer, he adds, the logistics for the supply chain, from procuring raw materials in the form of wheat flour, sugar, and emulsifiers right up to packaging and linking to the distribution network in the form of dealers and retailers, needs to run like clockwork.

It is the links — from the food producer, seller, procurement people, and processors through to the consumer — that have been broken and urgently need mending. Unlike in developed countries, this chain in India is diverse, widespread, highly scattered, disorganised, and dominated by small players.

A small disruption in a place can upset the chain, triggering a massive logistical nightmare and breaks in supplies, which can push up the prices of essential items.

Already, in some markets of the country prices of fruit and vegetables have moved up by 30-40 per cent in the past few days.

The fear of being harassed, George believes, has to be removed from the minds of logistics operators so that everyone can prepare for a long haul, not just 21 days.

The Centre and states have taken a slew of initiatives to clear the confusion, streamline the movement of trucks, and allow the mandis to function, which is the only way farm goods can reach consumers.

On Friday night, the Centre exempted a host of services from the lockdown: Mandis, procurement agencies, farm operations, agriculture machinery hiring centres, farmworkers, fertiliser pesticide and seed-manufacturing and -packaging units, and the movement within and between states of farm implements.

It has also constituted a high-powered panel under Defence Minister Rajnath Singh to mitigate the supply-chain problems.

The hope is that this will enable the smooth harvesting, transport, and sale of the rabi crop, along with fruit and vegetables.

Some states, such as Haryana and Punjab, have incentivised their farmers to harvest the vital wheat crop late.

Even before the Centre's circular was issued, Rajasthan, Madhya Pradesh, and Uttar Pradesh — all big rabi procurement states — had already relaxed the lockdown norms to ensure a smooth harvest and its subsequent transportation to the mandis.

If restrictions end up being extended beyond 21 days, the question is what impact it will have on the economy and particularly the poor and vulnerable.

"Consumer confidence will depend on how much cash people have in hand for spending. Unless that improves fast, we can expect 12-18 months of subdued growth," said George.

INDIA'S FARM SECTOR: IN NUMBERS

30-35 mt average annual procurement of wheat from farmers

106 mt wheat production for 2020

102 mt estimated rice production*

313.85 mt total horticulture production

75.85 mt total available storage capacity as of December 2019

28,000 approximate number of small and big mandis

₹4 trillion size of India's FMCG market

$39.71 billion size of India's food industry

86.21% farmers have own less than 2 hectares of land

CONSIDER THE EVIDENCE

It may be a troubled raj for Shivraj

SANDEEP KUMAR

Bharatiya Janata Party (BJP) veteran Shivraj Singh Chouhan has taken oath as Madhya Pradesh chief minister for a record fourth time.

There were rumours that he was not the only candidate for the top job but finally he was in luck and got a call from Prime Minister Narendra Modi.

Despite the much-needed support from New Delhi, ruling Madhya Pradesh is no doddle for Chouhan this time. The reason is clear. There are multiple challenges he faces. The COVID-19 pandemic, weak economic conditions, and a few political considerations are some of them.

Coronavirus challenge

Taking on Covid-19 is by far the first and foremost challenge for the new government. Chouhan understands this and that's why after taking oath he said this was not a time to celebrate but to fight the pandemic. After the nationwide lockdown, he announced all families below the poverty line (BPL) would be provided a month's ration free. He also said ₹1,000 would be provided to labourers as support through the State Building and Other Construction Workers Welfare Board. Chouhan also announced ₹2,000 for two months to primitive tribes called Saharia, Baiga, and Bharia. Apart from this, old-age and social-security pensioners would receive an advance of ₹1,200 for two months.

Here comes the second challenge. Madhya Pradesh is cash-strapped and the question is from where the required funds would come.

Financial challenges

The previous government was continuously scrounging for funds. It repeatedly accused the Centre of blocking Madhya Pradesh's share. Recently it again said the Central government deducted over ₹14,000 crore from Madhya Pradesh's share of allocation in the Union Budget.

But experts say the state's financial trouble may end soon with the BJP returning to power.

"In the changed circumstances, the Centre will shower financial support upon it. However, it may take some time because we are going through an extraordinary phase," said Saji Thomas, journalist and political commentator.

