

GOLD	RUPEE	OIL	SILVER
₹41,705	₹75.59	\$26.15	₹38,100

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

COVID-19 IMPACT EQUATED MONTHLY INSTALMENTS

Banks, HFCs to offer moratorium option to all, but short-term relief comes at big cost

SANDEEP SINGH
NEW DELHI, MARCH 30

WHILE THE RBI on Friday permitted banks to allow moratorium of three months on payment of instalments in respect of all loans including home, car and personal loan among others, leading banks and housing finance companies (HFCs) are set to extend the moratorium option to all their customers and the communication to customers will be sent through mails and messages beginning Tuesday.

Banking sources confirmed that ICICI Bank, HDFC Ltd, State Bank of India and Axis Bank, among others have decided to provide the moratorium option to all customers irrespective of the amount and tenure of the loan.

"The back-end is being worked upon and we should be able to send out mails and messages to all customers beginning tomorrow. We are trying to work out customised solution in the manner that each customer will reach a link where once he enters the loan account number, he will also get details like the opts for the moratorium then by how many months the loan tenure will increase and how much shall he increase the EMI (post the moratorium period) to keep the tenure same," said a senior official with a bank.

Once the communication is received by customers, they can opt for the moratorium which will allow them to not pay the EMI instalment for three months. When contacted, a HDFC Ltd official said, "HDFC will reach out to its customers via email and SMS, informing them to exercise their choice through a link in their website. The customer will also have the option to continue with the EMIs."

It is, however, important to note that the moratorium period will not come free, and since the Reserve Bank of India (RBI) has said that interest will continue to accrue on the outstanding portion of the loan during the moratorium period, it may increase the customers' burden significantly in terms of the notable increase in tenure of the loan or increase in EMIs.

How much can the burden increase

Suppose you have a loan outstanding of Rs 50 lakh at

Borrowers with longer residual term of loans and who opt for moratorium may see a significant rise in their loan tenure or will have to increase their EMIs to keep the tenure constant

the rate of 8.5 per cent and the tenure of the loan is 19 years. If you opt for the moratorium, the interest amount of the moratorium period (three months) gets added to your principal outstanding and in this case it would be around Rs 1.05 lakh. Now, after three months when your EMI resumes, it will be based on a loan amount of Rs 51.05 lakh and if you keep the EMI same as it was before, then the tenure of your loan will rise from 228 to 240 months, which means an additional 12 EMIs. In case you want to keep your tenure at 228 months, you will have to raise your EMI from Rs 44,272 to Rs 45,202,

which is a rise of Rs 930 for a period of 228 months. So, the cost of the moratorium is substantial on borrowers and hence, it should only be opted if individuals are witnessing erosion in monthly income and are finding it tough to service the loan.

It is, however, important to note that if the residual tenure and principal outstanding is less, then the burden is not huge. For example, if the outstanding for the same example stands at Rs 15.37 lakh for 40 more months, then if the customer opts for the moratorium, he will see his tenure of the loan increase from 40 to 41 months, with the EMI remaining same.

Even bankers say that while many thought of it as a concession when RBI announced it, it is actually not. "It is going to increase pain for the customer in the longer term and hence, borrowers who do not have liquidity constraints should not avail of the moratorium facility and pay as per the original schedule, since there is no specific advantage. It will also save such borrowers the hassles of communicating with the lender and avoid any extension of their loan period," said a senior official with a leading bank.

RUPEE CLOSES 70 PAISE LOWER AGAINST US DOLLAR

Sensex dives 1,375 pts as rising virus cases fuel investor sell-off

ENSE ECONOMIC BUREAU
MUMBAI, MARCH 30

STOCK MARKETS on Monday plunged close to 4.5 per cent as worried investors unloaded stocks, citing the rising number of coronavirus cases, lockdown, weak global cues and fall in crude oil prices. The benchmark Sensex plummeted 1,375.27 points to 28,440.32, while the NSE Nifty index fell 379.15 points to 8,281.10. The rupee, too, closed 70 paise lower at 75.59 against the US dollar due to the sell-off in domestic equities and capital outflows.

