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WEEKEND SEPARATE SECTION
MENTAL HEALTH THE NEXT CRISIS IN COVID-19 TIMES

COMMODITIES P9
VEGETABLE, FRUIT ARRIVALS AT *MANDIS* SEE SHARP DECLINE

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Most states pitch for lockdown extension

Want Centre to take final call as PM meets CMs today

ARCHIS MOHAN & ARUP ROYCHOUDHURY
New Delhi, 10 April

Most large states by Friday evening had suggested the lockdown should be extended beyond April 14, preferably until the end of the month, but they left it to the Centre to take a final call on a "graded" lifting of the curbs, and whether it wished to restart some economic activity.

Prime Minister Narendra Modi will meet state chief ministers on Saturday to discuss the issue further, and is slated to address the nation in the next couple of days to inform it on the way forward.

The Punjab government on Friday extended the lockdown in the state until May 1, without waiting for the PM's announcement, becoming the second state to do so. On Thursday, Odisha had extended the lockdown until April 30. However, Punjab will relax the curbs to allow crop harvest and grain procurement.

Senior policymakers said the Centre would work with states to identify areas, which they call 'green zones', where industrial and economic activity could be resumed. The sense in the government is that the extended lockdown may not be as comprehensive as the one that ends on April 14.

There have been missives by the Centre to the states, including by the home secretary and consumer affairs secretary, on the need to revive limited industrial activity, factories, and warehouses to replenish depleting stocks of essential commodities and enable labour for these operations. Turn to Page 9

GLOBAL DEATH TOLL CROSSES 100,000

VIRUS TRACKER

INDIA	Total 6,761	Recovered 515	
	Active cases 6,039	Deaths 206	
WORLD	Total 1,650,210	Deaths 100,376	

Note: Total cases include 1 migration; figures as of 11 pm IST
Sources: Ministry of Health; Johns Hopkins Coronavirus Resource Centre

A worker delivers essentials as police personnel stand guard outside the sealed KDP society, identified as a Covid-19 hotspot, in Ghaziabad PHOTO: PTI

INSIDE

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PRIVATE HOSPITALS BATTLE FOR SURVIVAL P2

HOWRAH FEELS THE VIRUS PINCH P4

Telcos' revenues rise 15% as usage surges

Top line gets boost in March qtr as more people work from home

SURAJEET DAS GUPTA
New Delhi, 10 April

Revenues of telecom companies are estimated to have grown by 15 per cent in the quarter ended March 31 compared with the previous quarter, thanks to a surge in data consumption as a large number of office workers shifted to work from home and people were forced to stay indoors owing to the coronavirus pandemic.

Based on feedback from its members, which include Bharti Airtel, Vodafone Idea, and Reliance Jio, among others, the Cellular Operators Association of India (COAI) said the average revenue per user in Q4FY20 would be ₹140-145, up from ₹124 in the December quarter.

"The increase in revenues has primarily been because of a spurt in demand for data. (Telecom) traffic jumped by 15 to 30 per cent in March as the lockdown was followed by work from home. This is despite the fact that the net subscriber addition for March was only 0.5 million, as against an average of 2.5 million per month, due to the lockdown and limited scope for adding fresh subscribers," Rajan S Mathews, director general, COAI, said.

Revenues, he said, would have been even higher if telcos had not given ₹600 crore worth of freebies, in terms of more data and minutes of usage, to customers at the same price after the Covid-19 outbreak. Turn to Page 9

BUCKING THE TREND

₹140-145 Expected average revenue per user (ARPU) in Q4FY20, as against ₹124 in the previous quarter

₹180 ARPU projection for December end

15-30% Increase in traffic in March over the previous month

500,000 Net subscriber addition in March, as against an average of 2.5 million per month

HIGHLY RATED FIRMS FOCUS ON PRESERVING CASH

In an indication that India's high rated companies are preparing for the long haul, they are opting for a moratorium on debt servicing. Experts say the focus is on preserving liquidity as there is uncertainty over the duration and impact of the lockdown. Firms with relatively high financial stability and part of reputed conglomerates are also opting for the moratorium. **AMRITHA PILLAY** writes 2

BIDDERS JITTERY OVER IMPACT ON BANKRUPT COMPANIES

Bidders of bankrupt companies are going back to the drawing board on their offers submitted to the lenders and are seeking legal advice whether they can withdraw or modify them. The bidders say the Covid-19 pandemic has changed the business environment and they will now make lower offers. They also want the force majeure clause to be included in new contracts. **DEV CHATTERJEE** writes 2

CORONAVIRUS IMPACT

ADB PLEDGES $2.2 BN TO BOLSTER INDIA'S HEALTH INFRA, MSMEs

The Asian Development Bank (ADB) will provide India $2.2 billion (about ₹16,000 crore) to help the country ramp up health infrastructure and bolster micro, small and medium-sized enterprises (MSMEs) facing hardships because of the coronavirus-related lockdown. "The ADB is committed to supporting India's emergency needs. We are now preparing $2.2 billion in immediate assistance," it said. 4

ECONOMY & PUBLIC AFFAIRS P4

ED seizes luxury vehicles owned by Wadhawans

The Enforcement Directorate on Friday issued seizure orders for five luxury vehicles in which Dewan Housing Finance promoters Kapil and Dheeraj Wadhawan travelled to their farmhouse in Maharashtra's Mahabaleshwar during the coronavirus lockdown, officials said.

COMPANIES P3

IndiGo to discontinue meal service briefly

IndiGo will fill its airport buses at 50 per cent capacity when services resume. The airline will also discontinue on-board meal services, Chief Executive Officer Ronojoy Dutta told employees on Friday. These along with frequent deep cleaning of aircraft are part of the changes that the airline will do.

Capacity utilisation of FMCG firms takes a hit

Manufacturing activity continues to suffer at most plants of leading fast-moving consumer goods companies as the lockdown and containment zones cripple day-to-day operations. Firms said goods and labour remained restricted, impacting sales. 3

BS SPECIALS ON SATURDAY

OPINION
Creating fiscal space for the states 6
In the second part of a series, **DEVESH KAPUR** & **ARVIND SUBRAMANIAN** say the massive uncertainties require room for discretion to serve as a necessary handmaiden of rules that cannot alone cater to all contingencies.

WEEKEND RUMINATIONS
Just-in-time virus 7
Mistakes are being made, but it is easy to ride out criticism when the nation is rallying round the leader. Mr Modi is too smart a politician to miss the opportunity in a crisis, and is using it to bolster his own image. **T N NINAN** writes

NATIONAL INTEREST
Middle path medicine 7
The lockdown has worked. But an overdose of it could kill through long-lasting side-effects. It should be systematically loosened or de-escalated, writes **SHEKHAR GUPTA**

Data office stares at lockdown blues

DILASHA SETH
New Delhi, 10 April

The National Statistics Office (NSO) is facing a distinct challenge during the coronavirus-triggered lockdown: How to gather accurate data to compute retail inflation and industrial production, which are among the key metrics for the economy?

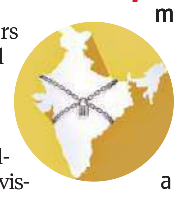
Closed shops and markets, field officers working from home, and factory personnel unavailable to provide data are the hurdles the statistics department is battling during this unusual time. With data collection officers working remotely, price data is being collected on phone rather than through physical visits for the consumer price index (CPI), raising accuracy concerns. The other challenge relates to the closure of some markets which will need to be replaced with the ones that are still open.

Monthly price data is collected from 1,114 markets across 310 towns by the field operations division of the statistics ministry and the specified State/UT Directorates of Economics and Statistics as well as from 1,181 villages by the Department of Posts.

"We are devising alternate strategies for collecting and compiling data" said Pravin Srivastava, chief statistician of India. Turn to Page 9

COLLECTION WOES

CPI inflation data is collected from:



1,114 markets of 310 towns by field officers and specified state/UT directorates of economics and statistics

1,181 villages by the Department of Post

- NSO will now ask the 16 source agencies to gather whatever factory data they can, of the pre- and post-lockdown period

Cargo clogs airports, ports, rlys

If lockdown continues, cargo movement is expected to drop another 10-15%

ADITI DIVEKAR, ARINDAM MAJUMDER, ANEESH PHADNIS & SHINE JACOB
Mumbai/New Delhi, 10 April

A severe shortage of workers and transport in clearing cargo has clogged airports, ports, and, to some extent, railway stations. This is despite the fact that freight movement by air and rail and even trade cargo handled at ports face no lockdown restrictions.

The ambiguity surrounding the definitions of essential and non-essential commodities is lending impediments to the process. Waiving demurrage charges at airports is acting as a disincentive for importers in taking their goods.

The civil aviation ministry had last month ordered a 50 per cent waiver in demurrage charges in order to unclog import warehouses at airports and facilitate a smooth movement of essential items during the lockdown period. However, the customs department is saying this will discourage more importers and brokers from lifting their consignments and cause further congestion at ports and airports.

Demurrage refers to the penalty levied on importers by air cargo terminal operators for delays in clearing shipments and is collected on the basis of weight (kg). Sources said more than 3,000 tonnes of goods, mostly valuable products like electronic consumer durables and automobile products, were lying at Delhi airport.

"There is a problem of cargo clearance at terminals, barring medical and essential supplies, which have been ordered for disease combat. Other items are not being cleared because there is a shortage of truckers, trolleys, and people working in this," said a customs official at Delhi airport.

Besides, industry officials said cargo movement at ports had dropped by 50-60 per cent in the last few weeks due to lower industrial production in the country. Turn to Page 9

More than 3,000 tonnes of goods, mostly valuable products like electronic consumer durables and automobile products, are lying at Delhi airport

IN BRIEF

ZEE invests ₹522 crore in tech subsidiary Margo Networks

Media major Zee Entertainment (ZEE) has invested ₹522 crore in tech subsidiary Margo Networks, which offers streaming and advertising services under the 'SugarBox' brand name. ZEE owns 80 per cent in Margo. The additional investment will be used for operational and financial support. "Our investment in SugarBox gives a strong fillip to our overall digital business, sharpening its approach by many folds. The unique technology will enable us to serve content to consumers across the nation, without being restricted by connectivity constraints," said Punit Goenka (*pictured*), managing director and chief executive officer, Zee Entertainment. **BS REPORTER**

TCS to announce FY20 results on April 16

Tata Consultancy Services (TCS) on Friday said it will announce its fourth-quarter and FY20 results on April 16. "...a meeting of the Board of Directors of TCS is scheduled to be held on Thursday, April 16, inter alia to approve...the audited financial results of the company under Indian Accounting Standards for the year ended March 31," TCS said. **PTI**

Telecom infra firms ask BSNL to clear ₹1,500-crore dues

Telecom infra firms have asked BSNL to immediately clear ₹1,500 crore dues for continued services. Telecom infrastructure firms have asked state-run firm BSNL to clear dues totalling ₹1,500 crore on urgent basis, saying they are unable to meet critical expenses necessary for maintaining network. **PTI**

Gujarat-based Inali to develop affordable ventilator prototype

Inali, known for building low-cost bionic prosthetic limbs using 3D printing technology, is working with Dassault Systèmes to develop a safe and affordable "smart ventilator" that could be quickly manufactured and deployed for emergency use to help with severe cases in the Covid-19 pandemic. The development of the ventilator took less than eight days and costs only $200 (₹15,000). **BS REPORTER**

ITC launches liquid hand sanitizer amid Covid-19

Cigarettes-to-hotels major ITC has launched a liquid hand sanitizer under the Savlon brand. Priced at ₹250 for a 500 ml bottle, ITC claimed the formulation offers both quick and persistent action and helps protect against many enveloped & non-enveloped viruses in addition to 99.99 per cent bacteria & fungi. **BS REPORTER**

Vijay Mallya gets bankruptcy reprieve from UK High Court

In a relief to liquor baron Vijay Mallya, the High Court in London has deferred hearings on a plea by the SBI-led consortium of Indian banks, seeking the indebted tycoon to be declared bankrupt to enable them recover a loan of around £1.145 billion from him. **PTI**

Prosus commits ₹100 crore for PM CARES Fund

Prosus, backed by global consumer Internet group of Naspers, has committed ₹100 crore to the Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund. Prosus has been an investor in India since 2005 and counts Byju's, Honor, iFood, LazyPay, letgo, Meesho, OLX, PayU, Red Dot Payments, Swiggy, and Udemy among those it has either invested in, built or acquired **BS REPORTER**

Finances down but Air India still afloat, says Rajiv Bansal

Air India chief Rajiv Bansal (*pictured*) on Thursday said that the "crippling effect" of coronavirus has further plummeted the airline's finances to a "precarious" position but despite that, it has managed to stay afloat. Bansal also assured the employees of providing all the "essential armoury" in carrying out evacuation. "Air India has been passing through a critical financial condition much before the Covid-19 onslaught. The crippling effect of the pandemic, especially in the aviation sector, has further plummeted our finances to a precarious position. In spite of this, your airline has left no stone unturned to continue to remain afloat," Bansal said in a message to Air India employees on Thursday. **PTI**

Bidders jittery over Covid-19 impact on bankrupt companies

Seek legal advice, want force majeure clause included in new contracts

DEV CHATTERJEE
Mumbai, 10 April

The bidders of bankrupt companies are going back to the drawing board on their offers submitted to the lenders and are seeking legal advice whether they can withdraw or modify them. The bidders say the Covid-19 pandemic has changed the business environment and they will now make lower offers.

As the contracts with banks did not have the force majeure clause so far, the bidders also want it to be included in the new contracts henceforth. "Some of the ongoing cases like Lavasa Corporation, Dewan Housing, and Reliance Communications are still pending for resolution and we will see several bidders backing out or making lower offers," said a banker involved in the Insolvency and Bankruptcy Code (IBC) process.

However, the cases that have already received the NCLT approval, for example the JSW's acquisition of Bhushan Power, the bidders will not be able to re-negotiate.

Bidders said falling economic growth, a weak rupee coupled with lower customer demand will make it difficult for them to turn around companies. "All the projections will have to be remade. The bidders who have not won any mandate so far had a lucky escape."

Due to Covid-19, a bidder said several steel plants taken over by new owners were now either shut down or were operating at a very low capacity.

"All the internal projections made by the bidders on revenues and profits have gone haywire and some of them will have to retrench people and cut salaries," said former chief executive of a steel company. "The Covid-19 pandemic will bring down the valuation of all assets that have not seen a resolution so far," he said.

The pandemic has changed the business sentiments with several analysts expecting Indian economy to grow at a lower level. Global bank UBS expects India's real GDP growth to slow sharply to 2-2.5 per cent in the June 2020 quarter, from 4 per cent on a year-on-year basis in the March-20 quarter. If the efforts are successful in getting the virus under control over the coming weeks, the recovery should begin to gather steam from the second half of current financial year but this projection depend on the efficacy of the policy stimulus in supporting economic activity, it said.

Bidders said there was ambiguity in the insolvency law about the force majeure and business disruption clause. "Unless some companies have included force majeure clause in their offers, the others will find it difficult to go back on their offers," said head of an asset reconstruction company asking not to be quoted. "But bidders have already indicated that they will not be able to stick to the offers made till date," he added.

According to IBBI data, since the coming into force of the insolvency law with effect from December 1, 2016, as many as 3,312 companies faced the proceedings till December 2019. Of these, 246 cases have been closed on appeal or review or settled while 135 have been withdrawn. Close to 780 have ended in liquidation and 190 have ended in approval of resolution plans. About 1,961 cases are still under active negotiations.

CHANGE IN PLANS

- Bidders worried over worsening economy
- Want to make changes in bids already made to CoC
- Banks ready to re-negotiate
- New offers to reduce cash component of offers
- RCom, Lavasa, DHFL to see revised offers

India Inc opting for moratorium on debt

AMRITHA PILLAY
Mumbai, 10 April

In an indication that India's high-rated companies are preparing for the long haul, they are opting for a moratorium on debt servicing. Experts say the focus is on preserving liquidity as there is uncertainty over the duration and impact of the 21-day nationwide lockdown imposed to check the spread of Covid-19.

The list of companies opting for the moratorium includes those that are part of reputed conglomerates and enjoy relatively higher financial stability. Tata Power, for instance, plans to accept the moratorium. "We will be availing of the moratorium offered by banks extending the period by three months for repayment of loan and interest cost," Tata Power told *Business Standard* on Thursday.

The Reserve Bank of India (RBI) allowed lending institutions to offer a moratorium of three months to borrowers on the payment of term loan installments due between March 1 and May 31 with continued interest accrual during this period. This was done to help borrowers — companies and individuals — to cope with the financial disruption caused by Covid-19 and the lockdown.

"We are seeing even high-rated companies accept the moratorium to preserve liquidity, some of these are subsidiaries of big conglomerates," said Ratnam Raju, associate director, group head of infrastructure and project finance at CARE Ratings.

Executives from the rating industry, who have been receiving notifications from companies, say some companies with ratings as high as 'AAA' are also accepting the option. Companies enjoy a higher rating for their capabilities to service debt in a timely manner.

For JSW group, a few companies in the group have accepted moratorium as per industry sources but a senior company official said "not true fully" indicating not the entire group on all facilities from all banks.

There are some outliers. Larsen & Toubro, according to a top official, will not opt for the moratorium. A spokesperson for Aditya Birla Group did not offer any immediate comment on whether group companies would opt for the moratorium.

A query to the Adani Group remained unanswered, an executive for its transport subsidiary, however added, "The company has not yet taken any disbursements from banks for its road and water projects".

Rating executives say the uncertainty is driving companies to accept the higher cost of borrowing (as interest may compound). One executive pointed out that a company with ₹2,100 crore cash on its books was also accepting the moratorium.

"Slightly higher cost of debt is of a lesser concern, more important is to maintain sufficient liquidity," said Rajat Bahl, chief ratings officer, Brickwork Ratings. He said the number of companies opting for it was going to be in the hundreds if not thousands.

In terms of business, most feel those dependent on periodic rentals are more inclined to accept the moratorium. "Companies with an exposure to monthly rentals like commercial real estate as well as toll companies are also opting for it. The focus currently is to hold on to liquidity," said Shubham Jain, senior vice-president and group head, Icra.

In addition, companies operating in sectors like airlines and hospitality — worst hit by Covid-19 — are also opting for the pause. "Revenues for these sectors have already been impacted. In sectors like power generation, companies are opting for it (moratorium) and are looking at conserving cash. This is across the spectrum — public and private sector. No one knows when this logjam will end and most want to keep more liquidity than normal," said Sachin Gupta, senior director, CRISIL Ratings.

