GOLD ₹44,383 | RUPEE ₹73.39 | OIL $51.91 | SILVER ₹47,729

*Indian basket as on March 3, 2020

SENSEX: 38,409.48 ▼ 214.22 NIFTY: 11,251.00 ▼ 52.30 NIKKEI: 21,100.06 ▲ 17.33 HANG SENG: 26,222.07 ▼ 62.75 FTSE: 6,829.12 ▲ 110.92 DAX: 12,149.67 ▲ 164.28

*International market data till 1900 IST

CABINET APPROVES CHANGES TO COMPANIES ACT

CSR regulations to be eased; priority is to 'decriminalise' provisions, says FM

ENS ECONOMIC BUREAU
NEW DELHI, MARCH 4

THE UNION Cabinet on Wednesday approved proposals to carry out decriminalisation of 35 offences under the Companies Act, and to remove imprisonment as a penalty for another 11 offences. The move is set to reduce the total offences under the Companies Act, which can attract imprisonment as a penalty, to 55 from around 95 earlier, according to a senior government official.

"The priority is to decriminalise the Companies Act," said Finance and Corporate Affairs Minister Nirmala Sitharaman, adding the move was aimed at removing criminality from offences that did not have a malafide intent behind them.

Finance Minister Nirmala Sitharaman and Information and Broadcasting Minister Prakash Javadekar in New Delhi on Wednesday. *Prem Nath Pandey*

Sitharaman also announced that the Cabinet approved a provision that would allow companies to offset any Corporate Social Responsibility (CSR) expenditure exceeding the mandatory 2 per cent of profits against required expenditure in future fiscals.

All companies with a net worth of Rs 500 crore or more, a turnover of Rs 1,000 crore or more, or net profit of Rs 5 crore or more are required to spend 2 per cent of their average profit of the previous three years on CSR activities every year.

Violation of CSR norms is also among the offences that have been decriminalised. The government had announced in August that it would not operationalise provisions of the Companies Act that included prison terms of up to three years for violations of CSR norms after receiving representations from industry.

A senior government official said that the move was a complete change in the architecture of the penal provisions under the Companies Act.

The Finance Minister announced that 23 of the 66 compoundable offences under the Companies Act would be dealt with through an in-house adjudication framework managed by the Ministry of Corporate Affairs and that seven such offences would be removed under the changes approved by the cabinet. A further 11 provisions will be amended to remove imprisonment as a punishment.

The Cabinet decision will also lower monetary penalties on another six provisions of the Companies Act, which had earlier been decriminalised.

The central government, in 2019, amended the Companies Act to recategorise 16 offences that carried imprisonment or fines as penalties to civil offences.

Govt permits NRIs to own up to 100% stake in Air India

ENS ECONOMIC BUREAU
NEW DELHI, MARCH 4

THE CABINET on Wednesday allowed Non-Resident Indians, who are Indian nationals, to buy up to 100 per cent stake in Air India, for which the government has sought preliminary bids sale of its entire stake in the national carrier.

However, foreign investments in the national carrier including that of foreign airlines shall not exceed 49 per cent, either directly or indirectly. The government said substantial ownership and effective control of Air India shall continue to be vested in Indian nationals. It said in light of the proposed strategic disinvestment of 100 per cent of Air India, it has been decided that foreign investment in Air India be brought on a level playing field with other scheduled airline operators.

PSB merger gets in-principle nod from Cabinet

New Delhi: The Cabinet on Wednesday gave in-principle approval for consolidation of 10 public sector banks (PSBs) into four with effect from April 1, 2020. "The banks' merger is on course and decisions have already been taken by the respective bank boards," the Finance Minister said.