Coronavirus could affect the payment of salaries of governments employees. There are some 500,000 salaried employees in the state. The Treasury department is facing a staff crunch after the lockdown. The finance department was busy closing the financial year 2019-20. Officials are worried in April salaries may be delayed by a few days.

Chouhan belongs to a farmer's family. He has carefully nurtured this image. Within a week of assuming office he announced relief measures for agriculture. The lockdown has affected farming activities in the state. Madhya Pradesh is one of those states that are allowing farmers to go into the fields within guidelines on social distancing.

However, a government official says in coming weeks, the situation will be far from normal for farmers, especially considering the current lockdown.

"There are 97,315 anganwadis and mini-anganwadis in the state. Approximately 900,000 beneficiaries are enrolled there. Most of them are struggling to get food since the lockdown has been imposed," said Rakesh Malviya, a right-to-food activist.

Political challenges

Chouhan has to accommodate Scindia's supporters, who are now in the BJP. According to sources, he will constitute his cabinet sometime in April and at least 10 members of the Scindia camp will be inducted into it. It is also being said that Tulsi Silawat, who was health minister in the previous government, will be deputy chief minister. Silawat is considered a confidant of Jyotiraditya Scindia, on whose shift to the BJP the Congress government fell.

"It is the prerogative of the chief minister. He can take into the cabinet whoever is eligible. I can't tell you more than this," said Pankaj Chaturvedi, BJP leader and Scindia loyalist.

Chouhan must be eyeing the by-elections, which are to be held in the near future. Almost all the defecting MLAs of the Congress will contest on the BJP ticket from their seats. Many of them are from the Chambal and Malwa regions, the strongholds of Scindia and the BJP, respectively. Of the 22 seats going to the polls, 15 are in the Chambal area. The BJP was the runner-up in 20 seats the rebel Congress MLAs had won.

If political commentators are to be believed, winning them may not be a snap.

"There are apprehensions that some BJP leaders might turn hostile because they are unable to digest the induction of these long-term political rivals into their party. The BJP was desperate to bring down the Congress government. But the way to do so was most undignified," said political analyst Anil Jain.

A pandemic and an election

SATYAVRAT MISHRA

STATE SCAN

BIHAR

Rakesh Kumar used to sell plants and saplings on his cart in Gurugram. The day after Prime Minister Narendra Modi announced Janata Curfew, he decided to sell those plants and saplings at throwaway prices, to no avail. "I have not been able to sell a single plant. I would return to my village... I have no money to feed my family. The way things are going, the situation would only be grimmer in the coming days," said Kumar, a native of Samastipur district in Bihar.

His apprehensions came true: On Tuesday night, Modi announced a 21-day national lockdown to limit the spread of coronavirus. With trains and other modes of transportation shut, Kumar -- who was left with little cash -- decided to head home on his cycle cart.

He is one of the scores of migrants across the country who are left with little choice but to walk or cycle hundreds of kilometres on highways to return to their hometowns and villages. Many of them are headed to Bihar -- with no food and water and without any safety net from the government of the state, which will soon be poll-bound. Therefore, the political impact of this crisis cannot be ignored.

The crisis

At the time of writing this report, more than 500 people have been tested in Bihar. The state has also reported 10 confirmed cases of COVID-19 and registered one death.

As the situation worsened across the country, for the first couple of weeks in March, the state government didn't seem to be perturbed by the developing crisis.

The death of a 38-year-old Munger resident, who was admitted to All India Institute of Medical Sciences (AIIMS), Patna, for kidney ailments and tested positive for COVID-19, finally forced the state government to sound the alarm. It stopped bus services across the state to restrict the movement of people. By then thousands of migrants were already homebound in trains or buses.

The state government announced a relief package on March 22. "₹1,000 per family will be given to all ration cardholder families in the state. The amount will be transferred directly their bank accounts," said Chief Minister Nitish Kumar in a video-recorded message. The state government also announced one month's basic pay to all doctors and nurses as an incentive. Besides, it decided to pay social pensions for three months in advance.

A day later, the state government announced ₹100 crore to bear expenses of migrant workers stranded in other states.

