GOLD	RUPEE	OIL	SILVER
₹44,250	₹73.33	$51.17	₹47,517

*Indian basket as on March 4, 2020

SENSEX: 38,470.61 ▲ 61.13 **NIFTY:** 11,269.00 ▲ 18.00 **NIKKEI:** 21,329.12 ▲ 229.06 **HANG SENG:** 26,767.87 ▲ 545.80 **FTSE:** 6,670.34 ▼ 145.25 **DAX:** 11,858.90 ▼ 268.79

*International market data till 1900 IST

TACKLING COVID-19 DISRUPTION TO PHARMA SECTOR

Claims of drug price hikes 'unsubstantiated', no shortage of key ingredients: NPPA chief

PRABHA RAGHAVAN
AHMEDABAD, MARCH 5

CLAIMS OF medicine price hikes due to shortage of ingredients are "unsubstantiated" and the National Pharmaceutical Pricing Authority (NPPA) has already asked all states to ensure these products are not hoarded, said the drug pricing regulator's chief on Thursday.

"These are all unsubstantiated reports. The government is monitoring the situation and we have no indication of any increase in prices," NPPA chairperson Shubhra Singh told *The Indian Express* on the sidelines of the India Pharma 2020 and India Medical Devices 2020 conference here.

"We have written to the chief secretaries that they can take action against black marketers and hoarders under the Essential Commodities Act," she added.

"The government of India has taken all initiatives to see that, as far as our country is concerned, the coronavirus should be stopped and there should not be any hazards…My secretary (PD Vaghela) took stock of things about one week back and there is no shortage of any API (active pharmaceutical ingredient)," said Union Minister of Chemicals and Fertilizers DV Sadananda Gowda.

"There are certain confusions with regards to the medicine availability and other things. We have got sufficient medicines. We have got sufficient APIs so that, for three months, there is no shortage for production of medicines in the pharma sector," he added. APIs are key ingredients that give a drug its therapeutic effect.

Meanwhile, the All India Organisation of Chemists and Druggists (AIOCD), representing over 8 lakh chemists in India, has written to its members as well as all manufacturers, dealers and distributors stating that certain types of surgical masks, among other products, were also experiencing such shortages and price hikes.

"As you are aware that, due to international outbreak of coronavirus, there is a huge shortage and hike in prices of N95 masks, surgical masks, alcohol based hand sanitizers, handwash, infrared thermometers….," stated AIOCD's letter. In a separate letter, the organisation asked that these products be made available "at reasonable rates" in order to curb black marketing, "if any".

NPPA on Thursday evening also stated in a tweet that it has asked the Himachal Pradesh drug controller to "take notice" of reported problems faced by pharmaceutical companies in Baddi and "act immediately to ensure uninterrupted availability of APIs."

The Indian Express reported on March 3 that several pharmaceutical units in Himachal Pradesh had claimed that prices of APIs like paracetamol had nearly doubled since January and warned of suspension of production claiming scarcity of imports of such raw materials.

The NPPA's move to invoke provisions of the EC Act was recommended by a standing committee set up by the Department of Pharmaceuticals (DoP) over a month ago, *The Indian Express* has learnt.

The committee, chaired by Central Drugs Standard Control Organisation (CDSCO) joint drug controller Eswara Reddy, had observed traders and importers had begun to raise prices of some raw materials for widely used medicines, sources said. The ingredients were among a list of 58 APIs and key starting materials (KSMs) that the committee had identified as important for India to become self-reliant in so that the country could safeguard its pharma industry and ensure uninterrupted supply of medicines here.

The committee had suggested that the government invoke the EC Act to ensure that such price hikes do not occur and that states be issued advisories to ensure that importers, stockists and domestic manufacturers of these APIs and KSMs do not "hoard" or create "artificial scarcity".

E. EXPLAINED

Invoking EC Act among options to check misuse

THE GOVERNMENT says there is enough stock of drug ingredients to last another three months, yet certain companies have already begun claiming scarcity and higher prices of the products.

Officials feel certain players in the pharma supply chain may be using the COVID-19 outbreak to exploit others for more profits, and that invoking the EC Act might dissuade them from hoarding and artificially hiking prices.

RBI steps in for stability in times of coronavirus, low confidence in NPA-laden banking sector

ENS ECONOMIC BUREAU
MUMBAI, MARCH 5

AT A time when confidence in the NPA-laden Indian banking sector is at its lowest, and the economy is facing external headwinds — the global spread of the coronavirus — the Reserve Bank of India (RBI) finally stepped in and superseded the fifth-largest private sector bank's board.