Except healthcare and FMCG, all other sectoral indices wit-

EFFORTS TO BOOST ACTIVITY ACROSS WORLD

- Central banks across the world have mounted all-out efforts to bolster activity with rate cuts and massive stimulus
- However, the rapid increase in COVID-19 cases
- has been a cause of concern as it has surpassed more than 7 lakh cases
- In India, the nation-wide lockdown, weak global cues and fall in crude oil prices has affected investor sentiment

nessed heavy selling pressure with auto, banks and realty remaining the top losers. "As expected, the markets have set aside the stimulus measures announced by the RBI and the government, and focused on the rising virus infections and its impact on the Indian economy," said Vinod Nair, head of research, Geojit Financial Services.

The overall market breadth was negative as well, with Nifty Midcap 100 down 2.8 per cent

INDIA IN CACTS

RIL donates ₹500 cr to PM CARES Fund

New Delhi: Mukesh Ambani-led Reliance Industries on Monday gave an additional Rs 500 crore to the Prime Minister CARES Fund on top of the multi-crore initiative of the country's first COVID-19 hospital, in addition to the other efforts it is taking to fight the crisis. PTI

BHEL staff contributes one-day salary

New Delhi: To bolster the fight against the novel coronavirus, employees of state-owned Bharat Heavy Electricals Ltd (BHEL) have donated their one-day's salary to the Prime Minister's Relief Fund. Further, BHEL's Ranipet unit has developed an in-house spray assembly that atomises sanitising liquid and can be used for mass sanitisation to limit the virus spread. ENS

Crude falls to 2002 lows; global markets inch up



A woman outside a supermarket in Hatfield, Britain, as the spread of coronavirus continues. Reuters

REUTERS
NEW YORK, MARCH 30

GLOBAL EQUITY benchmarks rose on Monday despite a drop in oil prices to their lowest levels since 2002, as central banks and the United States tried to contain damage from the coronavirus that has upended the global economy.

In midday trading, the Dow Jones Industrial Average rose 401.95 points, or 1.86 per cent, to 22,038.73, the S&P 500 gained 55.27 points, or 2.17 per cent, to 2,596.74 and the Nasdaq Composite added 190.13 points, or 2.53 per cent, to 7,692.51. MSCT's gauge of stocks across the globe gained 1.13 per cent following broad gains in Europe and declines in Asia.

Meanwhile, China on Monday became the latest to add stimulus, with a cut of 20 basis points to a key reverse repo rate, the largest in nearly five years. Brent futures were down 8 per cent, or \$2, at \$22.50 a barrel — their lowest in 18 years. US West Texas Intermediate (WTI) crude futures fell as far as \$19.92, near a 2002 low hit this month.

While state-run BSNL and MTNL have extended the validity of all such pre-paid subscribers till April 20, private telcos such as Bharti Airtel, Vodafone Idea, and Reliance Jio Infocomm also held internal review and meeting on Tuesday to discuss the issue.

BSNL and MTNL have also decided to give free talk time of Rs 10 to all users so that they can make calls even if their balance falls to zero, the Telecom Ministry said in a release.

Telecom Minister Ravi Shankar Prasad, meanwhile, said that he was also urging private telcos to follow the steps taken by BSNL on extending the validity, during the lockdown period.

Net traffic surges during lockdown, but video streaming cos may need new content to gain users

PRANAV MUKUL
NEW DELHI, MARCH 30

A TOTAL lockdown that has impacted most segments of the economy and the workforce, in addition to confining people to their respective homes, has proven to be bittersweet for video streaming platforms such as Netflix, Amazon Prime, Hotstar, etc. On the one hand, most of these platforms are witnessing a massive surge in traffic, on the other, a closure across the globe is likely to affect rollout of new movie and series titles on these services. Notably, experts have pointed out that originally produced content and release of new titles is what traditionally drives growth for these platforms.

"Premium, original content remains one of the biggest drivers and differentiators in the OTT (over-the-top) space with a plethora of OTT platforms competing for consumers' attention. OTT players are investing heavily in acquiring or developing new content, new services and improved experiences," a recent report on the media and entertainment sector by FICCI and EY noted.

According to a research note by Bank of America (BoFA) Securities, app downloads of Zee5, Amazon Prime and Netflix showed a strong spike in March "as consumers look to watch content when being locked at home". However, similar traction was not witnessed by Hotstar, which is the mainstay for online viewing of sports events — most of which have been suspended across the

globe because of COVID-19 outbreak. Hotstar also recently deferred the launch of Disney+ premium portfolio under the Disney+ brand, which would have added hours of new streamable content to Hotstar's current library. "While Disney+ launch (expected to on 29th Mar with start of IPL) has been pushed back, we see competition picking up with the app launch given its appealing family content. Ideally, a lockdown like this could be good time to launch Disney+ as it would gain instant traction," BoFA Securities noted.