INDIA INC & MORATORIUM

"We are seeing even the high-rated companies accept the moratorium on loan payments in a bid to preserve liquidity. Some of these are subsidiaries of big conglomerates"
RATNAM RAJU,
Associate director (Group head of Infrastructure and project finance) at CARE Ratings

"We will be availing the moratorium offered by banks, extending the period by three months for repayment of loan and interest cost"
TATA POWER
in a company statement

"No one knows when this logjam will end. Most want to keep more liquidity than normal"
SACHIN GUPTA,
Senior director, CRISIL Ratings

Auto manufacturers face second-hand challenge

SURAJEET DAS GUPTA
New Delhi, 10 April

Car manufacturers and dealers will have to brace for fresh challenges from the second-hand market amid the coronavirus (Covid-19) outbreak.

The second-hand vehicle segment is expected to capture a larger share of the two wheeler and passenger car markets. This is because consumers are postponing their purchases owing to a dent in their pockets.

These are some key findings by PwC, which made a presentation to members of the Society of Indian Automobile Manufacturers (SIAM) this week to discuss the impact of Covid-19 on the sector.

Now, automotive original equipment manufacturers will have to strengthen their pre-owned vehicles business.

Also, shared mobility services (like Uber and Ola) will remain subdued in the coming months with consumers preferring to have their personal mode of transport. This will provide a window for passenger cars to show strong growth post recovery.

PwC predicted that in a realistic scenario, the auto industry will see a delayed recovery sometime in the fourth quarter of FY21. But its pessimistic projection is for Q1 FY22. It has also predicted pay cuts, temporary job losses and poor consumer sentiment.

PwC has warned SIAM of steep fall in sales in FY21 – 18 per cent for two wheelers, 12 per cent for passenger cars and 21 per cent in the case of commercial vehicles.

It points out that the commercial vehicles segment is already carrying excess capacity (GST impact and lower axle lading movement of goods due to the weak economy). With logistics disruption likely to continue in hot zones and customers in no mood to invest, this sector will show a delayed recovery, said PwC.

PwC also predicted that there will be a sharp downgrading by buyers — consumers who buy passenger cars or two wheelers will go one segment lower. But one good thing it said is that online sales will now grow across the auto sector. Also, rural market recovery will be slower than urban. This will have repercussions on sale of two wheelers.

Also, the consultancy firm said Indian consumers are expected to show the same behaviour as China where preference for taxis and car hailing went down by 15 per cent post Covid-19.

Even public transport was hit with a 3 per cent decline in preference among users.

The presentation also estimated that global supply chain disruption impact on auto components would continue for over six months. According to estimates, the top five at risk in auto components constitute nearly 79 per cent of all component imports (by value) in India.

As much as 31 per cent of components come from countries that are at high risk, including China, Germany and South Korea.

PwC also points out to some key factors, which will impact automotive demand over FY21.

It is to be seen whether OEMs will defer launches and whether they will offer high discounts as well as pass on the BS-VI cost increase to consumers.

Another thing to watch out for is whether vehicle financing costs will come down sharply.

Also, a key factor would be what sops the government offers to the industry to reduce taxes and duties.

HITTING THE BRAKES

Figures in million

	2019-20	2020-21 (realistic)	2020-21 (pessimistic)
Two-wheelers	17.2	14.2	13.4
Passenger cars	2.75	2.43	2.26
Commercial vehicles	1.34	1.06	0.99

Source: PwC

With OPD footfall plunging, pvt hospitals battle for survival

SOHINI DAS & GIREESH BABU
Mumbai/Chennai, 10 April

AK Kaushik, who heads a group of hospitals around Varanasi, says he is finding it difficult to pay his staff salaries on time now. Out-patient department (OPD) footfall has stagnated, so have elective procedures. Patients are avoiding hospital visits as much as possible.

"I have a staff of 600 people across my three hospitals in Varanasi, Gopiganj and Mirzapur. I am now finding it difficult to pay their salaries on time with such a huge shortfall in revenues," says Kaushik.

From OPD to in-patient department (IPD) or admissions, the conversion rate is roughly 10-12 per cent for the industry. With OPDs down, there are hardly any admissions. Private hospitals, especially smaller standalone ones, are staring at a crisis that they were not prepared for. Analysts say larger corporate chains have to brace up for at least six months for business to return to normal.

Edelweiss analyst Ankit Hatalkar said while the impact of the disruption was sudden, it is likely to last till India's coronavirus disease (Covid-19) cases are brought under control. "There is no accurate way to guess timelines on that, but suffice to say that business as usual for hospitals may be a distant scenario. With OP occupancies, particularly for elective surgeries, now at an all-time low, we believe procedure pipelines are likely to remain dry through H1FY21 (first half of financial year 2020-21) and earnings will remain subdued through FY21."

There are fixed costs such as salaries, electricity bills, annual maintenance contract, and these run into several crores a month for a sizeable hospital PHOTO: REUTERS

On top of this, lack of preparation to equip their staff to handle Covid-19 patients, is forcing hospitals to shut down.

Sample this: In the past 24-hours at least two city hospitals, one in Tardeo (Bhatia Hospital) and another in Mulund (Spandan) shut down after patients there tested positive. At Spandan, for example, around 65 doctors and nurses have been quarantined. In Mumbai, major hospitals like Wockhardt and Jaslok have already been declared containment zones. Ironically, both were designated centers for treating Covid-19 patients.

"Hospitals first need to invest in personal protective equipment (PPE) kits for staff, whether or not they are treating Covid-19 patients. These kits come for at least ₹1,800 or so per unit, and that is why smaller hospitals are shying away or are re-using kits. Some are wearing the same kit through the day during which period they attend to multiple patients. It is a disaster in the making," said the owner of a private hospital, who did not wish to be named.

Private hospitals are seeking a stimulus package or some form of support from the government to sail through the crisis.

There has been a 50 per cent decline in footfall and 10-30 per cent increase in costs (on supplies). "We need a stimulus on basic costs, like power, ventilators and the cost of capital also. The industry will come together to make a bunch of requests because on the one side we are committed to treating patients, on the other side, unless this industry as private sector survives, we might see a total crash in the system," said Preetha Reddy, vice-chairperson of Apollo Hospitals Group, recently.

The cost of testing and treating Covid-19, at present, is not cheap though prices for testing have reduced. Apollo is expecting some state governments and the Centre to come up with some support to make the tests and treatment viable by bearing certain part of the cost.

There are fixed costs such as salaries, electricity bills, annual maintenance contract, and these run into several crores a month for a sizeable hospital.

With no elective surgeries and OPD, there has been no income and all private hospitals are bleeding, said S Gurushankar, president of Tamil Nadu Chapter of Association of Healthcare Providers of India (AHPI), and chairman of Meenakshi Mission Hospital & Research Center.

Already small clinics and hospitals are on the verge of closing. Gurushankar, however, said the industry was with the government at this time of crisis, but a way out of this had to be thought through. The industry, smaller hospitals claim, already runs on margins of around 10 per cent.

"This month, most small clinics cannot pay salaries and staff have already left. From end of April, most big hospitals will run out of working capital and will not be able to meet expenses. This is dangerous, because staff may simply not come to work. It's already happening in a few hospitals. If hospitals run out of working capital, that will be a disaster," said Gurushankar.

The industry has demanded that the government waive power costs for three months, provide exemption from goods and services tax, and also release tax arrears, and take measures to protect frontline employees. The government has also been asked to help arrange stocks of protective gear from vendors already providing government hospitals.

Some smaller hospitals have offered their premises to the government for free, sans staff. Joy Hospital in Chembur, an eastern suburb of Mumbai, has offered its entire facility to the Brihanmumbai Municipal Corporation, which is using it to house around 45 patients. "We have not sought any rent for use of our premises, but they will pay the utilities bill for this period. We have capacity for around 85 beds," said Dipti Joy Patankar, owner of the hospital. As for the corporate chains, there was steady income till Q3. An ICRA analysis shows that hospitals in its sample set saw an 11 per cent revenue growth and a 32 per cent Ebitda growth and the margins too improved from 13 per cent to 15.6 per cent year-on-year for Q3FY20.

However, such hospitals too are bracing up for challenging times. International patients account for 12-14 per cent of aggregate revenues of large hospitals, going as high as 25 per cent for certain super speciality facilities. The revenues from this segment are likely to dry up completely. If the lockdown is extended through a large part of Q1FY21, we estimate impact on private hospitals' Ebitda at around 10 per cent for the quarter and 3-4 per cent for FY21, Edelweiss noted.

Industry cries foul over import duty

Indian gear makers find themselves in a spot as the government exempted duty on imports of personal protective equipment, masks, ventilators, and Covid-19 test kits. Basic Customs duty and health cess have been abolished on these products with immediate effect. The exemption on all these products will be valid till September 30. At present, Customs duty on medical equipment is 7.5 per cent, while health cess is around 5 per cent. The manufacturers' lobby has written to the government over the matter. **SOHINI DAS**

Capacity utilisation of FMCG companies at less than half

VIVEAT SUSAN PINTO & ARNAB DUTTA
Mumbai/New Delhi, 10 April

Manufacturing activity continues to suffer at most plants of leading fast-moving consumer goods (FMCG) companies as the lockdown and containment zones cripple day-to-day operations. Top companies that *Business Standard* spoke to said that despite most of them making staples and essential products, movement of raw material, goods and labour remained restricted, impacting sales.

Capacity utilisation, they said, varied between 20 and 40 per cent at their units, hardly good news for a sector that was looking to recover from a general consumption slowdown. The focus also remains on producing food and hygiene items for now to tide over the current crisis and address immediate requirements in the marketplace.

CORONAVIRUS PANDEMIC

Firms are talking to local authorities to facilitate movement of trucks, asking for special passes for people working in factories and distribution centres, and seeking greater clarity on workforce rules and safety standards in the wake of the outbreak.

Hindustan Unilever (HUL) said it was hopeful the authorities would unlock capacity for movement of goods at sea and airports. "Our sales are at 40 per cent of the daily run rate, up from low single digits in the last week of March. Factory output is about 40 per cent and our wider supply chain continues to be impacted," an HUL spokesperson said.

Mayank Shah, senior category head at Parle Products, said only 30-40 per cent of the company's 135 plants were running. "Not all lines are fully operational within these units because workforce allowed inside factories is not over 50 per cent," Shah said. "I hope to see this getting resolved in the coming weeks."

On Thursday, Britannia Industries had said capacity utilisation at its units stood at 25-30 per cent only, though it hoped to see manufacturing activity gain speed in the coming days. Bread and rusk, for instance, in cities such as Mumbai are not readily available due to restricted movement of goods, distributors and retailers said. Nestlé's Maggi noodles, a popular snack, also remained unavailable at grocery stores in the financial capital as people rush to stock up essential products.

Suresh Narayanan, chairman and managing director of Nestlé India, admitted Maggi consumption had increased during the lockdown, reiterating that the company was doing its best to make stocks available to consumers. Nestlé is also looking to open up more of its plants in the weeks ahead.

ITC said it was operating its plants with restricted number of hours and reduced workforce in line with the approvals received from local authorities. "Efforts are on to ensure the supply chain functions smoothly despite the challenges of manpower shortages and availability of trucks," an ITC spokesperson said.

With transporters unwilling to ply trucks due to strict enforcement of rules, firms expect the April-June quarter to be a washout even as the March quarter suffers. "We will need to approach the reopening post the lockdown in a staggered manner," said Vivek Gambhir, MD and CEO, GCPL. "We hope to start with 50 per cent capacity ramp-up from 20-25 per cent production that exists now for mainly essential items."

Mohit Malhotra, CEO of Dabur India, said he saw plants opening up gradually, with the scenario improving in the next one month.

DOWN BUT NOT OUT

- **Lockdown and containment** causing disruption
- **Focus on production of food** and hygiene products only
- **Plants hope to** ramp up capacity slowly
- **Talking to government** and local authorities for smooth ops

Industry set for new normal: Nestlé India

ARNAB DUTTA
New Delhi, 10 April

The disruption on account of Covid-19 will change the business environment altogether, with the industry set for a 'new normal' once the crisis is behind, said Suresh Narayanan (*pictured*), chairman and managing director of Nestlé India.

Apart from adapting to changes like remote workplaces and stricter hygiene measures at manufacturing units, the crisis may alter the way brands communicate with its consumers. "In terms of brand campaigning alone, advertising , which reflects an 'out of home' experience, may now change tack towards more 'in home consumption moments'. Ways of working are expected to evolve as the long lockdown periods have dispelled many of the notions associated with effectiveness issues while working from home."

Being part of the manufacturers allowed to operate during lockdown, Nestlé India is taking measures to keep its workforce safe. It is preparing to roll out a protection cover for the front-line sales force, which works for distribution partners and are not covered by the Employees' State Insurance.

Manpower crunch cripples e-com

PEERZADA ABRAR & BIBHU RANJAN MISHRA
Bengaluru, 10 April

E-commerce delivery has again started hitting roadblocks, despite a slight recovery in between, as several states prepare to enforce full lockdown in districts and cities considered Covid-19 hotspots.

What is aggravating the situation is that e-commerce firms are facing huge shortage of delivery personnel. They have not been able to bring back their staff to work, despite offering higher pay and Covid-related insurance packages. Industry insiders said these firms were also finding it difficult to get enough passes, with the existing curfew passes set to expire on April 14.

Bigbasket, for example, says it is running with just 60 per cent of its delivery capacity, with most of the delivery staff recruited over the last few days.

"Most of our employees are already covered under the medical, life, and health insurance schemes, while we have also announced a separate Covid insurance. But these are hardly yielding results in terms of bringing them back," said Hari Menon, co-founder and CEO of Bigbasket.

According to the latest survey by LocalCircle, only 23 per cent of consumers surveyed were able to find fruits and vegetables via e-commerce apps, whereas 64 per cent of them were able to find these items via local vendors and retail stores. "This means that these local vendors and stores are coming in handy for supplying fruits and vegetables, which is the case across India," said Sachin Taparia, founder and chairman of LocalCircles.

A Forrester research shows that the sector — dominated by mobile phones, electronics, and fashion-related products — is expected to witness loss of sales to the tune of $1 billion during the lockdown. "On an average, e-commerce firms are working at only 30 per cent of their capacity. These firms are facing supply issues and don't have the stock, (besides lockdown challenges). Further, a lot of their delivery executives have gone home. Hence, there is a change in (consumer behaviour), where customers are realising that local kiranas are better for essential products," said Satish Meena, a senior forecast analyst at Forrester Research.

Consumer internet firms are bracing for measures like salary cuts and lay-offs to mitigate the impact of business losses, which is contributing to the deterioration in e-commerce deliveries, said experts. For now, Bounce, Shuttl, Fab Hotels, Instamojo, Zomato and Curefit, among others, are going for salary deductions, according to multiple sources.

During the first week of lockdown, thousands of trucks carrying essential commodities were stuck on the roads as they hadn't received permits from local authorities. The government had earlier exempted sellers of essential supplies, including their entire logistics and supply chain, from the lockdown so that the supply could be maintained.

According to LocalCircles, many transporters alleged they were not allowed to cross state borders with empty vehicles after delivery of goods.

To better understand the situation, LocalCircles, in collaboration with the Department of Consumer Affairs, conducted extensive polls at the national and at state levels, to get insights into availability of fruits and vegetables in local markets and stores, and via e-commerce channels.

The survey received 95,000 responses from over 244 districts. Many consumers reported that e-commerce apps were just unable to supply fruits and vegetables during the lockdown.

Some consumers reported that if they were able to add fruits and veggies in their shopping basket, the e-commerce apps were cancelling these items at the last moment.

"MOST OF OUR EMPLOYEES ARE COVERED UNDER INSURANCE SCHEMES, WHILE WE HAVE ANNOUNCED A SEPARATE COVID INSURANCE. BUT THESE ARE HARDLY YIELDING RESULTS IN TERMS OF BRINGING THEM BACK"

HARI MENON,
CO-FOUNDER & CEO, BIGBASKET

AMAZON DELIVERS GROCERIES IN MUMBAI CONTAINMENT ZONE

Amazon is making efforts to work with local authorities in delivering essential supplies to the people living in hotspots and containment zones across the country. To start with, the online retailer, along with Brihanmumbai Municipal Corporation (BMC), on Thursday delivered groceries in a containment zone in Mumbai on a pilot basis. According to sources, customers living in the zone were able to get the supplies after feeding their location details in Amazon app. PEERZADA ABRAR

IndiGo to stop meal service briefly

ARINDAM MAJUMDER
New Delhi, 10 April

India's largest airline IndiGo will fill its airport buses at 50 per cent capacity when service resumes. The airline will also discontinue on-board meal services, CEO Ronojoy Dutta told employees on Friday. These along with frequent deep cleaning of aircraft are part of the multiple changes that the airline will do its protocols in order to keep crew and passenger crew safe when the airline starts operating again.

India is planning to allow travel in a phased manner. But that will mean only a few routes will start in the first phase. "We have always been very safety conscious. Now we should be very health conscious too. We will deep clean our aircraft more frequently, will discontinue meal services for a brief period and run our coaches at a maximum load of 50 per cent. We will come out with the new set of protocols very soon," he said in the mail reviewed by *Business Standard*.

The DGCA is framing a set of protocols to ensure that social distancing is measured in confined places like aircraft and airport. Airlines will have to follow the protocols till WHO declares the outbreak over, which according to the agency's estimate, is months away.

The protocols include mandating airlines to keep middle seat and last three rows empty, bar on on-board and duty free sales and boarding only three rows at one time to prevent crowding. "In situations like this, firms don't manage to grow for profitability but due to liquidity. Hence, our focus will be on cash flow. We are examining all our fixed costs and discussing ways to bring them down," Dutta wrote.

AIRLINES ENGAGE IN ONLINE BANTER

Amidst planes remaining grounded and gloom in the aviation sector due to the Covid-19 pandemic, airlines on Friday took to Twitter with humorous exchanges

IndiGo
Hey @airvistara, not #flyinghigher these days we heard?

Vistara
No @IndiGo6E, these days being on-ground is a wonderful thing. Flying would not be the 'smart' choice, what say @goairlinesindia?