The government also announced a Corona Eradication Fund and decided to deduct a minimum ₹50 lakh from the funds under the MLA and MLC Local Area Development Scheme.

But this is not enough, say experts.

Gaps in the story

"Since the beginning of this crisis, thousands of people have returned to Bihar," said Muzaffarpur-based Dr Arun Shah, adding, "the state government failed to properly document most of them. Thousands are on their way. This is horrifying. There is every possibility of an outbreak of COVID -19 in Bihar and the state government is not ready." Dr Shah is a noted paediatrician, who is known for his work on acute encephalitis syndrome (AES).

The state government has already accepted that six confirmed cases had no travel history.

The combination of an epidemic and a crumbling health infrastructure makes most health experts fear the worst. "The network of primary health centres and community health centres is virtually non-existent in the state. Therefore, all the major government hospitals in the state are constantly over-crowded and over-burdened," said a senior doctor at a major government hospital in Patna.

Bihar, along with the neighbouring Uttar Pradesh, scored the lowest in the NITI Aayog's Health Index-2019. According to an affidavit filed by the state government in July last year in the Supreme Court, there was a 57 per cent shortage of doctors, 71 per cent of nurses, 72 per cent of lab technicians, and 50 per cent of auxiliary nurse-midwives. The affidavit was filed by the state government in response to a notice issued by the apex court after the death of hundreds of children because of AES.

Such is the condition of Patna Medical College and Hospital that doctors had to rely on contributions to buy masks. This is when the hospital has an annual budget of almost ₹300 crore.

Dr Shah said: "The state doesn't even have enough masks and gloves, let alone personal protection equipment, for frontline health workers. Only one laboratory in Patna, Rajendra Medical Research Institute, is equipped to test COVID-19 samples. After the initial confirmation, the samples are sent to National Virology Laboratory, Pune, for secondary confirmation. It takes a week for this confirmation. There are not enough kits. There would be no more than 200-250 ventilators for a population of 110 million. There are not simply enough beds in hospitals."

Eye on the election

While Opposition parties have extended their support in the fight against the epidemic, they have kept an eye on the upcoming Assembly election, scheduled later this year. The Rashtriya Janata Dal has offered to make its state headquarters a quarantine centre or an isolation ward. Tejashwi Yadav has sent a cheque of ₹1.25 crore for the CM Relief Fund and asked his MLAs to provide all possible help.

"The situation of health services in India is already disturbing. And, Bihar is at the bottom of this. The recent crisis denotes that we have not learned from the mistakes of other countries. A large number of people in districts, such as Gopalganj, Siwan, Katihar, and Patna, go to Gulf countries to earn their livelihood and many of them returned in recent days. But there was virtually no screening of them and nor their movement was being tracked. The state government has not even set up a separate counter for patients showing symptoms of COVID-19 infection. While the CMs of Kerala and West Bengal are out on the street looking after management, Nitish Kumar hasn't left his home," said RJD leader Shivanand Tiwary.

On Saturday and Sunday, while thousands of migrant labourers from Bihar were standing in long queues at Anand Vihar Bus Terminal in Delhi, hoping to get a ride back home, Nitish Kumar rued the decisions of states to send back them in buses. "The very purpose of the lockdown will be defeated if thousands of migrants are sent back to Bihar in buses. My government has asked the Bihar Resident Commissioner in Delhi to coordinate with various state governments and reimburse the cost of their food and stay," said Kumar. Interestingly, it was his deputy and senior BJP leader Sushil Kumar Modi who asked UP CM Yogi Adityanath's help in this matter.

Despite the truce in wake of the recent crisis, political analysts say the situation may become an issue during campaigning. They point out the fact that most of the migrants who are marching back to Bihar belong to backward communities.

"They already feel that the government of India sent planes to evacuate wealthy Indians stranded abroad, but it doesn't have money for them. The high unemployment rate in Bihar and lack of industrial growth have forced them to venture outside the state. Most of these labourers and workers belong to marginalised sections of society. The lockdown, while necessary, broke their economic backbone," said one analyst.