The government had announced four new sets of mergers last August: Punjab National Bank, Oriental Bank of Commerce and United Bank of India to merge to form the country's second-largest lender; Canara Bank and Syndicate Bank to amalgamate; Union Bank of India to acquire Andhra Bank and Corporation Bank; Indian Bank to merge with Allahabad Bank. **ENS**

Plan for direct overseas listing of cos approved

New Delhi: Corporate Affairs Secretary Injeti Srinivas announced the Cabinet has approved a proposal to allow Indian public companies to list their shares on foreign stock exchanges. Currently, Indian companies are only able to raise equity funding from foreign sources through American depository receipts and global depository receipts which are derivatives of equity shares.

"The listing of Indian companies in foreign stock exchanges is expected to increase the competitiveness of Indian companies in terms of access to capital, broader investor base and better valuations," said a release by the Corporate Affairs Ministry. **ENS**

Countering supply disruption: DoP panel for tax holidays, incentives to cos producing key drug ingredients

PRABHA RAGHAVAN
NEW DELHI, MARCH 4

AS INDIA looks to avert a potential drug shortage crisis in the wake of escalating COVID-19 cases globally, a standing committee set up by the Department of Pharmaceuticals, last month, recommended sops such as tax holidays and special first-come-first-serve incentives to companies willing to manufacture key ingredients that India "heavily" depends on other countries for.

The committee, chaired by Central Drugs Standard Control Organization (CDSCO) joint drug controller Eswara Reddy, had prepared a list of 58 drug ingredients that India needed to produce in the country in order to make its pharma industry self-reliant. This includes painkillers like paracetamol, antibiotics like amoxicillin and azithromycin, anti-TB drugs like rifampicin, cardiovascular medicines like valsartan and telmisartan, crucial diabetes drug metformin and vitamins like B12 and C.

The DoP, on Tuesday, said India had enough stock of these ingredients to last up to three months, which means the country would have enough stock of the finished medicines to last around six months, an industry source said.

Meanwhile, the committee has proposed that "price incentives" be given to companies for drugs made using domestically manufactured raw materials belonging to the list of 58, sources told *The Indian Express*. This is for encouraging the use of the country's indigenous active pharmaceutical ingredient (API) capacity and, in turn, give an impetus to domestic bulk drug makers, according to one of the sources.

Another recommendation is to offer a 10-year tax holiday — temporarily reduce or eliminate taxes — to make it more "attractive" for companies to make these ingredients, *The Indian Express* has learnt.

A third proposal is for the government to provide "special incentives" to the first five drug makers willing to establish such manufacturing capabilities, the source said.

The committee wants the government to prioritise those APIs and KSMs (key starting materials) for which India is heavily dependent on imports when granting these incentives. The committee observed that "concrete" measures were urgently required to ensure the country's drug security due to its heavy dependency on China.

The committee, which submitted its report to DoP on February 25, observed the impact of the novel coronavirus on China's drug making hubs called for India to beef up its self sufficiency. However, it added the Centre needed to look beyond short-term support and help the Indian industry build self-reliance and a viable API ecosystem in the long run.

Look for therapeutic alternatives to crucial constituents: Panel to ICMR

PRABHA RAGHAVAN
NEW DELHI, MARCH 4

A COMMITTEE formed last month to study India's import dependence on China for drugs during the COVID-19 outbreak has asked the Indian Council of Medical Research (ICMR) to look into therapeutic alternatives for 58 crucial ingredients that might leave India in the lurch in case of shortages.

The development comes after an earlier exercise by the council to zero in on alternatives that could keep the country from running out of crucial stocks of various painkillers, antibiotics, antidiabetic and cardiovascular medicines as well as vitamins, *The Indian Express* has learnt.

In the earlier exercise, ICMR found over 30 of the 58 molecules, which include key raw materials used to make these drugs, had "no" alternatives. The body had found that only 16 of these products had therapeutic alternatives, according to sources aware of the earlier exercise.

However, it is learnt that the committee was "not satisfied" with the report submitted by the body, leading to another meeting earlier this week to take stock of India's drug supply. "ICMR has been asked to re-examine this," said a senior government official.