GoAir
Totally, @airvistara! Staying home is the safe feeling! We can hardly wait till everyone takes to the skies, coz at the moment it's not like #NowEveryoneCanFly right, @AirAsiaIndian

AirAsiaIndia
Absolutely @goairlinesindia, for now though, staying at home is the Red. Hot. Spicy thing to do! Isn't that right @flyspicejet?!

SpiceJet
@AirAsiaIndian, good to know our thoughts match, like our colours! Been a while since this bird flew out of her cage. But we're happy creating a safer tomorrow, today! Right @DelhiAirport?

50% of DMart stores shut

VIVEAT SUSAN PINTO
Mumbai, 10 April

Avenue Supermarts, which runs the DMart chain of stores, on Friday said nearly 50 per cent of its outlets were closed due to the lockdown and Covid-19 restrictions imposed by local authorities.

Footfalls at stores that were open were lower than usual, the company said, pointing to the impact that retail firms, both organised and unorganised, were feeling due to the lockdown. "We continue to sell daily-use items such as grocery and fast moving consumer goods products and have stopped selling non-essential items such as general merchandise and apparels," the firm said. For the quarter ended December 31, DMart had 196 stores with a retail floor space of 7 mn sq ft across 72 cities and towns.

DMart had to turn to online and home deliveries to mitigate sales concerns

Considered the most efficient retailer in the country, DMart has had to turn to the online channel and home deliveries to mitigate sales concerns due to the lockdown.

"We have just commenced e-commerce home delivery and bulk deliveries to large housing complexes across majority of our stores in the first week of April. But sales from these channels are inconsequential and have been implemented to manage the current lockdown situation," it said.

On Monday, the Retailers of Association of India (RAI) had said 25 per cent of retail firms would be out of business if the government did not support the sector, reeling under revenue losses due to the lockdown and containment zones.

Barring grocery, no other retail category has witnessed sales over the last few weeks due to shutdown of malls, shopping centres and marketplaces.

RAI also said retail firms would take three quarters to stabilise, with the association asking for immediate relief measures from the government to bankroll the sector, which employs 6 million people.

Enough stock of essentials, say retailers

The Retailers Association of India (RAI) on Friday said there was enough stock of grains, pulses and other daily essentials for the lockdown period and beyond, asking citizens not to resort to panic buying. RAI said it was working closely with various state governments and with the Centre to resolve supply concerns.. BS REPORTER

Only 0.2% IT sector staff capable of working from home: Study

PRESS TRUST OF INDIA
Mumbai, 9 April

Amid the lockdown when all organisations in the IT sector are engaging its employees in remote work or work from home, a study has revealed that only 0.2 per cent workforce in the IT industry is highly productive.

About 99.8 per cent of the workforce in the information technology sector is incapable of working from home and only 0.2 per cent are 'Work from Home' champions and showcase high productive attributes, according to the study by research-backed innovative venture SCIKEY MindMatch.

The study indicated that 99.8 per cent of the workforce lack at least one of the qualities, including resistance to learning and exploring (95 per cent), lack in practical communication skills (65 per cent) and lack in planning and execution (71 per cent).

The study said 16.97 per cent of the staff are challenge-driven and such people should be given challenging tasks and can work seamlessly with minimum intervention.

ADB pledges $2.2 bn to ramp up health infra, help MSMEs

INDIVJAL DHASMANA
New Delhi, 10 April

ILLUSTRATION: BINAY SINHA

THE ADB SAID THE ASSISTANCE WILL BE INCREASED, IF NEEDED. THE ADB IS ALSO ENGAGED WITH THE PRIVATE SECTOR TO MEET ITS FINANCING NEEDS DURING THIS PERIOD

The Asian Development Bank (ADB) will provide India $2.2 billion (around ₹16,000 crore) to help the country ramp up health infrastructure and bolster micro, small and medium-sized enterprises (MSMEs) facing hardships because of the coronavirus-related lockdown.

"The ADB is committed to supporting India's emergency needs. We are now preparing $2.2 billion in immediate assistance to the health sector and to help alleviate the economic impact of the pandemic on the poor, informal workers, MSMEs and the financial sector," its president Masatsugu Asakawa said.

CORONAVIRUS PANDEMIC

He said the ADB assistance will be increased, if needed. "We will consider all financing options available with us to meet India's needs, including emergency assistance, policy-based loans, and budget support to facilitate swift disbursement of ADB funds," Asakawa said. The ADB is also engaged with the private sector to meet its financing needs during this period.

The ADB president on Friday called Finance Minister Nirmala Sitharaman to discuss the issue and assured support to India in its fight against the coronavirus disease (Covid-19) pandemic. Sitharaman is also governor of the ADB.

Asakawa commended India's decisive response to the pandemic, which included a national health emergency programme, tax and other relief measures provided to businesses, and a $23-billion economic relief package announced on March 26 to provide immediate income and consumption support to the poor, women, and workers affected by the three-week nationwide lockdown.

Weakening global economic growth is causing disruptions in India's trade and manufacturing supply chains, along with the slowdown in tourism and other economic activities. This is straining a large number of MSMEs, and the livelihood of formal and informal labourers across the country.

Asakawa said the policy measures announced by the government will provide the much-needed relief and stimulus to the most vulnerable people as well as businesses and become a basis for faster recovery.

On March 18, the ADB had announced an initial package of approximately $6.5 billion to address the immediate needs of its developing member countries, including India, as they respond to the pandemic. The ADB said in a statement that it stands ready to provide further financial assistance and policy advice whenever the situation warrants.

Earlier, the World Bank committed $1 billion in emergency funding to India.

You can withdraw part of NPS for Covid

PRESS TRUST OF INDIA
New Delhi, 10 April

The Pension Fund Regulatory and Development Authority of India (PFRDA) on Friday said NPS subscribers will now be allowed partial withdrawal for covering expenses related to treatment of Covid-19.

In a circular addressed to all stakeholders and subscribers under the National Pension System (NPS), the PFRDA said, "In view of the decision of the Government of India, which has declared Covid-19 as a pandemic, it has been decided to declare Covid-19 as a critical illness which is life threatening in nature." The partial withdrawals shall be permitted to fulfil financial needs of the subscribers, if required to him/her against the request placed for partial withdrawals towards treatment of the illness of subscriber, his legally wedded spouse, children, including a legally adopted child or dependent parents, as per the regulations, the PFRDA said in the circular.

The PFRDA said the facility of partial withdrawal will not be applicable for Atal Pension Yojana subscribers

The PFRDA clarified that the facility of partial withdrawal will not be applicable for Atal Pension Yojana (APY) subscribers.

NPS and APY are the two flagship pension scheme run by the PFRDA. Whereas the NPS is for the central, state governments, autonomous bodies and companies, APY is mainly meant to cater to the pension needs of those employed in the unorganised sector.

The majority chunk of India's workforce is employed into the unorganised sector.

As on March 31, the total number of subscribers under NPS and APY stood at 34.6 million. Of this, the number of APY subscribers were 21.1 million, according to the data from the PFRDA.

EPFO settles ₹280-cr withdrawal claims

PRESS TRUST OF INDIA
New Delhi, 10 April

Retirement fund body EPFO on Friday said it has settled 137,000 provident fund withdrawal claims worth ₹280 crore to provide relief to subscribers during the lockdown.

"The Employees Provident Fund Organisation (EPFO) has processed about 137,000 claims across the country disbursing an amount of ₹279.65 crore under a new provision especially formulated by amending the EPF Scheme to help subscribers fight Covid-19," a labour ministry statement said.

According to the statement, remittances have already started taking place. EPFO has settled these claims in the past 10 days.

The system as it stands today is processing all applications which are fully KYC (know your customer) compliant within less than 72 hours.

Members, who have applied for claims in some other category, can also file for claim to fight the pandemic and depending upon the KYC compliance condition of each member, every effort is being made to settle claims at the earliest, the ministry said.

The provision for a special withdrawal from the EPF scheme to fight Covid-19 pandemic is part of the PMGKY scheme announced by the government and an urgent notification on the matter was made to introduce a para 68 L (3) of the EPF scheme on March 28, 2020. Under this provision, non-refundable withdrawal to the extent of the basic wages and dearness allowances for three months or up to 75 per cent of the amount standing to member's credit in the EPF account, whichever is less, is provided. The member can apply for lesser amount also. This, being an advance, does not attract income tax deductions, the ministry said.

Anticipating the huge surge in demand, the EPFO came out with a completely new software which has been developed from scratch and a receipt module for on-line receipt of the claims was introduced within 24 hours and deployed on March 29, 2020.

Further, the application was required to be in electronic form to curtail any physical movement in view of social distancing. It was decided to introduce a system of settling claims in auto mode directly by the system in respect of all such members whose KYC requirements were complete in all respects.

Tax dept gives fresh relief to companies on lower TDS

INDIVJAL DHASMANA
New Delhi, 10 April

The Income-Tax Department has provided further relief to companies seeking lower tax deducted at source (TDS) or tax collected at source (TCS).

The Central Board of Direct Taxes (CBDT) had recently extended the validity of certificates issued for lower TDS or TCS for three months — till June 30 this year — in light of the disruptions caused by the coronavirus disease (Covid-19).

Now, the department has said that threshold would be taken afresh for the financial year 2020-21 (FY21) even if the validity of past certificates has been extended by three months.

Explaining the issue, Amit Maheshwari, partner, AKM Global, said the companies that think their TDS or TCS would be more than their total tax liability opt for deducting tax at lower rates to avoid the process of refunds later and smoothen their cash flow.

For this purpose, they have to disclose their income and profits for the year to the department. The department then issues certificates to the entities from which they purchase goods or sell services to deduct lower TDS or TCS. Now that amount will be calculated again from FY21 even as the validity of past certificates has been extended by three months.

Had there been no change to the old amount, there was fear that it would have been exhausted soon in FY21.

"The CBDT has clarified certain situations where there were issues regarding extension of validity of 2019-20 certificates for FY21. The deduction limits would be applied afresh for FY21," said Amit Maheshwari, partner, AKM Global.

The board also clarified that even if the certificates were issued for part of FY20, these will be valid till June 30.

ED seizes 5 luxury cars of Wadhawans

These were used by DHFL promoters to travel amid nationwide lockdown

SHRIMI CHOUDHARY
New Delhi, 10 April

According to the ED order, DHFL promoters Kapil (*pictured*) and Dheeraj Wadhawan were the owners of the vehicles

The Enforcement Directorate (ED) on Friday confiscated five high-end vehicles belonging to Dewan Housing Finance's (DHFL's) promoters in connection with the money laundering probe against them in the YES Bank case.

These luxury cars were used by the Wadhawan brothers to travel to their farmhouse in Mahabaleshwar, a hill station in Maharashtra, during the 21-day nationwide lockdown imposed to curb the spread of coronavirus disease (Covid-19).

According to the ED order, DHFL promoters Kapil and Dheeraj Wadhawan were the owners of the vehicles. "Investigation revealed that these vehicles are proceeds of crime in terms of provisions of the Prevention of Money Laundering Act (PMLA)," the order said.

The order has been sent to the Satara Superintendent of Police for execution as the Wadhawan duo has been placed under quarantine there.

Central agencies could not reach the brothers for questioning in the YES bank matter as they managed to escape the city along with 21 family members despite the lockdown.

Sources say the Wadhawans were staying at a rental house near Khandala when the lockdown was announced. After that, they moved to escape ED and Central Bureau of Investigation (CBI) probe. The rental house was allegedly taken by them to escape arrest in the matter.

According to the CBI, the Wadhawan brothers were "absconding" since the beginning of the probe. "Searches were conducted at the premises of these accused in early March but none of them were available. Therefore, in order to secure their presence, the notices were being issued to them, and even then they avoided joining the investigation," said a CBI official.

Subsequently, a non-bailable warrant was issued by a special court of CBI on March 17 against them, but they did not appear before the CBI or the court. On Thursday, the central agency received information about the brothers' location, after which CBI reached out Satara police and asked them to not release the duo, CBI said.

The brothers have been under central agencies' radar in connection with three cases — the PMC Bank case, property dealings with gangster Iqbal Memon, and the YES Bank case.

Case against DHFL promoters for violating lockdown norms

An offence has been registered against DHFL promoters Kapil and Dheeraj Wadhawan and 21 others, including their family members, for travelling to a hill station in violation of prohibitory orders, officials said.

The offence under relevant sections of the IPC and the Disaster Management Act, one of them related to disobedience of lawful order, was filed at the Mahabaleshwar Police Station in Satara district of Maharashtra, they said.

All of them have been sent for institutional quarantine and a probe is on, said an official.

Probe against IPS officer who 'helped' them travel

The Maharashtra government sent senior IPS officer Amitabh Gupta on compulsory leave and initiated a probe against him for allegedly helping the Wadhawans travel.

Gupta, special principal secretary in the Home Department, had allegedly given the Wadhawans a letter which facilitated the travel.

Home Minister Anil Deshmukh tweeted "as per discussion with CM (Uddhav Thackeray), Gupta has been sent on compulsory leave". PTI

Ficci calls for dynamic exit policy

SUBHAYAN CHAKRABORTY
New Delhi, 10 April

Even as the government assesses the economic fallout of a proposed extension of the curbs, the Federation of Indian Chambers of Commerce & Industry (Ficci) said the country can't afford a prolonged lockdown.

While arguing in favour of maximum social distancing, Ficci on Friday called for dynamic policy measures to normalise economic and social activity. Prime among them is a demand for a 'package' for migrant labourers, as well as effective steps by central and state governments to ensure their early return.

It said the Department for Promotion of Industry and Internal Trade (DPIIT) could drive the process and instill greater confidence among the labourers. For essential commodities, Ficci has proposed further relaxation in the manpower working at plants and warehouses.

It has also suggested that industry associations be allowed to submit to the Centre names of companies, their manufacturing/warehousing locations and number of people in each location by shifts.

A central administration manager for each company would be empowered to issue authorisation letters to employees along with a copy of the central letter which must be recognised by a state government.

Ficci also wants the government to institute coronavirus standards for manufacturing, for even non-essential units. The chamber has also released a long list of demands that it says is necessary to support the domestic industry ride over the economic downturn.

KEY SECTORAL DEMANDS

RETAIL: Employees rendering essential services be allowed to move based on company ID card

FMCG: Gradual start of corporate offices, end-to-end supply chain for grocery stores

E-COMMERCE: Insurance schemes for workers

HEALTH CARE: Districts and cities be stratified as high, medium and low risk

EDUCATION: Staggered opening of schools from May 1 by dividing all classes into two pools

HOTELS: Doctors and medical staff be quarantined at hotels, allowing the hotels to do business

Nasscom wants 'paid leave' reimbursed

IT and ITeS industry body Nasscom has urged the Centre to reimburse the payroll cost of employees who were on "paid leave" on account of any Covid-related lockdown measures till March 31, 2021, among other concessions and facilities.

According to a memorandum, covering issues related to various ministries also, submitted to the Finance Minister Nirmala Sitharaman, the apex body of the Indian IT industry also urged the government to exempt IT-ITeS establishments from payment of statutory bonus for FY21 and allow cross utilisation of SEZ and STPI locations for Business continuation Planning (BCP) scenarios.

The body requested the FM to allow expenses incurred by companies in enabling Work from Home (WFH) for its employees as an eligible business expense. PTI

Need relief or over 15 mn jobs may be lost: FIEO

SUBHAYAN CHAKRABORTY
New Delhi, 10 April

With more than 50 per cent of orders getting cancelled, the export sector is expected to see massive job losses estimated at about 15 million, unless a targeted economic relief package is announced soon, the Federation of Indian Export Organisations (FIEO) has told the government.

Global trade is expected to fall by 13-32% in 2020, said the WTO

"We are left with few orders and if factories are not allowed to work with a minimum work force to execute them timely, many of them will suffer irreparable losses and bringing them to the brink of closure as they are saddled with fixed cost, which in any case has to be absorbed by them," said FIEO President Sharad Kumar Saraf. Rising instance of non-performing assets among exporting units is also inevitable, said Saraf.

Global trade is expected to fall by 13-32 per cent in 2020 as the Covid-19 pandemic disrupts economic activity and life around the world, the World Trade Organization (WTO) said on Wednesday.

The current slump will prove to be biggest of a generation, the WTO said in its Annual Trade Statistics and Outlook Report. The report also pointed out that in 2019, 1.7 per cent of world exports originated from India, while 2.5 per cent of imports reached the country.

Saraf urged the government to immediately provide a series of financial incentives and policy changes that may allow them to reduce their losses. Prime among this is the demand to allow exports related manufacturing begin immediately with minimum work force. The industry body also wants Covid Interest free Working Capital Term Loan to be provided to exporters to cover the cost of wages, rental and utilities.

From workers to owners, Howrah feels the pinch

ISHITA AYAN DUTT
Howrah, 10 April

Along the highway, outside the factories, trucks are neatly parked. Some loaded, some unloaded — an image now consistent with the rest of India

Close to 200 units between Belgachia and the National Highway along Benaras Road in Howrah downed shutters after 5 pm on March 23, when the West Bengal government implemented lockdown measures to contain the spread of coronavirus two days ahead of the Centre.

The units, mostly small and medium, lining two sides of the road, have been closed since; the only inhabitants of the factories are security guards.

Along the National Highway, outside the factories, trucks are neatly parked. Some loaded, some unloaded — an imagery now consistent with the rest of India. In the alleys, workers who live in the vicinity are idling.

Jaladhar Singh, an employee of a spare parts unit, got his month's salary the weekend before the lockdown. That's the last time he heard from his employer. The unit in which he works employs 200-250 people; Singh doesn't get paid when there is no work. Will he get paid for the lockdown period?

He is, however, better off than Dipak Mondal, who is a contractual employee at a fabrication unit and gets paid weekly. The money is credited to his bank account. For the first week after the lockdown, Mondal got his payment; since then he has been constantly checking his phone for SMS alerts from the bank, but without luck.

Howrah is the hub of castings, machine parts, forged and assembled parts, which cater for domestic industry and the world. A back-of-the-envelope calculation would put exports from the 400-500 units in the region at ₹3,000-3,500 crore. But these are just ones that export; the number of units could be much more.

Singh and Mondal may have been hit hard, but in Howrah, lockdown measures are hurting factory owners as much. Export orders have come to a standstill, translating into huge losses for these micro, small and medium enterprises (MSMEs).