Bihar CM Nitish Kumar has opposed the movement by migrant workers, saying this defeats the purpose of the lockdown

Centre allows transportation of all goods

Govt also clears the use of SDRF to provide shelter to migrant workers stranded due to the lockdown

PRESS TRUST OF INDIA
New Delhi, 29 March

The Union Home Ministry on Sunday allowed the transportation of all essential and non-essential goods in the country and the use of the State Disaster Response Fund (SDRF) to provide shelter to migrant workers and the homeless stranded due to the lockdown imposed to combat Covid-19.

Union Home Secretary Ajay Bhalla wrote to chief secretaries of all states and Union territories, asking them to enure that relief camps were set up for homeless people, including migrant labourers, to provide them shelter and food.

"I would also like to inform that the central government has also allowed use of SDRF for homeless people, including migrant labourers, stranded due to lockdown measures, and sheltered in the relief camps and other places for providing them food etc., for the containment of spread of Covid-19 virus in the country," the letter read.

It said the home ministry had already issued an order invoking the Disaster Management Act, under which the district authorities were asked to strictly implement additional measures to stop the movement of migrant workers and provide them quarantine facilities, shelter and food, and ensure payment of wages and non-eviction by their landlords.

"Its strict implementation needs to be ensured," the home secretary said in his letter, and added that the district authorities and the field agencies should be informed so as to avoid any ambiguity at the ground level.

The letter made it clear that transportation of all goods, without distinction on grounds of essential and non-essential, has been allowed.

The home secretary also made it clear that the newspaper delivery supply chain is allowed under exemptions given for print media.

Bhalla added that the entire supply chain of milk collection and distribution, including its packing material, has also been allowed during the lockdown period, along with groceries.

CORONAVIRUS PANDEMIC

"Groceries, including hygiene products such as hand wash, soaps, disinfectants, body wash, shampoos, surface cleaners, detergents and tissue papers, toothpaste/oral care, sanitary pads and diapers, battery cells, chargers etc.," are permitted during the lockdown.

The home secretary also included the services of the Indian Red Cross Society under the Establishment of National Disaster Management Authority.

The Employees Provident Fund Organisation (EPFO) has also been exempted and asked to work with bare minimum staff.

A nationwide lockdown was announced on March 24 for 21 days in order to arrest the spread of coronavirus in the country.

GLOBAL DEATH TOLL AT 32,000

SPAIN SEES deadliest day with 838 deaths; total passes 6,500

US DEATHS surge past 2,000, with nearly 125,000 infections

UK REPORTS 209 new deaths, total rises to 1,228

CORONA–positive cases top 685,000 worldwide

Chinese National Health Commission on Sunday said 45 new coronavirus cases, including one locally transmitted, were reported in the country on Saturday PHOTO: REUTERS

- **Thomas Schaefer, the finance minister of Germany's Hesse state, has committed suicide** apparently after becoming "deeply worried" over how to cope with the economic fallout from the coronavirus
- **Jefferies Financial Group,** said Peg Broadbent, the CFO of its main subsidiary, has died from complications tied to coronavirus, marking one of the first deaths among senior Wall Street executives from the pandemic.
- **China on Sunday** resumed domestic flights in the coronavirus epicentre Hubei province, except for its capital Wuhan, as part of a plan to ease lockdown in the region amid a decline in the number of cases
- **A 108-year-old woman,** who survived two world wars and the 1918 Spanish flu pandemic, has become the UK's oldest coronavirus victim after she died within hours of testing positive for the deadly virus
- **Italy reported a second** straight daily decline in the number of deaths to 756 on Sunday compared with 889 on Saturday, bringing the total to 10,779
- **Canadian Prime Minister** Justin Trudeau's wife, Sophie Gregoire Trudeau, has recovered from being ill from Covid-19 disease.
- **Singapore reported 42** new coronavirus cases, on Sunday, its health ministry said, taking total infections to 844

Support pours in for PM-CARES Fund

SHALLY SETH MOHILE
Mumbai, 29 March

As India braces up to battle the rapidly increasing number of Covid-19 cases, financial aid and free community services continued to flow from various corporates.

From offering office premises that can be converted into isolation wards to earmarking funds to be used for procuring kits, ventilators as well as personal protective equipment (masks, gloves, etc.) for health care workers, India Inc has put a united front to combat the unprecedented crisis facing the country.