TRACKING COVID-19
TRAVEL

Air, rail bookings hit: Flight reservations to Delhi drop by 11%, Jaipur falls almost 1%

PRANAV MUKUL
NEW DELHI, MARCH 4

AGRA TRAIN BOOKINGS
fall 24%

■ Agra only has two scheduled flights every week — Alliance Air flight from Jaipur that has been cancelled since last week because of an Indian Air Force exercise being conducted at the Agra Air Force base. However, between March 2 and March 3, train bookings to Agra fell 24 per cent, compared to February 17 and February 18

AN OUTBREAK of confirmed and potential coronavirus cases in Delhi, Jaipur and Agra over the past two days has led to a sudden drop in air and rail bookings to these cities. Flight bookings to the Capital have seen an 11 per cent drop in the last two days, compared to a two-day period a fortnight ago. Similarly, flight bookings to Jaipur fell almost 1 per cent, data sourced from travel app ixigo showed.

"We have seen an average of 10-15 per cent decrease in train bookings and 5-10 per cent decrease in flight bookings to these cities in the past 48 hours," an ixigo spokesperson said. Agra only has two scheduled flights every week — Alliance Air flight from Jaipur that has been cancelled since last week because of an Indian Air Force exercise being conducted at the Agra Air Force base. However, between March 2 and March 3, train bookings to Agra fell 24 per cent, compared to February 17 and February 18.

The 11-per cent fall in the March 2-3 period over February 17-18 for flight bookings in Delhi is against an almost 25 per cent rise in bookings during the same period last year. Similarly, for Jaipur, flight bookings increased 34 per cent in the same two-day period in 2019, ixigo data showed.

Despite the sudden drop in interest for travel to Delhi and Jaipur, domestic destinations are seen to be gaining a leg up considering the situation of the virus outbreak across the world.

"Due to the prevailing situation of coronavirus in different locations across the globe, there are many destinations which are expected to face a drop in foreign tourist arrivals because of the advisories issued by various governments. Southeast Asia and Italy being one of the most preferred destinations for Indians, we can anticipate a drop of about 20-25 per cent in terms of future bookings, though it is too early to predict any drastic impact," said Sabina Chopra, co-founder and COO, corporate travel & head-industry relations, Yatra.com.

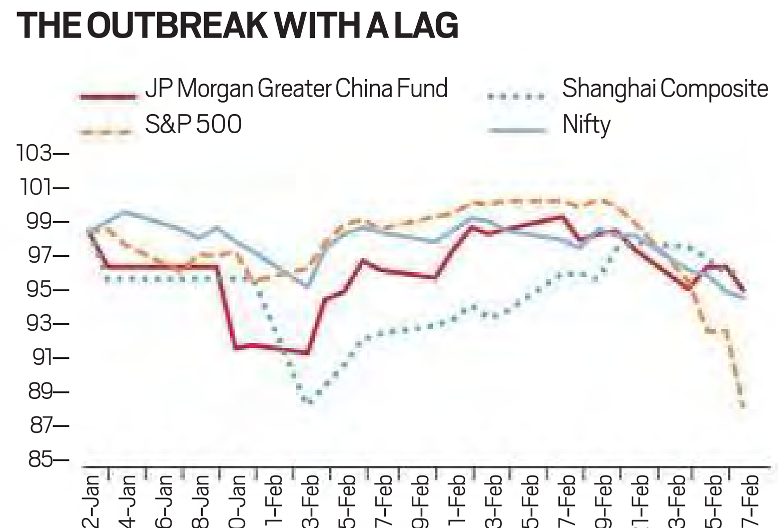
"They are wary of making fresh bookings to the affected locations and airfares to these destinations have dropped by 20-30 per cent. Travelers are now looking at alternate foreign destinations from India, such as Sri Lanka and Bhutan for summer travel. There is a hike in enquires to domestic destinations such as Andaman & Nicobar, Goa, Ujjain, North-east cities among others," Chopra added.

Chairman of Stic Travel Group and of Assocham Tourism Committee Subhash Goyal said there were 100 per cent cancellations for bookings to affected countries like China, South Korea and Italy. "People are generally afraid to travel because of the virus and we have seen 20-25 per cent cancellations from across the country," Goyal said.