Consider this: Kailash Agarwal's company, JPK Metaliccs, makes manhole covers. They are supplied to West Asia and Europe. But now he is stuck with the material. His apprehension is that after the lockdown is lifted, orders might be cancelled. In the past one month, the loss incurred is about ₹15 lakh.

Agarwal doesn't think invoking force majeure will help. "What good will it do if the order is cancelled," he said.

JPK has about 150 contractual employees. The contractor has been given a lump sum to be paid to them. "This is not their (the workers') fault," he said.

Fear of losing orders is real. EEPC India Chairman Ravi Sehgal said there could be huge cancellations of export orders if the units did not resume work after April 15.

"China, Turkey, Brazil, and Mexico are countries where business has not been affected. In the US, too, while the country is under lockdown, industry is running. West Bengal can take the lead by allowing manufacturing units for exports, especially engineering, to resume operations with 50 per cent attendance. Howrah could be the test case."

Sehgal pointed out engineering was a sector where if supply requirements were not met, the market could go to some other country.

"April is the time when most buyers plan six months' purchase."

H K Sharma, who owns a fabrication unit called Dayal Engineers, doesn't expect business to normalise immediately even after the lockdown is lifted.

"The next two to four months will be turbulent. This is a transaction-based industry. Unless the money is back in circulation, it will not smoothen," he said, referring to the cash-flow cycle.

Dayal Engineers makes spare parts for foundries, which too are in dire straits. Unless the foundries pay, Dayal can't pay vendors who supply electrodes. It's the cycle that needs to move.

But Sharma will have to pay his workers. He has transferred khoraki, or daily allowance, directly to the accounts of his labourers. But when the unit opens, he will have to meet their demands. "I will have to arrange for money or they will go away," he said.

Santosh Upadhyay, general secretary, Howrah Chamber of Commerce & Industry (HCCI), said most accounts in Howrah would turn into non-performing assets if the government did not help.

The HCCI represents more than 1,000 traders and MSMEs, and has written to the prime minister, seeking a bunch of reliefs. Some are: Waiving interest and penalties on late filing goods and services tax and also waiving interest on term loans/working capital loans from banks for the lockdown period.

The chamber also wants the interest rate to be at a bare minimum of 6 per cent for six months. It wants the Railway Board and plants running under the government to be told not to charge interest for delayed payments on materials purchased in March.

For Howrah units, Covid has come as a new crisis, but not the first. In the past five-six years, at least 200 units have shut shop due to labour shortage and a liquidity crunch. Still, there are about 200,000 workers directly and indirectly engaged in the iron and steel units here.

Consumer lending: From cash cow to Achilles' heel

Weak demand and falling income to hit the segment

HAMSINI KARTHIK
Mumbai, 10 April

Stress in the consumer lending business, which was once a cash cow for banks and non-banking financial services, only seems to be intensifying, as statements and updates by these lenders suggest. A critical highlight in RBL Bank's media statement regarding its business updates pertains to its credit card segment. "Acquisitions have stopped during the lockdown; only digitally sourced cards being booked," said the private bank.

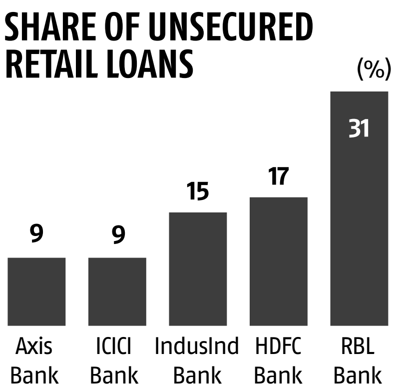
It added that credit card spends had declined 40 per cent during the lockdown, with the bank expecting a slight increase in credit cost in March. In a call hosted by UBS, HDFC Bank also said that card swipes had reduced in March.

All these point to the brewing stress in the consumer business (credit cards and personal loans, mainly unsecured) of banks and lenders. Bajaj Finance's weak commentary added fuel to the fire, thus crushing hopes of a demand revival in the near term. But how exacting can the pain be?

Analysts at UBS expect retail loan growth and collections to be hit due to social distancing and lower discretionary spend. "Banks exposed to the above will be hit the worst," the brokerage adds.

While consumer finance is the mainstay of Bajaj Finance and Capital First (now IDFC First Bank), banks were late to the party. Increasing weakness in traditional retail lending pockets, such as home loans and vehicle loans, prompted banks to diversify into consumer loans.

Among banks, HDFC Bank leads the segment, closely followed by ICICI Bank and Axis Bank. RBL Bank, too — with its tie-up with Bajaj Finance for credit cards — was steadily capturing the segment.



Select list of private banks Source: Banks

Rising income levels of consumers and their aspirational needs was the premise for lenders to ramp up this business. In addition, as lenders were targeting their existing customers, it didn't matter if these were unsecured loans.

However, times have changed and banks are tightening their purses. With some sectors like airlines and food delivery facing job losses and salary cuts, the consumer lending segment suddenly appears the most vulnerable.

Analysts at Kotak Institutional Equities note that as of March 20, 2020, unsecured retail credit and consumer loan enquiries had dropped 10-29 per cent week-on-week, indicating a sharp drop in demand.

"While one could argue that there will be pent-up demand for discretionary spends that after the lockdown and the demand disruption is temporary, significant salary growth in the next 1-2 years seems unlikely," said an analyst from a domestic brokerage.

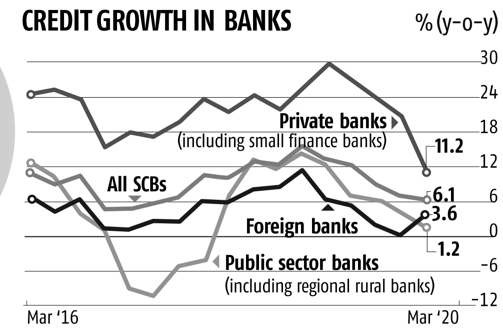
Therefore, even if demand revives, the layer of excessive spending seen prior to the slowdown may not return. "We won't find people upgrading their mobile phones every six months or taking a loan for a lavish wedding or holiday," the analyst says.

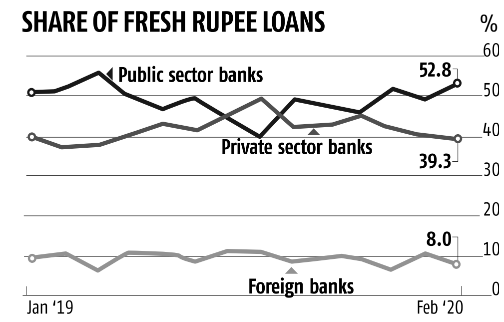
In short, the belief, even among bankers, is that the practice of relying on loans to enhance one's lifestyle will take a backseat.

While part of the pain may be captured in the Q4 results of private lenders, analysts say the June and September quarter results will be critical, to assess the asset quality of these lenders.

PSBs OVERTAKE PVT BANKS IN FRESH LOAN SANCTIONS

Public sector banks stepped up loan sanctions, shows data till February. Private sector lenders have been leading on this front for some time, mostly leveraging on retail credit. Notwithstanding a higher share of NPAs and lower capital to risk-weighted assets ratio (CRAR), in February "the share of public sector banks in total fresh rupee loans sanctioned by scheduled commercial banks increased to 52.8 per cent from a low of 39.7 per cent in August 2019", said the RBI's monetary policy report, released on Thursday. Credit offtake in the personal loan segment accounted for the largest share. Within the segment, credit offtake has been mainly concentrated in housing and credit card outstanding. The overall credit growth remained muted with a dip in economic activities. The report said the slowdown in credit growth was spread across all bank groups, but was pronounced in private banks. "Credit growth of public sector and foreign banks remained modest, even as there has been some uptick in credit by public sector banks in the recent period," the report said, analysing data up to March 13. **ANUP ROY**





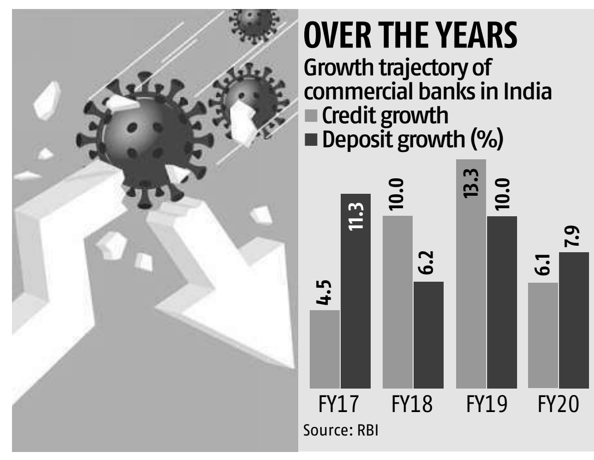
Source: RBI

Bank credit growth falls to 6.1% in FY20

ABHIJIT LELE
Mumbai, 10 April

Facing the twin issues of an economic slowdown and the Covid-driven lockdown, the pace of bank credit growth fell sharply to 6.1 per cent in FY20, from13.3 per cent in FY19.

Deposit accretion activity also moderated in FY20 to 7.9 per cent from 10 per cent in FY19, according to Reserve Bank of India (RBI) data. While banks faced the slowdown impact throughout the year, the Covid blow came in the final month of the financial year.



Source: RBI

The effect of the latter is expected to reverberate and perhaps become more pronounced in FY21. Scheduled commercial banks in India dispensed ₹6 trillion in loans during FY20, much lower than the ₹11.46 trillion disbursed in FY19.

The outstanding credit stood at ₹103.7 trillion on March 27. Banks raked in deposits worth ₹9.97 trillion in FY20, against ₹11.4 trillion in the previous financial year. Outstanding deposits were ₹135.71 trillion, shows RBI data.

Referring to the subdued pace of credit growth, the RBI in its monetary policy report said that both low momentum and unfavourable base effects were responsible.

The seasonal decline in credit growth during Q3FY20 was more pronounced than the corresponding period last year, while the offtake during Q4FY20 (up to March 13) was subdued as compared to the corresponding quarters of the previous two financial years.

The slowdown in credit growth was spread across banks, especially private ones. Credit growth of public sector banks (PSBs) and foreign banks remained modest, despite some uptick by PSBs of late.

NBFCs have to repay ₹1.7 trn by June: CRISIL

Non-banking financial companies (NBFCs) have to repay debt worth ₹1.75 trillion by June 2020, said CRISIL. These may face liquidity pressures, if collections and money paid by their borrowers fail to pick up pace.

Many finance companies are already facing a liquidity challenge after the IL&FS debacle. Now, the coronavirus-driven lockdown has crippled the field operations of finance companies, affecting collections.

CRISIL said the liquidity cover available for NBFCs rated by it will decline sharply if they cannot get moratorium on their borrowings. The RBI had announced a three-month moratorium on payment of loans in its "Covid-19 regulatory package". The moratorium is targeted for borrowers who face temporary liquidity pressures.

NBFCs face a double whammy because they are offering moratorium to customers despite not getting one themselves. **ABHIJIT LELE**

'10 mn can't take benefit'

As many as 10 million borrowers who are eligible for the moratorium have not been able to take advantage of it as NBFCs which gave the loans have already securitised them — that is, pooled future receivables or repayments into pass-through-certificates (PTCs) and sold them to investors such as banks, NBFCs, MFs, insurers and HNIs, said CRISIL. These investors are yet to approve the moratorium on underlying loans and reschedule most PTC repayments because they don't have clarity on the impact such a move will have on the valuation of their investments. **BS REPORTER**

Forex reserves drop to $474 bn

The country's foreign exchange reserves declined by $902 million to $474.66 billion in the week to April 3 because of a fall in foreign currency assets, according to the Reserve Bank of India data.

In the previous week, the reserves had surged by $5.65 billion to $475.56 billion.

The reserves had touched a life-time high of $487.23 billion in the week to March 6, after it rose by $5.69 billion. **PTI**

Openness and leadership

TICKER

MIHIR S SHARMA

Surely the government has learned a lesson from how it botched the initial announcement and implementation of the national lockdown? There was simply no reason for it to be announced like demonetisation, as if it were a state secret that could only be put out on television with a few hours' notice. By allowing time for preparation by individuals, companies and local governments, the many issues with the lockdown could have been avoided — hoarding, the lack of social distancing as people gathered at markets and bus stations, the abandonment of migrant workers miles from home with no other means of support.

Yet it appears that no lessons have been learned. Once again, we are being told that the prime minister will address the nation and tell us about the future of the lockdown, currently scheduled to end on Tuesday. What is going on?

This is an unfortunate by-product of the form of governance and leadership that has served Prime Minister Narendra Modi well politically, but has been less beneficial for the nation as a whole. Rather than decisions being made openly, transparently and through discussion, the impression has to be provided that the prime minister alone will decide, and surprise us with his decision. Yes, he is due to discuss the lockdown with chief ministers. But that is hardly a substitute for a more transparent discussion with doctors, public health experts and administrators as to what the next step should be.

Many of the countries and jurisdictions that have done well during this pandemic are those that have taken their own people into confidence. South Korea and Taiwan, which have been exemplary, have demonstrated their democratic credentials through open decision-making and privileging medical advice. In the end, people are more important to the success of the lockdown than the government. This is particularly visible in Hong Kong, where a deeply unpopular ruling oligarchy has made several missteps, but the care taken by the population in general has led to the pandemic being relatively controlled. When you depend on the people, you need to trust them and to communicate often and openly. Governor Andrew Cuomo of New York has won plaudits for his daily detailed explanation of what is going on in that American state, which is a major hotspot for the disease.

In India, there are daily press conferences from the Union health secretary. Mediapersons have rightly complained that many of them have been excluded, and anyone who has watched the press conference recognises that there is more defensiveness on display than anything else. Some chief ministers have done better than the Union government at communication, and many have been holding daily video conferences or sending out messages. Some of them have been quickly responsive to problems on the ground. The difference with the closed-off Union government could not be starker.

It is too soon to make any predictions about how politics will change after this crisis is gone. For one, we truly do not know how long it will take to properly dissipate — over a year, probably, perhaps two, maybe even more. Many things will be irrevocably changed since then. But it is more than likely that one big change will be on the levels of communication and transparency that people in democratic countries expect from their governments. Transparency will be politically wise.

Nor is it less important for a country's stature internationally. The People's Republic of China may have claimed to have conquered the virus that originated within its borders, but the lack of transparency within its system and the widespread lack of trust of its government means that this assertion is not quite believed. Meanwhile, Chancellor Angela Merkel of Germany began her virus fightback by saying, openly, that it might be the case that 60 to 70 per cent of Germans are eventually affected. By creating a clear sense of the possibility, the German government moved to impose a social distancing in stages, while being quite clear about how it was infringing on important civil liberties. Merkel's big televised speech — which I urge you to watch on YouTube — is a masterclass in communication, explaining what needs to be done and why, as well as indicating how difficult she personally feels it will be. Germany's mortality rate has been low, but her most recent statement on the subject indicates this is not a reason to relax, but merely for continued vigilance. People appreciate her openness; her approval rating has soared to 80 per cent.

As 1.3 billion people wait with varying levels of patience for our prime minister to tell us what to do and then vanish again from our television screens without a single question being asked, it is worth noting that this is not how the rest of the world is being led, or what other democracies expect. It is possible one day that we, too, will wake up.

Serving the needs of First World economies

This country's backwardness is exposed when Indians bribe, coax and cajole agents to get back-breaking jobs abroad to save a little money at home

MEN AND MATTERS

SUNANDA K DATTA-RAY

I am very glad my old friend Tommy Koh, the veteran Singaporean diplomat, has drawn attention to the plight of foreign workers in the island republic, although I wish the occasion was less painful than the Covid-19 pandemic. Tommy's comment might help to correct the Panglossian image Singapore projects, and which a former Indian high commissioner there, Mrs Vijay Thakur Singh, reinforced during the 2013 Little India riot.

Commenting on the lockdown in two dormitories housing some 20,000 men after nearly 100 of them tested positive for coronavirus, Tommy said on Facebook that Singapore's treatment of foreign workers was "not First World but Third World". He added, "The dormitories were like a time bomb waiting to explode. They have now exploded with many infected workers."

Much as I love Singapore and regard it almost as my second home, I wish Indian labourers did not have to seek work there. Exporting unskilled manpower is not compatible with a nation's self-respect. Singaporeans see through the bombast of Indian politicians who trumpet this country's alleged greatness and whose boasting was punctured by two Straits Times headlines when an Indian high commissioner desperately tried to deny the existence of some 9,000 illegal Indian migrants. One headline quoted an illegal Indian: "We came for money." Another read: "The scent of the S'pore dollar".

No Indian diplomat could ever tell me the exact number of legal Indian labourers. Such humble information was beneath them. In my time, Indians comprised a substantial element of Singapore's 756,000 foreign workers. With constant development, Singapore remains highly dependent on overseas workers who now number just under 1.4 million — almost a quarter of the 5.7 million population. Within this contingent, the 284,000 construction workers are mainly Indian, Bangladeshi and Myanmarese. Another 256,000 from the Philippines and Indonesia work as domestic help.

The 40 dormitories for foreign workers house over 1,000 inmates. Tommy commented on them because many are cramped and dirty with up to 20 sleeping in a room, cockroach-infested kitchens, overflowing urinals and toilets that are not disinfected. Trash isn't cleared regularly. "These factors create a perfect storm for massive rapid infection," says Luke Tan, case work manager at Humanitarian Organisation for Migration Economics. Singapore can be relied on to take every care of patients. But after the pandemic, will they again be at the mercy of unscrupulous recruiting agents and employers?

I once invited 20 of these men rebuilding the house opposite our rented bungalow in Serangoon Gardens to dinner. But for one Bangladeshi, they were all Tamils, one of whom even had an engineering diploma from Tamil Nadu and was fluent in English. He couldn't get a job in India, and the exchange rate made a labourer's wage (even after legal and illegal cuts) attractive. I remember one of them — probably the youngest of the men — did washing-up while dessert was served. He finished washing-up and came back into the living room looking for his "butter-cake" as he called it. There was none left and he burst into tears. There was nothing anyone could do at that time of night in a secluded residential colony.

The riot I mentioned erupted when Sakthivel Kumaravelu, a 33-year-old Tamil construction worker, was run over by a private bus driven by an ethnic Chinese, Lee Kim Huat, alias Lim Hai Tiong. The courts exonerated Lee of blame and found Sakthivel was drunk. But the point is the riot was an instinctive explosion of the rage and frustration of hundreds of Indians who had sold their wife's jewellery and mortgaged their property to venture to Singapore where they felt ill-used by *dalals* and employers alike.