India's leading digital payments and financial services platform Paytm said it was seeking contribution for Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM-CARES) on the Paytm app. The company is aiming to contribute ₹500 crore to the PM-CARES fund. For every contribution or any other payment made on Paytm using the wallet, UPI and Paytm Bank debit card, the company will contribute an extra up to ₹10, it said.

Additionally, over the past few weeks, Paytm has started collecting contributions to buy personal hygiene products for people who might not have the means to buy it. Also, the company has created a ₹5-crore fund for innovators who are developing medical instruments or medicines to combat the virus, it said in the statement.

Flipkart-owned PhonePe has launched a donation drive and said it aims to contribute up to ₹100 crore to the Fund.

HELPING HAND

Companies	Donations (in ₹ cr)
Paytm	500
JSW Group	100
Adani Foundation	100
Kotak Mahindra Bank & Uday Kotak	60

JSW Group too has ₹100 crore to the PM-CARES Fund to support all relief efforts, the company said in a statement. Each employee of the JSW Group has committed a minimum of a single day's salary as a donation to the Fund.

JSW Group Chairman Sajjan Jindal said the group was continuously evaluating the situation and was committed to assisting the government in all ways possible to deal with all Covid-related fallouts. "These immediate contributions are what we see is the need of the hour, and we have earmarked further monetary and non-monetary contributions so as to allow us to dynamically respond to all societal requirements in the future," said Jindal.

JSW is also offering staples and other essentials to communities around the Group facilities. Conversion of a number of facilities across JSW Group locations into isolation wards is also in the works to reduce the burden on community hospitals.

Adani Foundation has also committed ₹100 crore to Fund, Group Chairman Gautam Adani wrote on Twitter. "The Adani Group will further contribute additional resources to support the government's fellow citizens in these testing times," he wrote.

Kotak Mahindra Bank has committed ₹35 crore towards Covid-19 relief operations, it said in a statement on Sunday. Of this, the bank commits ₹25 crore to PM-CARES Fund and ₹10 crore to Maharashtra Chief Minister's Relief Fund. Further, Uday Kotak, chairman and managing director of the bank, has personally committed ₹25 crore to the PM-CARES Fund.

SpiceJet pilot tests positive

SpiceJet said on Sunday that one of its pilots who did not fly any international flight in March has tested positive for the coronavirus.

"One of our colleagues, a first officer with SpiceJet, has tested positive for Covid-19. The test report came on March 28. He did not operate any international flight in March 2020," a spokesperson of the airline told *Press Trust of India*.

"The last domestic flight that he operated was on March 21 from Chennai to Delhi and since then he had quarantined himself at home," the spokesperson added.

As a precautionary measure, the spokesperson said, all crew and staff who had been in direct contact with him have been asked to self-quarantine by staying at home for the next 14 days.

More than 970 people have tested positive for the virus and 25 of them have died because of it till now in India, according to health ministry data.

The spokesperson said: "All measures are being taken to provide appropriate medical care to him. Safety of our passengers and employees is our topmost priority."

India is currently under a 21-day lockdown till April 14 to stop the spread of the Covid-19, and consequently, all international and domestic flights have been suspended for this period.

"We have been diligently following the guidelines issued by the World Health Organisation and the government of India. All our aircraft are being disinfected thoroughly since the end of January and the disinfectants used are as per the WHO standards," the spokesperson said. PTI

ALL IN A DAY

70-year-old woman dies after K'taka police deny entry to ambulance

An ambulance ferrying a seriously ill 70-year-old woman from here to a hospital in nearby Mangaluru was allegedy not allowed by Karnataka police to cross the Thalapady border, following which she died on Sunday morning, her family claimed. The woman from Karnataka had come to stay with her son here and was being rushed to a Mangaluru hospital after her condition deteriorated, the family said. Despite pleas by the family and ambulance driver, police did not allow the vehicle to cross the border and turned it back on Saturday, they alleged. PTI

Workers prepare a quarantine facility in Guwahati PHOTO: PTI

Students stranded in UK urge PM for rescue flight

Hundreds of Indian students stranded in the UK have appealed to Prime Minister Narendra Modi to organise a rescue flight amid the ongoing travel ban enforced by India to control the spread of the coronavirus pandemic. A group of at least 380 students from India has started a data chain with their passport details to create a collective voice to lobby the Indian government for action. Among them is a group of marine engineers from Kerala who were due to fly back after giving their exams this week. PTI