With year-long efforts by the Yes Bank management to raise fresh funds coming to a nought, the RBI moved in to place curbs on Yes Bank to ensure stability in the financial sector, already hit by the collapse of mortgage firm DHFL, core investment company IL&FS and several other defaults.

Over the next 30 days, the RBI will try to put in place a "scheme for reconstruction or amalgamation" for the bank with assets of Rs 3,71,160 crore in June 2019. The collapse of Yes Bank could adversely impact sectors such as real estate, construction and NBFCs since these account for almost 25 per cent of the bank's advances. The RBI, which is the banker of the last resort, will look for a suitor to take over the bank at the earliest to restore confidence among depositors, who are jittery after the Punjab and Maharashtra Co-operative Bank incident.

Over next 30 days, RBI will try to put in place a "scheme for reconstruction or amalgamation" for Yes Bank with assets of ₹3,71,160 cr in June 2019

The central bank has signalled several times in the past that it will ensure financial stability to tackle domestic and global issues and retain the trust and confidence of people in the banking system. Responding to a specific question on market concerns on stability of certain financial institutions such as Yes Bank, RBI Governor Shaktikanta Das had, in a recent interview to *The Indian Express*, said, "We are very mindful of the aspect of financial stability in the case of banks... RBI will always ensure that stability of the banking sector is maintained." The RBI action on Yes Bank comes when the private bank has failed to bring any credible plan for the much-needed capital infusion, along with "serious deterioration in the financial position".

On Tuesday, when global central banks came together for a coordinated action following the spread of coronavirus and volatility in financial markets, the RBI also made it clear it stands ready to act. The RBI had said it was monitoring global and domestic developments closely and continuously and stands ready to take appropriate actions to ensure orderly functioning of financial markets, maintain market confidence and preserve financial stability.

The RBI moratorium on Yes Bank is the third major prompt corrective action by the central bank to bring stability and restore the confidence of investors and depositors in the financial system in the last one year.

Last year, the RBI slapped curbs on mortgage firm DHFL and Punjab and Maharashtra Co-operative bank for mismanagement and fund diversion. The larger economy has benefited from the timely interventions of the central bank when things appeared to go out of control.

SECTOR WATCH
CREDIT

'Women borrowers growing faster than men; Maharashtra, Tamil Nadu lead list'

64% of self-monitoring women consumers are millennials: Cibil

ENS ECONOMIC BUREAU
MUMBAI, MARCH 5

THE PARTICIPATION of Indian women consumers in the credit market is increasing rapidly, with the number of women borrowers in India increasing by 26 per cent since September 2013, showing a faster growth than male borrowers who showed an increase of 21 per cent, says a report from TransUnion Cibil.

Awareness and credit consciousness among women borrowers has improved, with self-monitoring consumers growing 62 per cent between 2018 and 2019

According to TransUnion Cibil, 30 million women borrowers have gained access to credit products, with the share of women borrowers to total borrowers rising to 26 per cent as of September 2019, up from 21 per cent in September 2013.

As the number of women borrowers has grown, awareness and credit consciousness among these women borrowers has also improved with self-monitoring women consumers growing by 62 per cent between 2018 and 2019. "This is twice the growth rate of self-monitoring male consumers (30 per cent)," it said.

TransUnion Cibil chief operating officer Harshala Chandorkar said, "The significant increase in the number of women who are seeking credit products is a promising indicator of the evolution of India's credit market which has enabled increased economic opportunities for women borrowers. Financial institutions must unlock the significant potential that lies in customising product constructs for women borrowers to further drive business growth and enable greater customer experience for women consumers."

As per the Cibil insights, 56 per cent of these self-monitoring women consumers are from the states of Maharashtra, Tamil Nadu, Karnataka, Telangana, and Delhi. "It is important to note that while Andhra Pradesh only contributes to 5 per cent of this segment, 44 per cent of them go on to avail a loan or credit card within three months of checking their credit score and report," Cibil said.

Interestingly, 64 per cent of self-monitoring women consumers are millennials. "In the Indian credit and loan landscape, lenders are looking to onboard credit conscious consumers who will comply with the loan agreement and will repay the amount in full on time. A consumer's score and report is a reflection of this credit-consciousness," says Sujata Ahlawat, VP and head of direct-to-consumer interactive, TransUnion Cibil.

"Indian women consumers are indeed much more cautious, conscious and responsible when it comes to credit, and it is interesting to see that their top loan preferences range from personal loans and consumer durables to credit cards. Women consumers may be viewed more positively because of better credit profiles than their male counterparts, and that will translate into more access to credit and faster loan approvals, too," Ahlawat said.