On a guided tour of selected dormitories, Mrs Singh whose husband is a Kapurthala princeling, gushed on TV about how handsomely they lived in Singapore. Tommy, to whom I am especially indebted for presiding over the lavish Delhi release of my book *Looking East to Look West: Lee Kuan Yew's Mission India*, has given the lie to that.

To adapt Tommy, Singapore can afford to be "First World" because of "Third World" Indian labourers. That's our tragedy. This country's backwardness is exposed when Indians bribe, coax and cajole agents to get back-breaking jobs abroad — West Asia as well as Singapore — to save a little money at home. It reduces India's prime minister (not only Narendra Modi but his predecessors as well) to little more than Third World "coolie *sirdars*" charged with mobilising exploited labour to serve the needs of First World economies.

Creating fiscal space for the states

In the second part of a series, the authors say the current uncertainties require room for discretion to serve as a necessary handmaiden of rules that cannot alone cater to all contingencies

DEVESH KAPUR & ARVIND SUBRAMANIAN

In our previous column, we spelt out a menu of fiscal options for the country to finance possible additional expenditures of up to five per cent of Gross Domestic Product (GDP). In this column, we elaborate on the idea, specifically on how the financing should be allocated between the Centre and the states.

Start first with the basic principle of public finance in a federal system. The states raise resources and spend it on local goods while the Centre raises it for providing national public goods, one of which is preventing and managing national crises. In a typical financial crisis affecting the entire economy, it is only appropriate that the Centre should both raise and spend money. But the Covid-19 crisis is unusual in that the crisis is national but the response has to be much more local, by states as well as local bodies. Today, two areas where significant government intervention is needed — health and agriculture — are both state subjects in the Constitution, and that's where implementation will happen.

We cannot be certain about exact magnitudes but we can safely say substantial amounts will be needed to be spent by the states. How should the states obtain resources, swiftly and feasibly?

We had suggested five public financing options for India:

❶ Eliminating wasteful or "unspendable" expenditures
❷ Borrowing from multilaterals and non-resident Indians (NRIs)
❸ Borrowing from public (via markets and financial repression)
❹ Printing money
❺ Raising "solidarity resources" via increasing taxes or cutting subsidies

Historical experience and prudence suggests external financing must be done exclusively by the Centre. Macro-economic stability is a sovereign responsibility and any external borrowings by sub-national governments will inevitably undermine it. This route is a non-starter for the states.

And the recent experience with state governments' bond issuance — high interest rates and widening premium from g-secs — suggests that the market borrowing route is all but ruled out for them in the immediate future.

The central government must first unambiguously announce that fiscal responsibility limits on the states (as for itself) will be suspended for this (extraordinary) financial year. However, this is necessary, but far from sufficient for the states to actually obtain the required resources.

Next, it is imperative that additional resources the Centre raises for the Covid-19 crisis — via options two and three above — should be shared with the states say in line with the 15th Finance Commission's interim recommendations which have been accepted by all parties. This would ensure that vertical and horizontal distribution are rules-based and do not get mired in partisan wrangling. However, some flexibility should be envisaged. If the states need to spend the lion's share, then our sharing rule would apply both to items two and three above. On the other hand, if the Centre's burden is greater, the sharing could be limited to foreign financing alone.

Third, states need to acquire resources urgently. The Reserve Bank of India (RBI) has increased the Ways and Means Advances (WMA) limit for the first half of the financial year by 30 per cent. While a promising start, it is imperative that this limit be substantially increased by an amount to be decided jointly by the RBI, the Centre and the states. This amount could have a ceiling, say one per cent of each state's GDP (as an indicative number).

> The Covid crisis requires unprecedented coordination and cooperation between the Centre and the states and among the states themselves

To be clear, we are suggesting that while the Centre raise resources via options two and three — external financing from multilaterals and NRIs and internally via market borrowings and financial repression — and share that with the states in line with FFC recommendations; and that monetary financing should be used to finance additional deficits by the states. That might be the quickest way to get the states the necessary resources since the Centre has wider options.

But fiscal federalism is a two-way street. The Centre's responsibilities will have to be matched by binding reciprocal responses by states, else it might encourage profligate behaviour. The states must agree to freeze their current wage and pension bill for the entire duration that the Centre and RBI agree to monetary financing of their additional deficits. In 2019-20, this bill for the states (BE) was ₹11.6 trillion (8.1 and 3.5, respectively). It is not clear what the states have budgeted for 2020-21, but we estimate that a wage-pension freeze could save the states between ₹50,000 crore and ₹1 trillion (the latter was the increase in this bill over the previous two years). The Centre too must implement a similar freeze but the savings there would be smaller (about ₹30,000 crore) because the Centre's total wage and pension bill in 2019-20 was close to ₹4.2 trillion.

Such a wage freeze might appear paradoxical at a time of contracting demand and output. Policy should be counter-cyclical while the freeze seems pro-cyclical. Its logic is three-fold. First, the wage freeze is not expenditure cutting but expenditure switching, from the privileged organised sector to the precarious unorganised sector. Second, it represents a solidarity contribution of those in secure employment (about 10 per cent of the workforce) for the tens of millions who have lost their livelihoods. And finally, it is also the prudent reciprocal quid by the states for the quo of monetary financing made available to them.

Fiscal federalism is always a hard balancing act, and in times of such an unprecedented national crisis, even more so. This crisis — much more than a fiscal crisis — requires unprecedented coordination and cooperation between the Centre and the states and among states themselves.

If time was not a luxury, and a spirit of bipartisanship prevailed, then the country could create new institutions such as a Council for Cooperative Federalism or a Council for Fiscal Federalism (CFF) (as Bibek Debroy and Rathin Roy among others have proposed). But India does not have that luxury. Instead, the government could attempt one of the following.

It could resuscitate existing institutions such as Inter-State Council (ISC), envisaged under Article 263 of the Constitution, or the National Development Council (NDC), the apex body on development matters in India. Or, the GST Council could be expanded to take on the functions of the ISC and NDC.

The exact institutional form is less important than the need, in these grave times, to embrace the full spirit of cooperative federalism to operationalise the countless decisions that need to be taken jointly. That means, frequent meetings between the prime minister, along with key Cabinet ministers, and chief ministers of all states and UTs.

While we have proposed rules for resource flows, some discretion will be necessary to complement the rules given that Covid-19's impact will vary across the states. Collective discretion, exercised through joint meetings of the Centre and the states, will have to guide the flow of resources. The massive uncertainties require room for discretion to serve as a necessary handmaiden of rules that cannot alone cater to all contingencies and contexts.

Finally, there will be a "morning after" when exiting from the crisis fiscal arrangements will have to worked out. The Finance Commission is the appropriate body to do this. But it should wait to do so until after this crisis has passed since only then will we know the true fiscal health of the Centre and the states, and from that, the optimal path forward.

The concluding part will appear on Monday.

Kapur is professor, Johns Hopkins University; Subramanian is former chief economic adviser, government of India

In praise of small vendors

PEOPLE LIKE THEM

GEETANJALI KRISHNA

Last week, we nervously stepped out of the house to buy groceries and ran into Raghuvir Singh. No sight could have gladdened my heart more. Over the years, this vegetable vendor had become a familiar sight in one corner of the neighbourhood. Although the streets had almost completely emptied, there he was — face covered in white head cloth that had seen better days and a badge that declared he'd been allowed to operate his vegetable cart in our neighbourhood prominently on display. Relieved that we didn't have to step out on the main road, we stopped to replenish our supplies. While we selected the veggies, he told us what he'd had to do to bring them to us — and keep his business afloat.

A migrant from Hardoi, Uttar Pradesh, Singh has supported his family of six by selling vegetables for the last four years. Every morning, he goes to the Okhla mandi in Delhi, buys ₹5,000 worth of fresh vegetables and sells them for a modest profit. Whatever he can't sell inside the neighbourhood, he sells at a discount in the evening. "When the lockdown was declared, I realised that I won't be able to support my family if I stayed at home," he said. So even though he'd not been granted a pass, he decided to go to the Okhla mandi to buy his daily stock of vegetables.

Singh says that the scene at the mandi right now isn't very different from what it used to be before the lockdown. "These days too, there are hundreds of wholesalers and buyers there, all too worried about making ends meet to worry about social distancing and getting coronavirus infection," he described. "There are plenty of vegetables and fruits but also a sense of desperation in the air." For their window to sell is not large: By 8 am, Singh says, the police swoops down and shoos everyone away. "I've also been at the wrong end of their sticks a couple of times," he said showing us some bruises.

However, it is when he returns to our neighbourhood to sell his wares that Singh has noticed a difference. "Many people here who earlier perhaps ordered their vegetables online because it was convenient and cheap, have now become my regular customers," he said. "I've come to realise that I'm discharging an important function by selling my vegetables at people's doorsteps. It's because of me that people like you are able to stay at home and limit exposure."

I felt a wave of gratitude wash over me as we filled our bags with fresh produce. This small-time vendor was being able to do what I'd have imagined would be easier for the Amazons, Big Baskets and Grofers of the world to do. Yet, in spite of their relatively deeper pockets, technology and manpower, their services have been severely curtailed while Raghuvir Singh and others like him have been going strong.

As he added some coriander and chillies to our bag, I requested him to deliver vegetables to us daily, even after the lockdown was over. "Regular customers mean regular income for me," he smiled. "I wonder who earns an income when people buy vegetables online." As we exchanged numbers, I reflected that my online veggie shopping in the pre-Covid past might have been convenient, but I'll probably never go back to it.

Keeping up appearances

PEOPLE LIKE US

KISHORE SINGH

For a country that is constantly being touted as the youngest in the world, India has a strangely ageing population. Friends and acquaintances, who till recently boasted of raven-haired crowns, are revealing more salt than pepper in their hair. Streaks of white are becoming pandemic even among the middle-aged. Silver seems the preferred choice for the glitterati in this period of enforced closures. If coronavirus has sealed the fate of air-kissing socialites — mwah! mwah! will now go the way of history — no one appears concerned any more about how they look while engaging with their peers on WhatsApp video calls. The effort of dressing up is more than most can muster. From lip gloss to mascara, everyone seems to be taking a break from the demands of looking good.

Sarla, who came surreptitiously with her husband the other day to pick up a basket of vegetables we'd saved for them — we maintained social distance while drinking beer in our respective cars — was almost unrecognisable, her hair resembling a badger's coat. From neighbours on balconies to acquaintances headed for their constitutionals in the park, no one seems concerned any longer about covering up their white mane. Everywhere, women (and some men) can be seen greying — using the extended break from their daily routines to let nature run its course. When the lockdown is lifted, several professionals will return to work with a shock of white hair; more friends will get together for dinner exclaiming over each other's wisdom highlights. Me? Having become wise long years ago, it's a haircut I'm longing for, my hair resembling Einstein's flowing locks on a particularly windy day.

Now that the initial enthusiasm of posting one's yoga and exercise routines over video has abated, the ennui of staying home is setting in. Healthy eating is out, replaced by anxiety-induced fatty fried foods. After all, a salad is more difficult to assemble than popping a heat-and-eat packet in the microwave. Weighing machines are being kicked under the bed as belly buttons pop. There's nothing better than a snack between meals; nothing more exciting than a bite between snacks. What's one to do on evenings that stretch long if not to drink? When the news gets too morbid, it's time to switch to movies instead, which are better with a bowl of chips, a plate of cheese.

Be glad you didn't throw out the bundle of low-cost clothes you bought at a night market in Bangkok but (thankfully) never got around to gifting for fear of being thought a cheapskate. Now's the time to air them — and, oh surprise — suddenly everyone's wearing them. Comfort clothing has replaced fast fashion and may even be here to stay if work from home becomes the norm, or even a flexible option in the future. Never worn, loose Bali shirts may well become the corporate choice for men; women's heels could go the way of the dodo.

Meanwhile, still bothered about appearances, I'm having a tough time trying to manage my pearly hair grown too long to manage tidily. My son has volunteered to have a go — but not with scissors, he says. Towards which task he's plugged in his electric razor to ready for the shearing. If I go off video calls, put it down to a cut gone wrong.

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WEEKEND RUMINATIONS

T N NINAN

Just-in-time virus

The Covid-19 epidemic has come just in time to save the first year of Narendra Modi's second term. The year had begun in a strong economic headwind; growth of the non-government part of the economy had been reduced to just over 3 per cent in two quarters till December. Politically, Mr Modi had walked into a cul-de-sac with his amended citizenship law, which sparked extended protest sit-ins by citizens, provoked firm push-backs from state governments and state assemblies, and risked the decennial Census. How the narrative has changed in a few weeks!

The protestors against the citizenship law have dispersed, state governments are queuing up for desperately-needed financial support, and all economic problems can be laid safely at the door of Covid-19. The prime minister, not seen in Parliament during some key debates, is now on national television every few days with avuncular homilies while imposing a lockdown without notice, demonetisation style. He is on the world stage too, getting public thanks from the US and Brazilian presidents for emergency supply of pharmaceuticals.

The opposition is stumped. It has to show itself as part of the national effort to deal with a crisis, though criticise it must. Meanwhile, Mr Modi is too smart a politician to miss the opportunity in a crisis, and is using it to bolster his own image (PM-CARES, for instance). This is not very different from how effectively Donald Trump has used Covid to push his challenger, Joe Biden, off TV screens.

Mistakes are being made, of course, but it is easy to ride out criticism when the nation is rallying round the leader. Mr Trump has brushed aside criticism of his delayed and bungled response to Covid by lashing out at China, the World Health Organization, and anyone else in sight. Mr Modi's response to the graphically reported migrants' crisis was different, he apologised while saying that he knew the people would forgive him. Countries like Bangladesh and Singapore gave people enough notice before a lockdown, but Mr Modi believes in surgical strikes.

War-time leaders invariably gain in popularity, especially if they are great orators. Churchill bungled his way through World War II (and dreamt up a disastrous military expedition in World War I as well), but he made great speeches. The US economy emerged from the Great Depression (1929-33) only with the launch of the war production effort a decade later, but Roosevelt's New Deal that came in between has got the credit. George W Bush won re-election on the back of the "war on terror". It has ended badly, but Mr Bush is safely back on his farm. Our own Lal Bahadur Shastri emerged a hero because he fought Pakistan to a draw and did not get thrashed, as Nehru had been by the Chinese.

Mr Modi itches to present himself as a war-time prime minister. The Balakot air attack was used brilliantly to swing the election narrative his way last year, despite the loss of an aircraft, which showed up defence deficiencies (out-dated aircraft, out-ranged missile) against a much weaker neighbour. Before that, the Uri terrorist attack in 2016 was countered with a "surgical strike", so questions about the security failures there too fell away. Now Mr Modi has been offered a more real but different kind of war, which he has likened to the Mahabharat.

If you want to anticipate his next move, recall his comment at a media event back in 2007, on how Gandhi had been able to convert the freedom struggle into a "Jan Andolan" (people's movement). He said he hoped to do the same for development tasks. That would explain initiatives like the "give it up" campaign on subsidised cooking gas. It is the same Jan Andolan goal that Mr Modi now seeks to emulate with his "Janata curfew", banging of utensils, and lighting of candles. These fall somewhat short of the Dandi march, but Mr Modi isn't done yet and Covid still has legs. The difference with Gandhi is that today's initiatives have an implicitly coercive element — don't go along and you might get beaten up. Meanwhile, the further marginalising of Muslims has also developed into a Jan Andolan.

ILLUSTRATION BY BINAY SINHA

Middle path medicine

The lockdown has worked. But an overdose of it could kill through long-lasting side-effects. It should be systematically loosened or de-escalated

NATIONAL INTEREST

SHEKHAR GUPTA

It's unlikely that Jair Bolsonaro knew how well-timed his letter to Narendra Modi was when he used the Ramayana legend of Lord Hanuman bringing the Sanjivani Booti to save Lakshman's life, while seeking hydroxychloroquine and paracetamol from India.

It will be something if his staff has such a pucca Hanuman bhakt that he would also ensure the letter would arrive pretty much coinciding with Hanuman Jayanti earlier this week.

Nevertheless, it makes us reflect on the same lore as we assess the prospects of the three-week lockdown being extended (we hope not), fully lifted (we pray not), or systematically loosened or de-escalated. That third option we prefer and we are arguing why. With a little help, of course, from Bajrangbali. Our Gods after all, aren't just benevolent. They are also forgiving, and have a sense of humour. Especially the one Bolsonaro invoked.

Go back to that legend of Hanuman, with Lakshman lying unconscious, struck by Ravan's warrior son Meghnad (also known as Indrajit) with what might be the equivalent of a smart, guided weapon today. Lanka's finest doctor Sushen said only a magical herb from the Himalayas, Sanjivani Booti (life-giving herb), could save him. And Jambwant, the bear-king, said only Hanuman had the strength to go get it.

We know what happened next. Unable to identify the herb, Hanuman brought the entire Dronagiri mountain. That's the most familiar and popular picture in the Hanuman iconography. And no worries, as Sushen picked the herb in a jiffy.

Now, see how this applies to our current situation. The ICMR started monitoring the rise of coronavirus infections in India in mid-February. Initially, only symptomatic suspects, foreign returnees or their contacts were tested — a very small number. In fact, on the basis of tests per million, the smallest for any significant country in the world. The experts at the ICMR leaned on an old, tried, tested and robust method in Indian epidemiology, a sentinel surveillance.

This entailed picking up a sample of patients with SARI (Severe Acute Respiratory Infection), or severe pneumonia in the ICUs of about 50 major hospitals. The first 826 samples in two weeks showed up no Covid-19 infection. It was seen as evidence that the disease was still more or less in stage one (imported) and partly in two (local contact infection).

In the following few days, however, as more tests took place, by March 19, two positive cases emerged. These were just two in 965, but the first two. Nobody has told me this, but I am guessing, having known and covered the system closely in the past, that this was an alarm bell. The same day, sampling was extended to all SARI patients in hospitals across the country. Therefore, while only 965 were tested in the first five weeks, another 4,946 were tested in the next two, until April 2.

This has now been reported in an important ICMR study published Thursday in the *Indian Journal of Medical Research* (IJMR), showing 104 coronavirus-positives out of 5,911 SARI patients. It is still only 1.8 per cent. But it isn't negligible. These indications, we can safely presume, were becoming evident by March 21-23. This explains the timing, urgency and the weight of the lockdown.