Govt extends time period for submission of officers' appraisal report

The central government has extended the timeline for initiation and submission of performance appraisal reports of bureaucrats, according to an order issued by the personnel ministry. As per the earlier schedule, the date for distribution of blank Annual Performance Appraisal Reports to Group-A officers of central services was March 31, which has now been revised and extended up to May 31, the order said. Similarly, the date for the submission of self-appraisal by an officer to the Reporting Officer has been revised and extended up to June 30. PTI

- **The labour ministry has allowed over 60 million subscribers** of retirement fund body EPFO to withdraw an amount not exceeding their three months basic pay and dearness allowance from their EPF account in view of the lockdown to fight Covid-19
- **People living in Kolkata will now be able to order** raw fish online as the West Bengal government decided to sell the staple directly to the customers to tackle rising prices amid the nationwide lockdown
- **The Centre has suspended two senior** Delhi government officers and served showcause notices on two others for "serious lapses" in duty during the lockdown. The two officers are: Additional Chief Secretary (Transport) and Principal Secretary (Finance)

As migrants turn home in Bengal, rural wages set to take a hit

Many of them might not get jobs for long, as they're likely to be ostracised, say experts

NAMRATA ACHARYA
Kolkata, 29 March

At Gobardhanpur, one of the last villages in the deltaic Sundarban region, there is deep fear of a coronavirus outbreak among locals. In only two days, March 19 and 20, before interstate train services were suspended on March 21, hundreds of migrant workers arrived in the area, mostly from southern states, say locals.

"Two days prior to the lockdown, close to 100 people came in two villages here. The villagers immediately informed the local administration, which instructed these migrant workers to stay at home. Now, villagers are keeping a strict vigil on their movement," says Biswadip Sahu, a fisherman at Gobardhanpur.

Hiron Raut, along with nine others, arrived at his native Buraburir Tat village, adjacent to Gobardhapur, from Kerala about 10 days earlier. Back there, he earned ₹600-900 a day as a construction worker. His savings will soon get exhausted. The state has announced ₹1,000 a month to daily wage earners but he's sceptical. "Whatever money we had will be exhausted in a fortnight. I don't know how I will survive after that. I'm not sure how long the government will support us," he says.

No cushion here

As thousands return home in West Bengal amidst the pandemic, they are being seen as a liability and unwelcome guests in their own homes. And, distress in the rural economy is already visible.

"Many small grocery shops in rural areas have permanently shut down; they are unable to buy essential food items at high prices from big traders. This rural distress might take mammoth proportions. As far as these migrant workers are concerned, they are quite prone to exploitation, as there will be an oversupply for labourers in rural areas," said Dilip Benerjee, an Ashoka Fellow who has studied migration patterns in Bengal.

Migrant workers and their families travel in a trailer truck as they return to their villages, on the outskirts of Ahmedabad on Sunday PHOTO: REUTERS

"These migrant workers who are now back home are seen as a huge liability on the local economy. They don't have the requisite skills to be employed in agriculture," says Aniruddha Dey, executive director, Professional Institute for Development & Socio Environmental Management, an environment consultancy.

Indrajit Das used to work at a textile mill in Tamil Nadu. He is worried at being forced to take up farming, the only source of livelihood at his native village of Chimta in the Sundarbans, which is yet to get an electricity connection.

"It will be a big challenge for me; I never did it before. But, I will be forced to do it if things remain like this for long," he says. However, Das says he considers himself lucky to have returned home. His fellow workers in Chennai informed him a day earlier that they were having a tough time in getting meals twice a day. "Many of my friends could not come back and they have said they are having a difficult time in getting a full meal. The workers of Bengal will not be helped in Tamil Nadu," he adds.