"A potential cancellation of IPL creates a huge opportunity for Hotstar which brings huge traction on the platform every year — some of which should be overcome on back of increased viewership due to more people watching content as they stay at home. Last year, Hotstar saw 20 million+ viewers on its platform in a single day on the day of IPL final and 300 million viewers during the season," the research report added.

Even before the 21-day lockdown was announced by Prime Minister Narendra Modi, a number of film production houses suspended their activities as state governments were clamping down on multiplexes and movie theatres across the country.

The FICCI-EY report said that Netflix is expected to invest Rs 3,000 crore in 2019 and 2020 towards content in India "to license and create over 50 originals and shoot across more than 20 cities". It also noted that in 2019, over 1,600 hours of original content were created for OTT platforms, which led to increased demand.

Cash management, ops of banking correspondents take a hit in rural areas

ENSE ECONOMIC BUREAU
MUMBAI/NEW DELHI, MAR 30

WHILE BANKS have maintained that essential services like cash deposits, withdrawals, remittances and clearing of cheques are available at branches, many interior regions in the country are facing problems in withdrawing cash from ATMs, branches and utilising services of business correspondents (BCs) of banks.

As per banking sources, due to the lockdown, the cash management system has slowed down with rural areas getting hit as currency vans are yet to fill cash in ATMs. Besides, month-end cash demand to meet basic requirements is also high. BCs, agents of banks working in rural areas, are unable to operate and facilitate cash withdrawals and deposits.

In a letter to RBI Governor Shaktikanta Das, the Business Correspondent Federation of India (BCFI) said, "a large number of labour, small towns and village resident population working away from home is not able to de-

posit/withdraw cash for daily and are facing great difficulties." In most rural areas, customers are unable to meet BCs due to shutdown of transport services.

BCFI said a number of its affiliate members have reported that their agents are being harassed by police and other agencies and not being allowed to operate or visit the branches as required under banking services guidelines for withdrawal and depositing cash.

In her interactions with heads of public and private banks on Saturday, Finance Minister Nirmala Sitharaman told them to ensure "adequate cash" was available at the branch, ATM and BC level. Despite banking and financial services being exempt, the lockdown has affected movement of cash from currency chests to rural areas. The Finance Ministry is holding discussions to states to ensure there are no restrictions on movement of cash, bankers, vendors or bank mitras.

The Indian Banks Association, meanwhile, has advised customers that most banking services are available online.

'COVID-19 to dampen growth substantially in South Asia'

The COVID-19 pandemic is expected to dampen economic growth 'substantially' in the South Asian region, including India, an Economist Intelligence Unit (EIU) report said

- | | |
|---|---|
| Factors that make South Asian region most vulnerable: | Healthcare challenges in South Asia: |
| <ul style="list-style-type: none"> Dense living conditions Low hygiene awareness Overburdened healthcare systems | <ul style="list-style-type: none"> Chronic underinvestment in healthcare infrastructure Low number of doctors and hospital beds |

Cycle of demand and supply shock: Preventive steps by governments will limit movement of people and lead to demand-side shock, while closure of factories and businesses will lead to a supply-side shock



Stimulus may not offset losses: The stimulus provided by the central banks and governments will not come close to offsetting the loss of economic activity

Source: EIU/PTI

New India Assurance unveils ₹50 lakh coverage for healthcare providers

ENSE ECONOMIC BUREAU
MUMBAI, MARCH 30

PUBLIC SECTOR insurer New India Assurance has unveiled an insurance package of Rs 50 lakh per person to 22.12 lakh healthcare providers, who are at the forefront of the battle against coronavirus (COVID-19). The three-month insurance scheme was part of the Rs 1.70 lakh Pradhan Mantri Garib Kalyan package announced by Finance Minister Nirmala Sitharaman last week.

"We confirm that the risk coverage has commenced with immediate effect and the coverage will continue till June 30, 2020," the insurer said in a confirmation letter to the Secretary, Ministry of Health and Family Welfare.

It said the premium payment process has been initiated and the tailor-made policy will provide comprehensive personal accident cover, including accidental loss of life on account of contracting the COVID-19 disease.