This was no time for searching for a precise, targeted solution. In short, this wasn't the time to identify the herb, but to haul the mountain. That done, can you then sit in front of the mountain and hope for the best another three weeks after that?

You could, but then you risk Lakshman, which is the economy and also the struggling poorest of India, dying in the meantime. You need that somebody wise now to find that one herb, or a bunch of herbs to move forward.

Much global assessment has emerged, listing India's lockdown as the severest response to the pandemic. Most notable is a graphic used by *The Economist* based on the Stringency Index developed by the Blavatnik School of Government at the University of Oxford. India tops this, at 100 per cent, with even Italy at 90. But the same index also shows us our limitations. On fiscal stimulus as a percentage of GDP, India is the lowest on these charts.

It is not inexplicable. Of all the countries listed and ranked here, India is the poorest. The next 'poorest' aren't quite poor, with both China and Malaysia at about five times India's per capita GDP. India, therefore, had a triple challenge. It is crowded, has a crumbling health system, and is poor. Given this situation, a drastic lockdown was called for.

The results show that it has worked. The number of fresh infections is going up, especially with expanding testing. But the graph isn't rising even geometrically, forget exponentially.

Something has worked. And whatever be the other theories, from BCG vaccines to chloroquine in our blood or guesswork genetics, this lockdown has been the biggest contributor. The instinctive call would then be to simply extend it. Many state governments have already demanded this. A couple have already extended it till the end of the month on their own.

Is it sustainable? Or is it like an overdose of a medicine that saves your life in the short run but kills you through long-lasting side-effects?

There were pointers in the excellent "Containment Plan" made public by the Union Ministry of Health earlier this week. Looking at it closely, you might think that the magic "herb" was Rajasthan's Bhilwara Model, but spread over much larger geographies and customised for different local and regional conditions and realities.

This could see, instead of the entire country remaining — and frankly throttling itself — in suspended animation, waking up carefully while a number of Bhilwaras are identified and Lakshman Rekhas drawn around them. We have seen some of that already with the declaration of "hotspots" and "containment zones" in some states, including Delhi.

That is the model to go for. It is enormously more cumbersome than a simple, total lockdown with one whistle. But taken beyond three weeks, it will be counter-productive. Too many Indians live on daily wages, from meal-to-meal. The Rabi crop is waiting for harvest and storage, fields have to be readied for Kharif. Factories — even the globally vaunted pharma units — have to resume working. And wherever there's a threat, you have this fine containment model.

The idea of buying more ventilators is much in fashion as there is a paucity. But cruel as it is, we need to understand what life on a ventilator means. At his usual White House press briefing earlier this week, Donald Trump answered the clamour for more ventilators by asking, ominously, do you want me to tell you how many people who go on the ventilator survive? You wouldn't want to know.

But, a day earlier, New York Governor Andrew Cuomo had let that answer slip in a weak moment. Just about 20 per cent, he said. So, the best thing is to save the patient before he goes on the ventilator.

Here, we have put the entire nation of 1.38 billion, a \$3-trillion economy on the ventilator. The time to think of letting the patient breathe, at least partly, on her own, is now.

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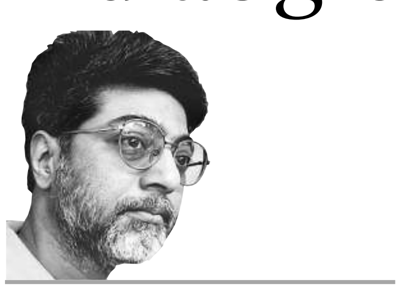
India's greatest test since partition



VIEWPOINT

DEVANGSHU DATTA

J B S Haldane, scientist extraordinaire and communist ideologue, was a courageous soldier. In World War I, he served in the trenches of France and specialised as a frontline demolitions expert, blowing up enemy pillboxes and trenches. He also studied chemical warfare, experimenting upon himself with toxic gases.

Despite his politics, his scientific eminence led to him being made a member of a dozen scientific committees driving military research in World War II. One of his more controversial stances was the advocacy of chemical warfare, in preference to high explosives.

His logic was poison gas did not destroy infrastructure even as it killed or incapacitated. After a successful gas attack, it was possible to walk in, remove the corpses and use the infrastructure. According to him, gas also caused fewer fatalities than high-explosive bombardment, which may have been the case, given the 1940s technology.

Neither side used chemical weapons in World War II for fear of retaliation. But the concept of a weapon that kills without destroying infrastructure was central to the creation of the so-called neutron bomb. The neutron bomb is a high-radiation nuclear weapon, with relatively low explosive power. It is designed to kill anybody within a certain radius through radiation, while causing only localised damage to infrastructure. Such a weapon could be used against an invasion force, by a defender who exploded it within its own territory.

Advocates of bioweapons have often made arguments echoing Haldane. If a deadly disease can be "safely" deployed, it could wipe out entire enemy populations, without damaging infrastructure. Again, in theory, such a bioweapon could have an antidote, or vaccine, which could be administered to "friendlies", keeping them safe.

Nobody has ever demonstrated such a "safe" weapon. It can't be done with current state-of-the-art. Modern technology can create highly lethal chemical weapons, and bioengineer deadly diseases. But it is far harder to create effective antidotes. Bioweapons and chemical weapons remain banned, though many nations, including India, are rumoured to have stockpiles.

Covid-19 is not an especially deadly virus. It has a much lower fatality rate and is less infectious than several strains of anthrax and botulism that are known to have been weaponised. There's very strong expert consensus that it wasn't designed as a bioweapon, although some scientists reckon it may have escaped from a lab. And, of course, there's no antidote.

The pandemic has been an object lesson in that it has brought the global economy to its knees without harming physical infrastructure. Although there have been many studies about the pros and cons and moral consequences of using bioweapons, there was never much focus on economic consequences. Those tended to be dismissed by hand-waving — if the infrastructure is ok, well everything else can surely be sorted out.

On closer examination, this isn't as easy as it was assumed to be. How do you reorganise an economy that's been put on hold for months? Rebuilding infrastructure is something the world is inured to, since it happens after every war, tsunami, forest fire or flood. Finding ways to work normally in the shadow of an infectious disease is new territory, especially on a global scale.

The Indian experience will be gut-wrenching. The informal economy has now been destroyed by the coronavirus after being hit hard by demonetisation and the botched goods and services tax rollout. An estimated unemployment rate of 23 per cent is highly conservative. The steady poverty reduction achieved over the last three decades could be largely reversed in this one financial year with hundreds of millions sliding below the red line.

In the aftermath of the lockdown, entrepreneurs will need liquidity and loan forgiveness. The millions now sliding into poverty will need direct transfers of money and food. Labour-intensive industries will have to be restarted to generate employment, and these sectors will need expert advice, as well as fiscal aid and technological help, to minimise infection risks.

This is the greatest test the Republic has faced since the partition and in many ways, it presents far more complicated problems than the partition did. It is heartening to see the challenge being accepted with innovative measures like nine minutes of lamp lighting at 9 pm.

Withdrawal symptoms

EYE CULTURE

SHREEKANT SAMBRANI

The one line I remember from the otherwise manipulative 2018 biopic *Sanju* is the eponymous hero mentioning in his prison broadcast how a daily fix is home-delivered to a vast number of people without raising even a single eyebrow. He was talking about newspapers and he was spot on at least as far as this writer is concerned.

My mornings begin at 6 am, with hot coffee and a stack of papers which our kind neighbourhood vendor has delivered almost an hour before. One of the occupational hazards of living in Gujarat is that this comforting routine is disrupted on about 10 days a year when all vendors take a holiday and local editions of papers are not published. On March 22, I decided that it was my patriotic duty not to notice the absence of papers due to the *janata* curfew, or at least not feel discombobulated by it. But two days later, the alluring smell of the newsprint was again missing on the first morning of the three-week coronavirus lockdown. And the next day and the day after. I was chewing nails and climbing walls, being far more crotchety than my usual irascible self. I nearly broke into a song and dance on the fourth morning when I found some — not my entire usual complement — papers on my doorstep. Now they are all back, albeit much slimmer, and I am like a heroin addict on a methadone regimen.

Newspapers were an inseparable part of our growing up, and not just English papers, but those in local languages as well. They had an aura of infallibility about them. As schoolchildren in the early years of Independent India, we took what appeared in papers as gospel truth. My senior colleague at Indian Institute of Management, Ahmedabad, Kamla Chowdhry, had a term for this: The tyranny of the printed word! We were also told to read *The Times of India* carefully to improve our English language skills. I understand that *The Statesman* and *The Hindu* were also held up as models of chaste writing.

Most leaders of the Independence movement were known also for the journals they founded — Mahatma Gandhi and *Young India*, Lokmanya Tilak and *Kesari* in Marathi, Jawaharlal Nehru and *The National Herald* are among the most illustrious such associations. They wrote fearlessly in their organs and faced sedition cases. Many other papers in the 1950s also had redoubtable linkages with political movements and parties.

The tradition of fiery editorials continued in many mainstream papers of that era. N B Parulekar got a PhD in journalism from Columbia University in the late 1920s and returned to India to establish the daily *Sakal* (morning) — now with the Sharad Pawar family — which is even today a leading paper of Maharashtra. He wrote freely on all matters, especially international ones and addressed all global leaders in the singular, without any honorifics. A common joke of the day had then US President Dwight Eisenhower waking up every morning with trepidations regarding what the good Dr Parulekar had written about him that day! But things are different now. A very well-read young friend of mine is a rarity among his cohorts because he subscribes to several papers. He says though that he sees the news stories, sports pages but seldom if ever glances at the editorial and opinion pages. That should bring us columnists who think we are fount of all wisdom several notches down to the real earth!

The papers now are vastly different. They are narrower, fatter (until Covid hit them), more colourful and easy on the eye. All of them — and not just the tabloids — have features that would have not sat well at all with their founding fathers: Celebrity goings-on and gossip, exotica, puzzles (confession: my days are not complete without Sudoku and crosswords, the harder the better), and competitions among others. And advertisements, piles and piles of them, at times disguised as news and featured articles.

While the press is resplendent with all this pizzazz, it has lost some of its *élan vital*: Its reputation for accurate reporting and usage of correct, if not decorous language. No one expected Indian papers to follow the legendary fact-checking approach of *The New York Times* or *The New Yorker*, but even well-known realities are often misreported. Most writers are careless about dates, titles, geographies, and various other details that matter. These errors are sometimes egregious, and the copy desk seems to function in awe of the writers. And worse, they are repeated in the on-line versions as well. This is worrisome, because the printed word, even when wrong, gains credibility. So I tilt at these windmills. For the last several years, I have been an enfant terrible in many editorial chambers, pointing out factual inaccuracies and incorrect use of language. I get acknowledgments, but corrections rarely follow.

No matter. I still crave my daily morning fix; e-papers, now increasingly behind tariff walls, are no substitutes. Here is hoping that the entirely unintended and unforeseen victims of the coronavirus, the printed papers, emerge safe and unscathed from the affliction.

An unhealthy practice

LINE AND LENGTH

T C A SRINIVASA RAGHAVAN

Boris Johnson, British prime minister, is currently in a London hospital because of the China virus. He is getting better, it seems.

It is useful, in this context, to remind readers of an age-old dilemma that societies face — should the fact that the leader is gravely ill be kept secret or made public?

The problem has been coming up for a long time. Caligula, the third Roman emperor 2,000 years ago, was slowly going mad but only two people knew. In India only a few knew that Aurangzeb fell prey around 1700 to a host of unspecified diseases. He died in 1707.

In fact, you can take almost any great political leader anywhere in the world and you will find the same story. This is to be expected because, after all, all these people, despite their attempts to convince the world to the contrary, were human, not gods, and it's a great human frailty to hide illness.

It happens in families. It happens in business houses. It happens in sports teams. So why not in governments?

This issue of health secrecy was discussed threadbare in the UK back in the 1960s, when Lord Moran, the personal physician of Winston Churchill, published his memoirs, which I have read and of which I have a copy, purchased for five pounds in 1983 in a second-hand book shop in London. He revealed there that Churchill had had a stroke and heart attack in 1942.

The question Moran raised was whether it was ok for such a sick leader to continue in office at a time of massive crisis. A whole lot of loyal Brits, the sort that reads the *Telegraph*, were deeply offended and asked whether it was ok for a doctor to betray patient confidentiality.

But Churchill had died in 1965, so that question was disposed of quite easily, if indeed it had ever been relevant, given the size of the crisis and the office Churchill occupied. The anger was more because a national icon had been shown to be less than Superman, that too by someone who could not but be telling the truth.

In sickness and in health

But there was, and is, no ducking the larger issue that Moran raised: Is it ok for a very sick leader to continue in office at a time of massive crisis? To what extent does the illness impair judgement?

Hitler, for example, had been suffering from syphilis-induced mental issues from about 1943 and went on to make huge mistakes that cost a few million lives. These mistakes have been well documented.

If Churchill was very ill, so was the American president, Franklin Roosevelt. He had been having smoking-related heart problems from 1940 onwards. He eventually died of a massive heart failure in April 1945, four months before the Second World War ended. But the exact state of his health was kept a secret.

Stalin seems to have been luckier even though he too was a smoker and was in his mid-60s during that time. But, then, we know very little about his health even now. None of his major biographers has been able to throw much light on it. And no personal physician has dared to write about it.

Nor must we forget the memoirs of Mao Zedong's physician, Li Zhisui, which also I have read. Mao may not have been involved in any major global crisis but from the late 1960s till his death in 1976, he was very ill. No one was told, of course. Richard Nixon, the American president, when he visited China in 1971, had no clue.

Why they do it

It is generally put out that even though the health of the head of the government is a matter of national interest, it should not be a matter of national debate. This may well be true in some limited sense, for a while, as during a major threat to the country.

But from what I have been able to learn from biographies and histories, it is not the country's interests alone that lead to all this secrecy. More usually, the reason is the threat from political rivals: What will they do if they find out?

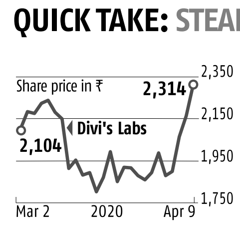
The state of Mohammad Ali Jinnah's health was known only to his doctor, Jal Ratanji Patel. He kept it a complete secret. Jinnah died in September 1948 of that illness.

In contrast, the state of Gandhiji's health was known to all. Gandhiji, in fact, revelled in discussing it.

Was it because he had no rival to worry about?

Weekend Business Standard
The Smart Investor
NEW DELHI | 11 APRIL 2020
WWW.SMARTINVESTOR.IN FOR INFORMED DECISION MAKING

QUICK TAKE: STEADY GROWTH FOR DIVI'S LAB



The Divi's Laboratories stock is up 23 per cent since the start of the month on expectations of strong March quarter results. The long-term outlook remains strong, given expansions and margin gain expectations

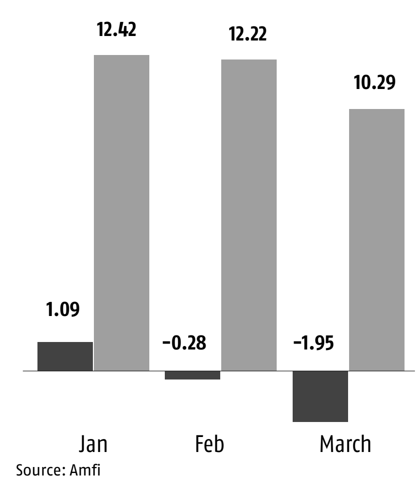
"Some PMS results are out. And even over three years, most look quite horrible, forget beating Nifty. Time to recheck if your fund manager's interest is aligned with yours"

ALOK JAIN,
Investment advisor

Sebi to provide clarity on defaults

SHRIMI CHOUDHARY
New Delhi, 10 April

MANAGING LIQUIDITY
Flows into debt schemes tend to be chunky



Source: Amfi

The Securities and Exchange Board of India (Sebi) will soon issue a clarification to mutual funds (MFs) over the treatment of corporate defaults, particularly because of the stoppage in economic activity, after the fund houses approached the regulator in this regard.

The move comes in the wake of rising redemption pressure, lack of activity in the bond market and fears of non-payment of dues by corporate houses because of the shutdown in business activity. Market players have asked Sebi if there could be some dispensation in case of companies who are unable to repay because of the economic shutdown—similar to moratorium given by the Reserve Bank of India (RBI) in case of term loans

Some players have highlighted that they have had to borrow or liquidate high-quality paper — raising concentration risk — to meet the redemption pressure. "We are examining the challenges faced by the MFs and working on a possible solution. The regulator has been consistently putting in place several regulations to reduce such risks associated with sudden event and would continue to issue guidelines as and when required," said a regulatory source. The MF industry has been reeling under stress over delays in repayments and defaults by companies, particularly non-banking financial companies (NBFCs) amid the lockdown imposed to curb the spread of the coronavirus disease (Covid-19) pandemic.

At present, most debt fund categories do not have restrictions on the amount of credit risk they can take. Sebi's clarification on treatment of defaults would allow MFs to hold securities without selling in the open market after default, said the source cited above.

In March, debt schemes witnessed sharp redemption because of sell-offs in markets in view of the lockdown. The industry saw net outflows of about ₹1.94 trillion from the debt schemes in the month. Experts say that measures like a moratorium are being discussed. However, they might be untenable for the MF industry, which manages pooled assets, with many investors moving in and out on a daily basis. Industry players said side-pocketing is a more viable option. Last year, Sebi allowed debt MFs to separate bad assets from the other liquid investments to safeguard existing investors.

"MFs are not banks, so any moratorium would not be viable. If huge redemption happens in scenarios like this, investors can't be asked to wait for three months to exit. So, if the illiquidity is sudden, side-pocketing provision can be enabled allowing bad securities to be separated from good ones," said Dhirendra Kumar, founder of Value Research.

"The law is clear that fund houses have to enforce security on default. And if required they can opt for segregation of portfolio provision," said a member of Amfi. Sebi has time and again tightened norms for debt funds, including on liquid funds, to protect investors from credit and liquidity risk. These changes have come in the aftermath of IL&FS default, which turned lenders cautious, resulting in a credit squeeze.