"This pandemic is mostly an urban phenomena and people rushed to rural areas as they perceived it as safe haven. But, due to the sudden increase in labour supply there, market wages, including that in agriculture, will come down. These people would now depend upon MGNREGS (Mahatma Gandhi National Rural Employment Guarantee Scheme) for work but the worrying fact is that on an average in the past four years under the scheme, employment was provided for only 40-45 days in a year. Also, under MGNREGS, daily wages are much lesser than even agricultural wages," says K R Shyam Sundar, professor of human resource management at Xavier Institute of Management, Jamshedpur.

Nothing at home

According to the 2011 Census data, Bengal ranked fourth among states in outward migration. The numbers have only gone up since then. In the past two decades, the state has seen a massive wave of outward movement, especially to Kerala, Tamil Nadu, Delhi and Maharashtra. With factories and tea gardens shutting, agricultural income falling and storm Aila ravaging a large part of West Bengal in 2010, migration gradually became a norm.

"In 2001, West Bengal was net-positive in terms of migration but by 2011, it turned net-negative. Long-term policy failure, a demographic transition that added a large young population and agrarian stagnation led to this wave of outward migration, and it has been growing," says Rabiul Ansary, assistant professor, department of geography, Utkal University.

Migration is itself also an industry in parts of rural Bengal. "Wherever people got easily absorbed, they went. There are agents who act as mediators for providing jobs to young people, especially school dropouts in their early teens. Those who go as migrant workers, themselves become agents after a few years," says Dey.

In the southern states a construction worker can earn as much as ₹500-900 a day. In West Bengal, agriculture yields not more than ₹200-300 a day.

"These people (returnees) came in a jiffy and many didn't even get time to collect dues from their employers. They can barely survive for 20-25 days," says Pranabesh, a social worker with Sundarban Green Environment Association. In North Bengal, another hotspot of outward migration, many women left their homes for working as domestic helps in north Indian states. Unlike their male counterparts, not many have been able to come back home.

"Many workers wanted to come back but couldn't. Several came in trucks and the police took them to hospitals for check-up. Now, tea garden workers also apprehend that once the gardens open, they will not be paid for days. There is also a fear that many migrant workers will not get jobs for long, as they might be ostracised," says Nita Dhar, senior programme coordinator at PRISM.

As the world awaits the end of the pandemic, rural Bengal might be seeing a recession unfolding in bits and pieces.

'Migration should come down to a trickle in 3 days'

The National Disaster Response Force has stepped in to manage the massive migration triggered by the lockdown. **SATYA PRADHAN,** director general of the NDRF, tells **Subhomoy Bhattacharjee** how his team is dealing with the situation. Edited excerpts:

What is your brief on the migration crisis?

It is to reduce the sense of fear among the people. We are there to make them feel that they shall get help. The buses are there to ferry them. So we are also there to guide them in queues, try to ensure they maintain some physical distance among themselves. Our big role, however, is to reduce the fear among the migrants.

Nationally, which areas are the hotspots?

There are three sets of critical places we have identified nationally. These are in Bihar, in Uttar Pradesh (UP) and on the Delhi-UP border. We have put Anand Vihar under our Delhi battalion; Lal Kuan in Ghaziabad has been taken over by the Ghaziabad battalion; Benares battalion is monitoring Lucknow and the highways. The Bihar battalion is at Gopalganj and Kaimur borders of Bihar with UP. They are also at the Tilaiya and Jamui border of Bihar with Jharkhand. These are the places through which the steam of migration has been massive. We started the crowd management operations since yesterday i.e. Saturday. Our teams were in position at these most crowded sites by early afternoon.

Q&A

How long do you expect the rush to continue?

We have done quite a bit of analysis. I wouldn't expect this level of migration to go on beyond Tuesday. We expect the movements to come down to a trickle or even to stop. My force will be present at all these stations till it happens, which should be over in the next two-three days.

Were you prepared for this rush? It has been one of a kind!

We had been ramping our operations for quite some time. We had begun to orient the airport staff, mostly at international airports from 31 January onwards. For instance when the first flight of students from Wuhan came over, we were there to assist the Bureau of Immigration. We sent a team, including doctors and paramedics, which explained the procedure to the staff there about how to deal with the incoming passengers, the protocol to segregate the luggage carriers and so on. This was institutionalised for all flights coming from abroad, subsequently. We then used February to cover the sea ports too. So when this rush came we were ready. This has been the biggest mobilisation of the NDRF, ever.