Within three months of checking their credit score and report, 52 per cent of women consumers apply (enquire only) for at least one loan account or credit card. Additionally, 35 per cent of the overall base will go on to open a loan account or avail a credit card. Women have demonstrated their credit consciousness and within six months of checking their score and report, 45 per cent of them have improved their credit profiles.

The government and lenders are acknowledging this credit consciousness among women consumers. They have introduced various initiatives to boost women's access to loans by providing them affordable credit. Lenders are also creating loans and credit card offerings that are specifically aimed at the woman consumer.

Daily review of export curb on paracetamol, Vitamin B12, other constituents being done: DoP Secretary

PRABHA RAGHAVAN
AHMEDABAD, MARCH 5

THE GOVERNMENT'S move to restrict exports of drug ingredients like paracetamol, Vitamin B12 and progesterone is only a temporary measure to ensure India has enough stock of these products while it waits for operations in a COVID-19-affected Chinese province supplying these products to resume. The situation is being reviewed daily and export obligations of companies are not expected to get affected, according to officials and industry executives close to the development.

'DRUGS FROM HUBEI NOT COMING'

■ "Operations in other provinces have restarted, we have been told ... Hubei is still not operational and the drugs that are made there are not coming here as of now," said DoP Secretary PD Vaghela

China accounts for nearly 70 per cent of India's total imports of raw drug materials like active pharmaceutical ingredients (APIs) and the key ingredients used to make them (KSMs).

"The responsibility of the government is such that, when some issues and some situation arises, for a few days, we need to take some (measures). For that it (the export restrictions) has been done," Minister of Chemicals and Fertilizers DV Sadananda Gowda said on the sidelines of the India Pharma 2020 and India Medical Devices 2020 conference here.

Department of Pharmaceuticals (DoP) Secretary PD Vaghela said the move was "a very temporary" measure, as only exports of drugs made using ingredients sourced from China's Hubei province (still on lockdown) were restricted by the Directorate General of Foreign Trade earlier this week.

"Operations in other provinces have restarted, we have been told. But Hubei is still not operational and the drugs that are made there are not coming here as of now. So, naturally, we would have to restrict exports a little so that India does not experience a scarcity of these products," said Vaghela.

"Even in this case, we are allowing exports of those companies with a Letter of Credit or with goods already in transit. And this is being reviewed everyday. As soon as the situation gets resolved (the restrictions will be relaxed)," he said, reiterating that the move was "not a ban".

While the Secretary declined to comment on the size of these exports, another official said save for exports of the paracetamol API and the formulations made from it, the exports of these products were "not substantial".

According to the Commerce Ministry, these 13 APIs and the formulations made from them contribute to over $7 billion in exports and nearly $2 billion in imports, but these figures also include trade of other drugs falling in the same categories as some of these products. The official cited above said the actual exports of these products may be $500-600 million.

Airlines may lose $113 bn in revenue due to China virus: IATA

ENS ECONOMIC BUREAU
MUMBAI, MARCH 5

THE INTERNATIONAL Air Travel Association (IATA) has estimated that the financial impact of the coronavirus (COVID-19) on the passenger business of airlines would be somewhere between $63 billion and $113 billion.

Earlier, when the virus was still confined to China, IATA's revenue impact estimate was significantly lower, at $29.3 billion.

Industry players fear that the impact of this Black Swan event on the industry will be similar to that of the global financial crisis of 2008. "Airline share prices have fallen nearly 25 per cent since the outbreak began, some 21 percentage points greater than the decline that occurred at a similar point during the SARS (Severe Acute Respiratory Syndrome) crisis of 2003," IATA said on Thursday.

Assuming a decrease in passenger numbers in all the markets, which have at least 10 confirmed COVID-19 positive cases as of March 2, the IATA estimated a 19 per cent loss in worldwide passenger revenues, aggregating to around $113 billion. **FE**

OPEC backs biggest oil cut since 2008 crisis, awaits Russia nod

REUTERS
VIENNA, MARCH 5

OPEC AGREED on Thursday to cut oil output by an extra 1.5 million barrels per day (bpd) in the second quarter of 2020 to support prices that have been hit by the coronavirus outbreak, but made its action conditional on Russia and others joining in.

The oil demand outlook has been pummelled by governments' steps to halt the spread of the virus, prompting OPEC to consider its deepest cut since the 2008 financial crisis.

Demand growth forecasts in 2020 have been slashed as factories have been disrupted, people have been deterred from travelling and other business activity has slowed. Oil prices edged lower on Thursday as the coronavirus epidemic showed no signs of slowing, with deaths mounting. Brent was trading almost 2 per cent down at $45.85/bbl (1:20AM IST).