FPIs stare at higher withholding tax

ASHLEY COUTINHO
Mumbai, 10 April

SHELLING OUT MORE
How dividends will be taxed in case of overseas investors

For FPIs
- Taxation governed by Section 196D
- Tax on dividends @20% plus surcharge, cess
- Total tax on dividends for non-corporates @28.5% after applying surcharge, cess
- Lower treaty rates not taken into account
- Excess tax can be adjusted against aggregate annual tax or claimed as refund

For other non-residents other than FPIs
- Taxation governed by Section 195
- Tax on dividends @20% plus surcharge, cess
- Lower treaty rates @5%, 10%, 15% can apply

Foreign portfolio investors (FPIs) may have to shell out higher withholding tax on dividends received even if their final tax liability is lower, owing to existing tax treaty arrangements.

Companies may withhold tax at the rate of 20 per cent plus surcharge and cess, on the dividend paid to FPIs, even if they invest from a jurisdiction that provides for a lower rate based on India's double taxation avoidance agreement (DTAA) with that country.

The Budget had led to uncertainty regarding the quantum of tax to be withheld on dividend paid to non-residents. This was because the exact tax rate was not specified under Section 195, which covers tax deducted at source (TDS) or withholding tax for non-residents. The recently notified Finance Act 2020 has clarified that a withholding tax rate of 20 per cent, plus surcharge and cess, will be applied for dividend paid to non-residents under this section.

Further, the lower rates could be applied for residents coming from jurisdictions with which India has a DTAA.

However, there is a discrepancy. While FPIs are also classified as non-residents, the withholding tax rates for these are provided under Section 196D of the Income Tax Act. This section specifies a rate of 20 per cent (plus surcharge and cess) on dividend paid. However, it does not provide for a lower withholding rate even if the FPIs' tax liability is lower on account of an existing tax treaty.

"If an FPI's liability under the tax treaty is 5, 10 or 15 per cent, then conceptually, companies ought to withhold tax at this rate. Treaty rates are codified in Section 195, which applies to all non-residents, and which talks about withholding tax at 'rates in force'. The question is, can you read section 196D, which is specific to FPIs, along with Section 195? Or, do you just apply section 196D?" said a tax expert, on the condition of anonymity.

"There was a possibility that tax deducted for non-residents (other than FPIs) could be as high as 30-40 per cent, if they did not have a treaty arrangement. This issue has been resolved by the amendment in the Finance Act," said Sunil Gidwani, partner at Nangia Andersen.

"For FPIs, however, tax deducted at source (TDS) is at 20 per cent, under Section 196D, and this section does not allow for treaty rates, even if they are lower."

Anish Thacker, partner at EY India, points out that the effective TDS rate for non-corporate FPIs could be significantly higher if the surcharge is at the highest slab. FPIs structured as trusts, for instance, will have to pay TDS at 28.5 per cent, which includes 20 per cent tax on dividend, 37 per cent surcharge, and 4 per cent educational cess.

According to Gidwani, the excess tax collected will have to be adjusted against the FPI's aggregate annual tax on all sources of income, including capital gains and interest income. Alternatively, it will have to be claimed as a refund. Non-residents other than FPIs can pay lower withholding tax rates, as applicable under various treaties with India. They can also claim credit for the tax paid in India.

More on business-standard.com

BSE cautions against cyber attacks

PRESS TRUST OF INDIA
New Delhi, 10 April

The BSE has cautioned market intermediaries against cyber attacks amid increased usage of mobile phones and tabs in the wake of the lockdown to contain the Covid-19 pandemic.

Many organisations have switched to work-from-home, due to outbreak of the pandemic, with employees using mobile phones, tabs and personal laptops in order to maintain business continuity.

This has resulted in unprecedented increase in dependency on digital means by many folds and resulting in many operations that may possibly be under remote monitoring mode.

Covid-19 likely to take equity, credit mkt back to recent lows: Chris Wood

PUNEET WADHWA
New Delhi, 10 April

Equity and credit markets may go back to their recent lows, and probably slip even further if the infections caused by the coronavirus (Covid-19) pandemic do not peak out by April-end, wrote Christopher Wood, global head of equity strategy at Jefferies in *GREED & fear*, his weekly note to investors.

"In the unlikely case where infection rates do not peak out by the end of April, stock markets and credit markets will re-test recent lows and worse. At that point, there will be growing pressure for people to return to work because at a certain point the negative impact on the economy and people's general livelihood becomes a bigger negative than the disease itself," Wood said.

Over the past few weeks, Covid-19 hit, stimulus buoyed markets world over have risen close to a 'bull phase', typically defined as a rise of 20 per cent or more from the recent lows. The US, South Korea, Philippines and Indonesia have already entered technical bull markets, having risen over 20 per cent from their respective low levels. Indian benchmarks – the S&P BSE Sensex and the Nifty 50 – are also flirting with this territory now.

With most countries in a lockdown mode given how quickly Covid-19 has spread, Wood believes it will be tough to extend the lockdown phase beyond this quarter given the high debt levels. This, he says, is even more the case in the developing world than the developed since safety nets are not the same in the case of former to support the unemployed.

"It is hard to see the Western world locking itself down into another Great Depression. But that threat is real if the lockdowns are extended beyond this quarter because of the sheer level of outstanding debt. In this respect, it is hard to imagine that the three-week lockdown in activity ordered by Prime Minister Narendra Modi on March 24 can be extended. That is assuming such a lockdown can even be implemented effectively in such a densely populated country," Wood wrote.

Booster shot

On their part, the governments across the globe have been providing stimulus measures to help stem the likely rout caused by the lockdowns. In a recent move, the US Federal Reserve (US Fed) announced a $2.3-trillion booster to help local governments and small and mid-sized businesses. The move comes after a series of similar measures over the past few weeks that brought key interest rates to near zero.

"It will take until Q4 before we can assess how much damage has been done to the US economy. At this point in time, we expect the economy to continue to struggle well after the lockdown has been lifted. Many businesses won't survive or accumulate huge debt burdens and many households will face loss of income and employment. While the supply effects are prevailing at the moment, the demand effects may last for years," cautions Philip Marey, senior US strategist at Rabobank International.

Oil market

Meanwhile, a deal between Russia and Saudi Arabia on production cut and the hope that the world economy would limp back to normalcy in the next quarter presents an opportunity to buy oil-related stocks as the collapse in oil prices and a pick-up in economic activity can lead to a resurgence in demand, Wood says.

Gold ETFs saw $23-bn inflow in March quarter, says WGC

PUNEET WADHWA
New Delhi, 10 April

Gold-backed exchange-traded funds (ETFs) witnessed a net inflow of $23 billion, or 298 tonnes, in the March quarter across all regions, shows World Gold Council (WGC) data. This is the highest quarterly amount ever in absolute US dollar terms and the largest addition in terms of tonnage since 2016.

"During the past year, gold ETFs added 659 tonnes — the highest on a rolling annual basis since the financial crisis — with assets under management (AUM) growing 57 per cent over the same period," WGC said. The sharp rise, according to the WGC, was triggered by a flight to safety amid the pandemic that has taken most global equity markets into a bear phase and increased the hunt for safe-haven assets.

Globally, gold ETFs recorded net inflows of $8.1 billion in March 2020 and added 151 tonnes, thus taking the total holding to an all-time high of 3,185 tonnes.

"Trading volumes and assets under management (AUM) reached record highs as gold volatility increased to levels last seen during the financial crisis. Yet, gold price performance was mostly flat in US dollar terms for the month. Despite finishing flat at $1,609/oz, gold was incredibly volatile during March," WGC said.

European funds led in regional inflows, surging 84 tonnes ($4.4 billion), while North American funds added 57 tonnes ($3.2 billion). Asian funds — primarily in China — also finished with strong inflows, adding 4.9 tonnes ($309 million). India, however, witnessed an outflow of $16.4 million during this period.

WGC expects the trend to stay, given the uncertainty surrounding Covid-19 and the hunt for safe-haven assets.

When stocks sold off sharply in 2008, gold experienced a few pullbacks, falling more than 30 per cent from peak to trough, though rallied back to close 4 per cent higher that year. What followed was the initial Quantitative Easing (QE) programme in the US, along with similar monetary policy interventions worldwide. This propelled gold over 600 per cent higher at its peak in September 2011.

THE COMPASS

India-focused agri input players better-placed

Disruption in supply to weigh more on earnings of export-oriented players

UJJVAL JAUHARI

Shares of agri input firms like PI Industries, UPL, Rallis India, and Coromandel International have rebounded by up to 36 per cent from their closing lows in March. Earlier, they had declined by as much as half.

While news of an expected normal monsoon has lifted sentiment on assumptions that it could improve the kharif season prospects, the rabi season gone by was also good in terms of higher output. However, there are concerns that may weigh on share prices.

Covid-led disruption and the resultant delay in crop procurement; a fall in prices of agri produce that may hurt income and purchasing power of farmers; impact on demand for agri-produce; and the disruption in export markets are major worries.

Analysts, therefore, believe India-focused agri input players, with strong balance sheets, are better-placed. The optimism stems from the fact that domestic demand for agri input firms may not be significantly impacted by the lockdown as this is usually a lean season, and sowing for the kharif crop being in June.

Analysts also hope the logistical concerns surrounding distribution of products get resolved in the next two months. Earlier concerns over raw material supplies are also easing with the recovery in China's production and supplies.

The same holds true for domestic fertiliser players. Part of their production, though, may get impacted as both urea and non-urea producers have shut operations.

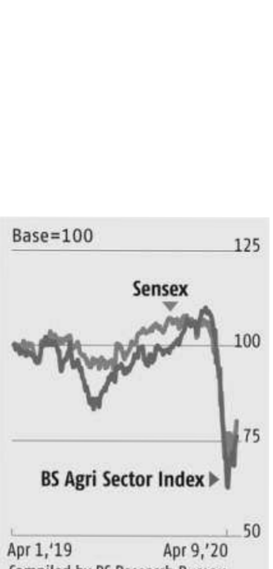
These shutdowns though coincide with the planned annual maintenance, say analysts. Since there already is channel inventory for meeting 20-30 per cent of kharif season requirements, supply cuts should not hit much.

Agrochemical exporters such as UPL and Sharda Cropchem, too, have corrected significantly. Though the low valuations may limit further downside, exports may see some disruption, says an analyst at a domestic brokerage. Analysts also say the lack of clarity on the quantum of supply chain disruption, in key markets of North/Latin America and Europe, remain. Export-dependent firms may, therefore, see growth constraints in FY21. Global agrochemical prices, however, remain stable with the Chinese market recovering, which provides some comfort. Timely harvest and procurement of the rabi crop will be key for agri input players.

The Covid-led disruption and the resultant delay in crop procurement are some of the major worries

In case of delayed procurement in domestic markets, Varshit Shah at Emkay Global feels companies with strong balance sheets (B/S) are well-placed to push sales on credit and gain market share.

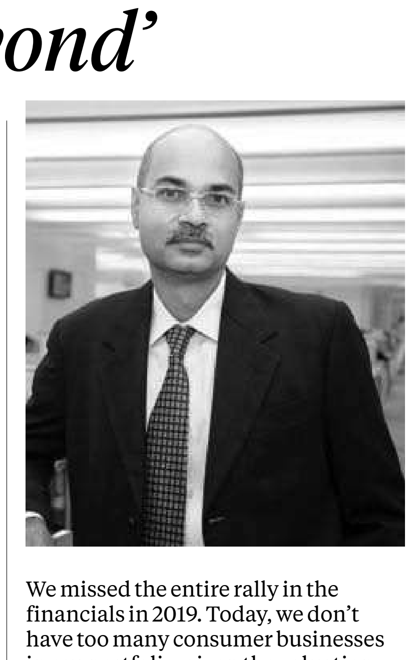
PI Industries, Coromandel International, and Rallis India have good B/S but uncertainty over exports (for all three) and the overhang of a QIP (to fund acquisition; for PI) could weigh on near-term prospects.



Compiled by BS Research Bureau

'One needs to push investment horizon to 2022 and beyond'

Even though the markets have recovered from their recent lows in a hope that the worst may have already played out as regards the coronavirus disease (Covid-19) pandemic, **KENNETH ANDRADE**, founder & chief investment officer (CIO) at Old Bridge Capital Management, tells **Puneet Wadhwa** that investors need to push their investment horizon to 2022 and beyond to watch how corporate houses recover. Edited excerpts:



Do you see more pain for the markets over the next 3-6 months once the dent on corporate earnings and the economy becomes clearer?

The market sell-off has already captured a lot of bad news in the price. Businesses now trade at book value (BV) or significantly lower, which limits their downside. The risk-reward ratio is balanced in favour of the former, and time is the only element one cannot quantify. At this point, there is little value in looking at the immediate future, as the first half of this year is a washout. One needs to push the investment horizon to 2022 and beyond to watch how corporate houses recover from the lockdown.

How is the mood among your clients / investors as regards equities?

There is, of course, a concern given the steep correction. Some smaller market indices have seen lows as bad as 2006. In this context, feedback from investors is fairly balanced. While there is a concern, they also understand that there is low valuation risk in the system. The preference for new money is to sit on the sidelines till things get a bit clearer.

What is the likely dent on the economy and the corporate earnings for financial year 2020-21 (FY21)?

The first quarter accounts for 15-20 per cent of corporate India's turnover. If the problem gets resolved and the pandemic risk eases, it will give India corporate houses reasonable time to gear up for the second half of the year. Earnings will fall for sure, but there is little sense in trying to predict 2021

Do you expect the polarisation to become more entrenched, given the impact Covid-19 will have on corporate earnings and its recovery?

The availability of credit will drive polarisation of industries — and it may not be too different this time. The only change could be that polarisation could be a bit more broad-based. Earlier, it was restricted to a few sectors, this time it could be multiple sectors, but a few companies within them would participate.

What has your investment strategy been amid the sell-off?

We missed the entire rally in the financials in 2019. Today, we don't have too many consumer businesses in our portfolio, given the valuation profile of this space. These are two segments where we will continue to be light. Our emphasis has always been on the trend shifting from the consumer-driven economy to economic recovery. While in recent times the former has to an extent played out, the latter also seems to have hit a stumbling block with the deterioration of the government balance sheet. At this point, energy, businesses facing the farm sector and manufacturing find favor with us.

Vegetable & fruit arrivals at *mandis* see sharp decline

In a report, Credit Suisse pegs decline at 50-95% YoY

RAJESH BHAYANI & SANJEEB MUKHERJEE
Mumbai/ New Delhi, 10 April

Vegetables and fruits growers are among the worst affected by the 21-day nationwide lockdown imposed to check the spread of coronavirus disease (Covid-19). This is reflected in the sharp fall in arrivals of fruit and vegetables at wholesale *mandis*, which are either closed or working under restrictions.

For instance, the Vashi vegetable Agricultural Produce Market Committee (APMC) near Mumbai announced closure over fears of virus spread. Pune's Gultekdi wholesale market also shut down on Thursday, while the Vashi foodgrain APMC has called a meeting on Saturday to decide whether it should close.

It is similar situation at several big vegetable and fruit *mandis* throughout the country, as they are either closed or are allowing traders to bring limited quantities to the market. Such is the situation that farmers at some places have chosen to throw vegetables and milk as they could not reach *mandis* for lack of transport. Cases of uprooting vegetables were also reported at some places like Uttar Pradesh.

This has resulted in a 30 per cent decline in potato arrivals at 1,400 tonnes a day at the Agra *mandi*. Arrivals of onions should have peaked at Lasalgaon, but it has been closed. According to Credit Suisse research, "despite anecdotal evidence of a bumper harvest, market arrivals are down 50-95 per cent year-on-year. During lockdown arrivals of all perishables and cereals have fallen".

The report says, "With the rabi harvest season now in full swing, market arrivals should be picking up for crops like wheat, pulses like *chana*, and summer fruit like mangoes". It says the reasons for the low arrivals range from "a lack of trucks, to shortage of labour for loading/unloading material".

Foodgrain and pulses growers are in a better position, even though several *mandis* are closed, because their produce is not perishable.

To ease the situation the Union government last week wrote to all states to allow farmers to sell directly without coming to the market. However, no state has implemented the instructions yet.

It is not just access to markets that has proved a problem. Farm leaders say a big issue that has cropped up because of the lockdown is the absence of ready cash, which could curb purchases of seeds and fertilizer for summer crops, and might even extend to the next kharif sowing season that starts from June.

Bhagwan Meena, a young farmer leader from Madhya Pradesh said, "Even before *mandis* closed, prices of several early rabi crops such as *chana* and mustard in Madhya Pradesh were 20-30 per cent lower than minimum support price. Now if arrivals jump after *mandis* are opened, prices will naturally crash".

P Chengal Reddy, advisor to the Consortium of Indian Farmers Associations (CIFA), said the current labour shortage could extend to the coming kharif season as migrant workers look to avoid uncertainty of work. He suggested that, like with foodgrain, the government needs to arrange railway wagons for loading at all important fruit producing centres across the main producing states. These issues have once again turned the focus to the reforms needed in agriculture marketing.

Neelkanth Mishra, managing director, Equity Research at Credit Suisse, said the current situation could be used as an opportunity for reforms. "As regular (agriculture) markets are not functional, parallel channels are emerging. Some states are providing temporary permissions to large buyers like grocery chains and e-commerce firms to buy directly from farmers. Farmers are also being permitted to hawk their produce directly to consumers. If these last beyond the lockdown, they could end up dismantling the monopoly of APMCs that many have blamed for inefficiency."

COMMODITIES ARRIVALS

(tonnes)	Mar 01–Mar 23	Mar 24–Apr 10	change (%)
Apple	44,157	14,950	-66.1
Banana	65,004	31,977	-50.8
Grapes	30,188	14,871	-50.7
Onion	441,103	129,058	-70.7
Potato	597,573	236,598	-60.4
Tomato	150,184	75,638	-49.6
Bhindi (ladies finger)	19,220	11,667	-39.3
Wheat	949,913	80,022	-91.6
Arhar (*tur*/red gram)	63,566	16,354	-74.3
Rice	279,992	118,822	-57.6

Source: Agmarket Compiled by *BS* Research Bureau

Tyre companies face excess inventory

DILIP KUMAR JHA
Mumbai, 10 April

As the demand for tyres has almost vanished during the lockdown, inventory kept with tyre manufacturers has risen to one months' worth of production — the highest ever — with producers working on strategies to reduce stockpiling, such as with production cuts.