'Anticipated downturn due to virus could prove speculative'

As the coronavirus outbreak is unfolding and its impact on market and economy needs close monitoring, some part of the anticipated downturn may prove speculative if medical development turns around, ASK Wealth Advisors said

MARKETS' REACTION HAVE FOLLOWED THE OUTBREAK WITH A LAG



Sources: Worldometers, Bloomberg, Media, ASKWA Research

● THOUGH MATERIAL, THIS EVENT RISK DOES NOT ALTER THE LONG-TERM GLOBAL INVESTMENT OPPORTUNITY, INCLUDING CHINA AND THE US

Recovering lost ground: Market reaction to the outbreak seems to have spaced out, and China — where markets initially declined — now has recovered most of its lost ground

Gold glitters: While investors seem to be staying off equities and bonds, as a hedge, gold has once again emerged as a safe haven

Payoff depends on risk appetite: Investors willing to take the risk stand to be rewarded, but at a higher risk

Indian markets relatively resilient: *Till recently, compared to global counterparts, Indian markets have been relatively resilient. The sell-off in both equities and bonds, mainly due to FIIs selling, is likely to reverse once the outbreak trend stabilises*

Source: ASK Wealth Advisors

Foreign investors pull out over ₹11,000 cr from markets in 3 days

ENS ECONOMIC BUREAU
MUMBAI, MARCH 4

THE SELL-OFF in the stock markets driven by the global impact of coronavirus has led to foreign portfolio outflows of over Rs 11,000 crore in last three sessions, putting the rupee under pressure.

The rupee hit a low of 73.63 on Wednesday but recovered to close at 73.39 against the dollar even as the US Federal Reserve slashed its policy rate by 50 basis points. "If the FPI withdrawal continues, the rupee will continue to be under pressure and touch even 74-75 against the dollar if the RBI doesn't intervene aggressively in the forex market. Markets expect the central bank to step in and sell dollars to prevent significant losses in the local unit," said an analyst with a research firm.

According to NSDL data, foreign portfolio investors (FPIs), who have now adopted a 'risk-off' approach, pulled out Rs 11,863 crore from India in three sessions with Rs 5,970 crore going out from the equity market and Rs 5,834 crore from the debt market. When the Sensex plunged 1,448 points on February 28, FPIs withdrew over Rs 3,300 crore from the market.

FPIs had invested around Rs 1 lakh crore in the equity market in calendar 2019 with the month of March 2019 witnessing the maximum inflow of Rs 33,981 crore. However, in the January-March period of 2020, there was a net outflow of Rs 1,936 crore with FPIs pulling out Rs 15,385 crore from the debt market and investing Rs 7,973 crore in equity and Rs 5,477 crore in hybrid and debt-VRR.

"The BSE Sensex plunged six percent while the Nifty 50 was down 6.3 per cent in the month of February making it one of the worst monthly fall since September 2018. The large fall was in the backdrop of COVID-19 infections cropping up in Europe, the Americas and the World Health Organizations' (WHO) warnings of possibility of a global pandemic. This fear combined with the fact that markets had already run-up, has also triggered a 'risk-off' attitude amongst foreign institutional investors who have emerged as net sellers," said a report from HDFC Securities.

Sensex falls 214 points

Mumbai: After the 480-point rally on Tuesday, stock markets were hit by a sudden spike in coronavirus cases in India on Wednesday. After swinging over 945 points during the day, the 30-share BSE Sensex settled 214.22 points, or 0.55 per cent, lower at 38,409.48. The broader NSE Nifty closed 52.30 points, or 0.46 per cent down, at 11,251. **ENS**

IRDAI asks insurance firms to design coronavirus policies

GEORGE MATHEW
MUMBAI, MARCH 4

'EXPEDITIOUSLY HANDLE CASES'

■ The regulator said when hospitalisation is covered, insurers will have to ensure cases related to COVID-19 are expeditiously handled

■ Costs of admissible medical expenses during the course of treatment during quarantine period has to be settled in accordance with the applicable terms of contract and the extant framework

THE INSURANCE Regulatory and Development Authority of India (IRDAI) has asked Indian insurers to design products covering the costs of treatment for coronavirus (COVID-19) in the country.