Equatorial Guinea's Mines and Hydrocarbons Minister Gabriel Mbaga Obiang Lima (left) greets an employee of OPEC in Vienna on Thursday. *AP*

IMF pledges $50 billion, warns of growth plunge

ENS ECONOMIC BUREAU
NEW DELHI, MARCH 5

THE INTERNATIONAL Monetary Fund (IMF) has announced a $50-billion support for the developing countries grappling with the coronavirus outbreak and warned that the epidemic could drive down 2020 global economic growth to the worst level since the 2008 financial crisis.

In a late-night statement on Wednesday, the multilateral body pledged to make the funds available to help poor and middle-income countries where healthcare system remains inadequate to deal with such an epidemic.

With this, the IMF joined governments, central banks and multilateral bodies globally to firm up steps to deal with the epidemic that has spread to over 70 countries, with its epicentre in China. **FE**

IRDAI proposes hike in third party premium for vehicles

ENS ECONOMIC BUREAU
MUMBAI, MARCH 5

THE INSURANCE Regulatory and Development Authority of India (IRDAI) has proposed a hike in third party motor insurance premium for several categories of private cars, two-wheelers and heavy vehicles for the year 2020-21.

For private cars between 1000 cc and 1500 cc engine capacity, the third party premium will rise from Rs 3,221 to Rs 3,383. In case of two-wheelers between 75 cc and 150 cc engine capacity, the premium will rise from Rs 752 to Rs 769.

For three-year single premium for new private cars between 1000 cc and 1500 cc capacity, the rate has gone up from Rs 9,534 to Rs 10,149. The five-year single premium for two-wheelers between 75 cc and 150 cc has gone up from Rs 3,285 to Rs 3,845.

Every year, the regulator decides the third party insurance premium that remains the same across all the insurers. The premium is evaluated considering the annual claims data of all insurers across different cubic/engine capacity of the vehicle. Under a motor insurance policy, there are two major components: Third-party insurance and Own Damage Insurance. As per The Motor Vehicles Act, 1988, it is mandatory to insure vehicles with at least third-party insurance cover.

IRDAI said the data provided by the Insurance Information Bureau of India was used or arriving at the motor TP premium rates. "The claims paid data in respect of each of the accident years starting from the year 2011-12 up to 2018-19 has been considered," it said.

THIRD PARTY PREMIUM (IN ₹)

PRIVATE CARS	EXISTING	NEW
Not exceeding 1000 cc	2,072	2,182
Between 1000 cc and 1500 cc	3,221	3,383
Exceeding 1500 cc	7,890	7,890
TWO WHEELERS		
Not exceeding 75 cc	482	506
Between 75 cc and 150 cc	752	769
Between 150 cc and 350 cc	1,193	1,301
Exceeding 350 cc	2,323	2,571
LONG-TERM PREMIUM		
New Private Car – Three year single premium		
Not exceeding 1000 cc	5,286	6,079
Between 1000 cc and 1500 cc	9,534	10,149
Exceeding 1500 cc	24,305	24,305
New Two Wheeler – Five year single premium		
Not exceeding 75 cc	1,045	1,223
Between 75 cc and 150 cc	3,285	3,845
Between 150 cc and 350 cc	5,453	6,505
Exceeding 350 cc	13,034	13,034

'Non-bank lenders growing riskier unsecured loans'

The non-bank lenders' segment is "defying caution" and growing the riskier unsecured loans portfolio at a pace of 25 per cent in the current fiscal, a Crisil report said

REASONS
■ Rising propensity for personal loans
■ Attractive risk-adjusted returns

STATUS CHECK
The going has been very difficult for the NBFC segment since the crisis at infra-focused lender IL&FS in September 2018, with liquidity getting scarce and the economy slowing down

25% The growth in the unsecured books at 25 per cent is four times that of the decadal lows in overall assets under management, which are set to clock a 6-8 per cent growth in FY20

LOWER THAN FY2019
It is lower than the CAGR of 30 per cent in unsecured loans for the fiscal years till FY2019

CHALLENGES FACING THE SECTOR
■ Constrained funding access amid rising borrowing costs
■ Re-calibration
■ De-risking of loan books

9% The share of unsecured loans in the overall assets under management for the non-bank lenders is set to grow by 1.50 percentage points in a single year to 9 per cent now

Under 3% *Delinquencies in the personal and consumer durables loans are expected to inch up this fiscal but will still be under 3 per cent*

Source: Crisil/PTI