With regard to claim procedure, the insurer said simple and

seamless standard operating procedure will be finalised by it, the Department of Financial Services, and the Ministry of Health and Family Welfare.

The scheme will be effective from March 30 and continue till June-end. The insured will include 22.12 lakh public healthcare providers, including community health workers who may have to be in direct and care of COVID-19 patients and who may be at risk of being impacted by this, and private healthcare staff, New India Assurance said.

MCA offers 'fresh start' to companies, LLPs to lower compliance burden

ENSE ECONOMIC BUREAU
NEW DELHI, MARCH 30

COMPANIES AND limited liability partnerships (LLPs) will have the opportunity to make good any previous filing defaults without paying late filing fees and become compliant, courtesy of a one-time amnesty scheme from April 1 to September 30, 2020. A notice issued by the Ministry of Corporate Affairs (MCA) said that the Companies Fresh Start Scheme, 2020 and the revised LLP Settlement Scheme, 2020 "incentivize compliance and reduce compliance burden during the unprecedented public health situation caused by COVID-19."

"The schemes, apart from giving longer timelines for corporates to comply with various filing requirements under the Companies Act 2013 and LLP Act, 2008, significantly reduce the related financial burden on them, especially for those with long standing defaults, thereby giving them an opportunity to make a "fresh start", said the notice.

The Companies Fresh Start Scheme, 2020 and the revised LLP Settlement Scheme, 2020 "incentivize compliance and reduce compliance burden" during the situation caused by COVID-19

Experts said this window provides an opportunity to firms to complete long standing compliances, besides providing them additional time to complete filings that are falling due in the time of the COVID-19 outbreak. Madhu Sudan Kankani, partner at Deloitte, said the move was a great step for the Companies Act and the LLP Act, adding that the length of time given under the scheme implies that firms would have "time even after the lockdown opens, to look at it comprehensively and apply for the fresh start scheme."

Sebi asks CRAs not to treat payment delays as default

ENSE ECONOMIC BUREAU
MUMBAI, MARCH 30

THE SECURITIES and Exchange Board of India (Sebi) on Monday asked credit rating agencies (CRAs) not to consider as default any delay in payment of interest or principal loan amount arisen solely due to the nationwide lockdown conditions. The move follows a three-month moratorium on payment allowed by RBI to mitigate the burden of debt serv-

icing due to disruptions caused by COVID-19 outbreak and to ensure continuity of viable businesses.

"Based on its assessment, if the CRA is of the view that the delay in payment of interest or principal has arisen solely due to the lockdown conditions creating temporary operational challenges in servicing debt, including due to procedural delays in approval of moratorium on loans by the lending institutions, CRA may not consider the same as a default event," Sebi said in a circular on Monday.

Slowdown: Direct tax receipts may fall after 20 yrs

SUMIT JHA
NEW DELHI, MARCH 30

AFTER TWO decades, the Centre's direct tax collections will likely show a year-on-year decline in FY20, reflecting the enormity of the economic slump, which has lately been accentuated by COVID-19 outbreak. The big tax cuts for corporate India announced in September with retrospective validity from the start of the year also dented collections.

According to official sources, going by the collections until last Friday, gross direct tax mop-up in the fiscal could be down 8 per cent annually.

The last time the Centre's direct tax receipts contracted was in FY1998-99, when these were down 3.5 per cent, on year.

The sluggish receipts also imply a fall in direct tax buoyancy to a multi-year low of (-)1 in FY20, a sharp slide from a creditable 1.6 in FY18 (thanks to note ban) and 1.2 in FY19. FE

Implementation date regarding changes in levy of stamp duty deferred to July 1

New Delhi: The Finance Ministry on Monday deferred the implementation date regarding changes in levy of stamp duty on securities and introduction of a centralised system for collection of stamp duty through stock exchanges, clearing corporations and depositories to July 1 from earlier proposed date of April 1. "A notification issued by the

Government of India on 30th March 2020 with respect to some other amendments done in the Indian Stamp Act is being misquoted. There is no extension of the financial year," the Ministry said in a late night release.

The Finance Act, 2019 had introduced certain amendments in the Indian Stamp Act, 1899 proposing to bring uniformity in

the levy of stamp duty on securities, whether through physical or dematerialised form along with seeking to introduce a central mechanism for collection of stamp duty by certain authorised entities for the issuance and transfer of securities and subsequent disbursement of the duty collected to the respective states. ENS