The IRDAI proposal is probably a first in the world at a time when coronavirus cases have seen a spike in the country. The regulator has said when hospitalisation is covered in a product, insurers will have to ensure that the cases related to coronavirus disease are expeditiously handled. "The costs of admissible medical expenses during the course of treatment including the treatment during quarantine period has to be settled in accordance to the applicable terms and conditions of policy contract and the extant regulatory framework," it said.

"All the claims reported under COVID-19 have to be thoroughly reviewed by the claims review committee before repudiating the claims," IRDAI said.

Insurers said they are looking at the IRDAI proposal. "This would be covered in any case under most health insurance policies as it would not be pre-existing. And GIC covers all such products. Perhaps, it might now be included under critical illness policies as well," said a GIC official. In order to provide need based health insurance coverage, insurers are introducing products for various specific diseases including vector borne diseases, IRDAI said, adding that this is being done for the purpose of meeting health insurance requirements of various sections. The regulator has also laid down norms to settle claims related to the treatment of coronavirus.

The regulator said these instructions will have to be implemented with immediate effect. Shreeraj Deshpande, chief operating officer, Future Generali India Insurance, said: "Any person who is hospitalised as a result of coronavirus and takes treatment will be covered as any other illness. The subsequent claims will be processed as per regular norms provided the individual has been hospitalised for 24 hours. The government has issued advisories on coronavirus infection and the insurance companies will be guided by that."

The virus doesn't have a vaccine yet, and it may take over a year to develop any vaccine for the disease, according to experts.

The regulator had recently set up a nine-member committee with former New India Assurance Chairman and MD G Srinivasan as Chairman and LIC Chairman MR Kumar as Co-chairman to study the feasibility of allowing life insurers to offer indemnity-based health policies. As of now, only general insurance firms and specialised health insurance companies are allowed to offer indemnity-based health policies. The IRDAI move follows intense lobbying by private life insurance companies for an entry into the fast-growing health insurance segment.

NO HUGS: OPEC ADVICE

Personnel check a man's temperature at a meeting of the Organization of Petroleum Exporting Countries in Vienna on Wednesday. Amid coronavirus outbreak, delegates have been given instructions: No handshakes, don't hug and wash your hands frequently. "Avoid close contact," reads a poster outside OPEC's headquarters. *AP*

Virus wipes out hopes of faster growth in 2020: IMF

Washintgton: The faster spread of the coronavirus will wipe out any hope of stronger growth in 2020, International Monetary Fund Managing Director Kristalina Georgieva said on Wednesday, adding a third of the Fund's 189 member countries were now affected.

Georgieva said the Fund now expects 2020 global growth will be below the 2.9 per cent rate for 2019 and revised forecasts will be issued in coming weeks.

The changed view would represent an over 0.4 percentage-point drop from the 3.3 per cent 2020 growth rate that the IMF had forecast in January due to the US-China trade war.

"Growth this year will fall below the level of last year," Georgieva said. She declined to say how far the escalating health crisis could push the world into a recession. **REUTERS**

IN COMBAT MODE

World Bank announces up to $12-bn funds

Washington: The World Bank on Tuesday announced an initial $12 billion in immediate funds to assist countries grappling with the coronavirus virus outbreak, which has spread quickly from China to around 80 countries.

Etihad asks cabin crew to take paid leave

Dubai: Etihad Airways is asking cabin crew to take paid leave next month due to the rapidly spreading coronavirus that has led to a drop in travel demand, it said Wednesday.

China passenger car sales fall 80% in Feb

Beijing: Passenger car retail sales in China fell 80 per cent in February because of the coronavirus epidemic, said the China Passenger Car Association. **REUTERS**