Stock lifting from factories and transporting the same to auto manufacturers came to a standstill after the government announced a nationwide lockdown, effective March 25. Since then, tyre production continued, but with a minimum capacity of 20-25 per cent, there has been no offtake. Therefore, the entire quantity of production is stockpiled at the factory premises. In fact, tyre manufacturers are facing difficulties with storage space.

"Our tyre inventory has gone up because of the lockdown, so we would be working to reduce it, going forward," said a senior official at J K Tyre.

Other manufacturers are also facing similar difficulties in stockpiling, because of poor lifting.

The slump in tyre demand has nullified benefits of a sharp decline in natural rubber prices. Spot rubber prices in the Kochi market polled by the ICEX have reported a decline of 7.1 per cent in the last one month, to trade currently at ₹123.3 a kg.

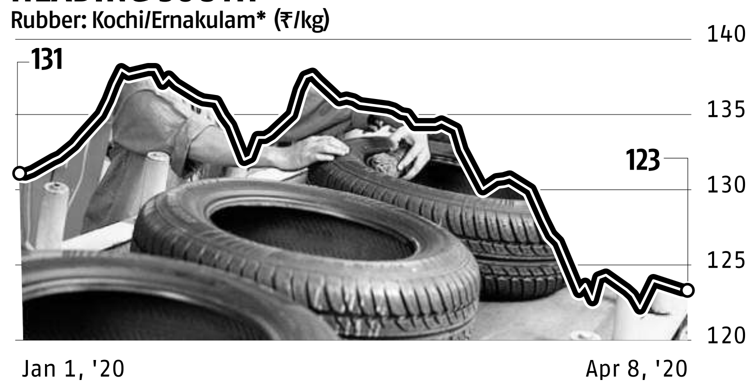
"Rubber prices in domestic markets are following the global move. The global lockdown because of Covid-19 has reduced tyre demand from the auto sector. Rubber prices have slumped because of a decline in crude oil prices, which have weakened prices of synthetic and natural rubber. Weak demand would continue to keep its prices under pressure," said Ajay Kedia, managing director, Kedia Commodity.

Meanwhile, activities in the Kerala market halted because of the lockdown, as farmers are unable to tap rubber because of lack of labour. The government's decision to allow the rubber/latex industry to produce hand gloves did not make any meaningful impact, as transport services mostly shut down in Kerala.

Industry sources said that auto sales in March 2020 have nosedived. Sales of all 2W/4W and commercial vehicle players fell sharply in the range between 50 and 90 per cent YoY. Q1FY21 is likely to see further decline (38-44 per cent YoY), driven largely by the lockdown, lack of consumer confidence, and a substantial increase in unemployment.

HEADING SOUTH

Rubber: Kochi/Ernakulam* (₹/kg)



*ICEX spot price Source: Exchange Compiled by *BS* Research Bureau

Plantation farmers stare at huge losses on standing crops

They warn of shortage of rubber-based medical items

T E NARASIMHAN
Chennai, 10 April

LOCKDOWN EFFECT

₹3,000-cr loss because of improper maintenance of rubber plantations

₹125-200 cr loss for tea plantations

- Other crops such as coffee, pea, black pepper also stare at losses on account of labour shortage

The 21-day nationwide lockdown imposed to curb the spread of the coronavirus disease (Covid-19) has impacted tapping and maintenance of rubber plantations in Kerala, the state that accounts for about 80-85 per cent of the natural rubber produced in the country.

This may result in losses of ₹3,000 crore and also a shortage of rubber for medical products like gloves, catheters, sanitation masks in the coming weeks, growers said.

However, this is not just the plight of rubber growers, as plantations of crops like coffee, pea, black pepper are also staring at losses on standing crops as they face an acute shortage of labour.

Ajith Balakrishnan, secretary, Association of Planters of Kerala (APK), said the rubber sector estimated the loss at ₹3,000 crore. The industry is now seeking urgent approval from the government to start tapping operations at their plantations, as there have been some showers and if left unattended, it might lead to outbreak of fungal diseases.

"Kerala produces the rubber for medical gloves, catheters, sanitation masks. We are going to face a shortage in the next two weeks and when the demand peaks, may result in shortage of natural rubber in the market," he said.

"We are requesting the government to allow 3-4 workers per hectare for rain guarding, and one worker per hectare for tapping. We can follow the guidelines on Covid-19. We have been given permission to deploy 50 per cent of workforce for tea plantations, which facilitates us just for plucking and spraying and factory processing," he added. For coffee and cardamom, planters have been given permission for spraying.

In tea plantations, the association is estimating a ₹125-crore loss and if the management has to pay workers' wages, the loss could be over ₹200 crore. The United Planters' Association of Southern India (Upasi) has written to the Coffee Board that 21,000 tonnes of coffee worth ₹400 crore have accumulated at curing centres and various ports. The harvest of robusta coffee and pepper has been severely affected due to non-availability of workers. Picking at high elevation arabica areas is still in progress, say planters.

Trade in coffee has come to a standstill. They added there was no transport to curing units or to ports. This has led to exports coming to a standstill. Hence, exporters have received no payments, and there has not been any support from banks or Customs.

Synthetic textile firms seek package for wage payment

DILIP KUMAR JHA
Mumbai, 10 April

Synthetic textile players have urged the Centre to compensate the expenses being incurred during the 21-day lockdown for paying salaries and wages to employees and costs relating to cancellation or deferment of export orders.

Besides support to pay wages, the industry's export body has demanded the government compensate the expenses being incurred by exporters due to cancellation and deferred orders

The demand comes in the wake of closure of factories, wholesale and retail outlets due to the coronavirus (Covid-19) outbreak.

The lockdown has brought the entire business into a standstill and resulted in massive losses for the entire industry.

"Extend support to the industry for payment of salaries and wages to workers during the lockdown period similar to that provided by the government of Bangladesh to its textile units. Also, compensate the full expenses being incurred by exporters due to cancellation and deferred orders," said Ronak Rughani, chairman, the Synthetic and Rayon Textiles Export Promotion Council (SRTEPC), in a meeting held with officials of the textile ministry.

The Bangladesh government is transferring three months salaries directly to employees/workers through its commercial banks. It said the amount has to be repaid at 2 per cent interest in 18 instalments within a period of two years by employers to the commercial banks.

"The immediate requirement is to allow manufacturing facilities to function at 50 per cent capacity at least and gradually lift the restrictions. There is also a need for creating an environment to export the produce without any hassles from different departments involved in the system. Ensure good support from the banking system by providing moratoriums and enhanced working capital facilities. Another requirement is to ensure duty refunds from the government with immediate effect and provide extra export incentives," said Madhu Sudan Bhageria, chairman and MD, Filatex India.

FROM PAGE 1

Data office stares at lockdown blues

"While we should be okay for March as markets were open through large part of the month, April data may be challenging. Items will not be available in the market as only essentials are being sold. In that category too, many markets and shops are closed, for which we will have to replace the markets. We are analyzing the data coming from the field right now as reporting is being done on phone," said Srivastava.

This, however, raises data accuracy concerns, pointed out former chief statistician of India Pronab Sen. "In retail inflation, data comparability is the key. If the category is basmati rice, you need to gather price for only a specific quality of basmati rice. That will be a challenge to do on the phone. The point is we don't know if the data being reported is accurate," said Sen.

Coming to the index of industrial production, the data for March, which will be released in May, will be problematic with most factories closing down in the middle of the month. Unlike CPI, production data for IIP is submitted online by factories in a specific format by the production team and reaches NSO through 16 source agencies including the Department of Policy of Industry and Internal Trade (DPIIT), Directorate of Sugar, etc. However, even if a factory carried out production during some part of March but closed after that, data may not get reported due to shortage of factory staff. Sen pointed out that providing data to the government is not high on the list of factories and follow ups have to do done. "In case of no response, the data entered will go as zero, which will not be true on the ground," he said.

To tackle this, the NSO will reach out to corporate groups to provide data to the source ministries in a timely manner. "We will request the DPIIT to interact with the reporting units and get whatever data they can," said Srivastava. The data for the lockdown period, beginning March, will carry a caveat that it is not comparable with the previous years. For example, barber shops are closed, so there will be no data for the month of April. "And then if you say zero versus last year, it would not actually be compatible," said Srivastava. He added that there are challenges and the department will use statistical methods for computation and see how much is doable.

In fact, the department is also in touch with international agencies to gather experiences of handling data and statistics amid the pandemic situation.

"There are going to be data gaps throughout the world. The problem is not unique to India. This is a global problem and we are in touch with all the international agencies to see how we can address it," the chief statistician of India said. From now on, online and telephone would perhaps be a predominant way of collecting data, he added.

Cargo clogs airports, ports, railways

If the lockdown continues, it is expected to drop another 10-15 per cent, putting pressure on shipping lines. "Ports that are more manual in nature or lack mechanisation to a sizeable extent are facing the maximum heat. The waiting period has gone to four-five days. Coastal cargo movement, at present, has been impacted the most with only about 40 per cent (of the vessels) running," said a senior official at a private port. Coking coal, thermal coal, and fertiliser, among others, are some of the bulk commodities carried as coastal cargo.

"Among major ports, Tuticorin (VO Chidambaranar Port Trust) is in a difficult situation and may announce force majeure anytime soon. Being a more manually operating port, it is unable to follow the social distancing norm and due to this force majeure is likely at this port," said the official.

Among private ports, Krishnapatnam, on the east coast, is in a similar situation. Cargo is lying there since March 26, said industry officials.

In the container cargo segment, in which essential commodities like pharmaceuticals and agricultural products are handled, the Jawaharlal Nehru Port Trust (JNPT) is creating additional space because importers are not lifting material from container-freight stations.

"In the last few weeks, the customs department has notified ICDs (Inland Container Depot) belonging to Concor under the JNPT, giving the port more room to stack its containers," said a senior official at the country's largest container port.

Similarly, Delhi airport has requested permission from the customs department and the ministry of civil aviation to use the export cargo terminal for imported goods because it is running short of space, said sources. When contacted, Videh Kumar Jaipuriar, chief executive officer, Delhi International Airport Ltd, said: "Additional warehouse space is being created. We are talking to the customs department for adequate staff at cargo terminals."

The situation is not too different in the railways. For commodities such as coal and petroleum, there is a decline in unloading. Foodgrains are still being unloaded faster because government-owned agencies move them for supply to the public distribution system. Despite this, the railways loaded 1.71 million tonnes of foodgrains, flour and pulses, up 148 per cent over the 690,000 million tonnes during the same time last year.

A similar drop in loading and unloading was seen in petroleum and iron and steel, where loading dropped by 63 per cent and 45 per cent, respectively.

Both Delhi and Mumbai airports are the hub of cargo movement in India. Delhi airport is handling 20-22 cargo flights a day with freighters arriving from destinations like Doha, Hong Kong, Shenzhen, Shanghai, Guangzhou, Incheon, and Paris.

Mumbai handles 200-250 tonnes of imported cargo every day.

"For the past three days, 150-200 tonnes of cargo is being cleared by agents daily and we expect this trend to continue," a Mumbai airport official said.

While Mumbai airport took permission from the police and provided vehicles for road transport for the staff, freight forwarders and custom brokers didn't report to clear the cargo, he added. Jaipuriar said customs official were stationed at cargo terminals for clearing the shipments of essential goods.

Telcos' revenues rise 15% as usage surges

Telcos estimate that they will end the current financial year with revenue growth of 10-12 per cent as data usage continues to grow, with online e-classes in schools being kicked off. They also do not see any decline in the number of subscribers due to the economic crisis as mobiles have become the only essential source of communication. And once the lockdown is lifted, net addition per month is expected to become normal.

According to COAI projections, telcos will hit an ARPU of around ₹180 by the year end, close to their pre-Covid estimates of ₹200, which assumed there would be another price hike.

Telecom service providers could be close to that target despite the fact that a tariff hike looks difficult and can only happen if the economy stabilises after the spread of Covid-19 is contained.

Capital investment in FY20 is expected to be $ 3-4 billion, or half of what it was last year at $6-8 billion. Matthew said it was because most of them had completed their 4G investments, and that fresh investments would only be required for auctions and 5G. "If the auction happens at all, it will not be before the fourth quarter of this financial year," he added.

Most states pitch for lockdown...

While most states have forwarded suggestions of their respective committees on the issue, the Kerala government's task force has come up with a 36-page, three-stage plan to exit the lockdown, district by district, depending on the intensity of the spread. This could become a template that states might follow in the weeks to come.

The Centre, as also industry chambers, is keen that limited economic activity should restart. However, states are upset at the "miserly" allocation of funds to them by the Modi government for containing the spread of Covid-19, as well as to meet the economic fallout of the 21-day lockdown.

Chhattisgarh Chief Minister Bhupesh Baghel has said it's the Centre's prerogative if it wants to start rail and air services, but he would rather not allow road transport into his state at the current juncture.

Even BJP-ruled Karnataka is opposed to the lifting of the lockdown, while Maharashtra has concerns that easing the curbs could lead to a spike in the number of patients in its bustling urban centres.

Non-BJP chief ministers are set to flag the fund crunch issue in Saturday's meeting. On Friday, Punjab CM Amarinder Singh had described the ₹15,000 crore funds to states for Covid-19 as "not enough". Singh said several chief ministers had told the PM at his first meeting on April 2 that the money needed to battle the virus was at least ₹1.5-2 trillion.

The Centre wants to start some economic activity, but would need to persuade states to be on the same page. Sources in the state governments said this could happen if the Centre shared the financial burden. CPI (M)'s Sitaram Yechury said Kerala would flag the "abysmal" funding by the Centre to states.

The Centre, however, is looking at opening up industries in some zones. "Going forward, the lockdown may not be very homogenous. There are areas in our country, which you can call 'green zones' as a manner of speaking, where there haven't been new cases. If you can identify those places clearly and monitor social distancing and health rules strictly, then I think there is a case for opening up industries in some of these zones," said a senior finance ministry official.

"In the hotspots, of course, there is no possibility. But in the other areas, the centre and state governments will discuss and arrive at a decision. The industry has also been saying it will develop standard operating procedures for the workforce," the person said.

(With inputs from T E Narasimhan in Chennai and Samreen Ahmad in Bengaluru)

STATES' STAND ON LOCKDOWN

TAMIL NADU: A government committee of medical experts has recommended a two-week extension. The Cabinet will take a final call on Saturday

KERALA: A task force has recommended a three-stage exit from the lockdown, depending on the intensity of the spread

KARNATAKA: The state Cabinet has rejected an expert panel's recommendation of "graded lifting", and advocated a complete lockdown till April 30

TELANGANA: CM K Chandrashekar Rao has supported an extension

GOA: The state Cabinet has recommended lockdown extension and the sealing of the state's borders till April 30

ODISHA: The state as extended the lockdown until April 30

MAHARASHTRA: The state is concerned about protecting its bustling urban centres, and prefers lockdown at least there

PUNJAB: The state has extended it till May 1 while making special arrangements for harvesting of crops and procurement

CHHATTISGARH : The state has not only favours extension, but has advised the PM to be cautious about indiscriminate opening up inter-state supply chains

WEST BENGAL: CM Mamata Banerjee has indicated a graded lifting

REST: Uttar Pradesh, Haryana, Madhya Pradesh, Rajasthan have also sought an extension, but want arrangements for harvest and procurement of grains

Covid death toll crosses 200 in India, govt expands testing

ICMR study finds that patients with respiratory illnesses, no travel history tested positive for disease

RUCHIKA CHITRAVANSHI
New Delhi, 10 April

The death toll in India because of coronavirus disease was 206, nearly half of which have been reported in Maharashtra, with total positive cases reaching 6,761 till Friday, according to health ministry data.

In the 24 hours ending Friday, 38 new deaths were reported and 896 new cases came to light, even as the country entered the third week of the nationwide lockdown.

Maharashtra has recorded the highest number of patients at 1,364, followed by Delhi at 898. Maharashtra had also recorded the highest number of deaths at 97, with Mumbai alone accounting for 54 deaths, according to state government data.

The government revised its testing strategy on Thursday, and expanded it to any person showing symptoms of cold, cough or fever in hotspots. Of the 16,000 tested conducted over the 24 hours, 0.2 per cent cases were found to be positive.

According to an analysis provided by the health ministry last week, the gender-wise breakup of those infected shows that it is largely males who have caught the infection, with 76 per cent of patients being male. Among those who succumbed, 73 per cent were male.

The government denied that the country was in the community transmission stage. “If such a situation arises, we will be the first to come and tell you about it so we can be more alert,” Lav Agarwal, joint secretary at the health ministry, told reporters.

For cases where the confirmed patient does not have any travel history or link to an infected person, Agarwal said, “It requires further investigation. There is no community transmission yet.” The government is also issuing guidelines to blood banks to facilitate transfusion with safety.

ICMR study

According to a study by the Indian Council of Medical Research (ICMR), 40 people out of a total of 104 coronavirus patients with severe acute respiratory infection (SARI) were found to have contracted the infection without having any recent international travel history or contact with any confirmed cases of the disease. The study was based on findings after carrying out random tests on 5,911 people suffering from SARI in 52 districts in 20 states and Union Territories between February 15 and April 2.

Of the sample size, 104 people (1.8 per cent) were found to have contracted Covid-19. Of the 104, 40 did not have any recent international travel history or contact with any positive case, the study by the nodal medical research body said.

Community transmission

Punjab Chief Minister Amarinder Singh said on Friday there were indications that the state was moving towards the community transmission stage, but asserted his government was gearing up for every challenge, and announced mass testing in Covid-19 hotspots from next week. Speaking to the media through video conference, Singh quoted a PGIMER study to say that the virus infection is likely to touch its peak by mid-September and may likely affect 58 per cent of the country's population.

The PGIMER, however, later clarified that it was “not aware that any expert or faculty member from the Department of Community Medicine and School of Public Health of the Institute has carried out any study or estimate that Covid-19 may peak by mid-September and can infect 58 per cent of country's population”.

INDIA UPDATES

- **Over 20,400 foreign nationals have been evacuated from India** and a decision on bringing Indians from abroad will be taken at a later stage after reviewing situation
- **Nearly a third of Bihar's 60 coronavirus cases** have been reported from one family in Siwan district
- **A former Congress leader in Delhi has been charged by the police for not disclosing Markaz visit.** He, his family have tested positive for Covid-19

CORONAVIRUS **PANDEMIC**

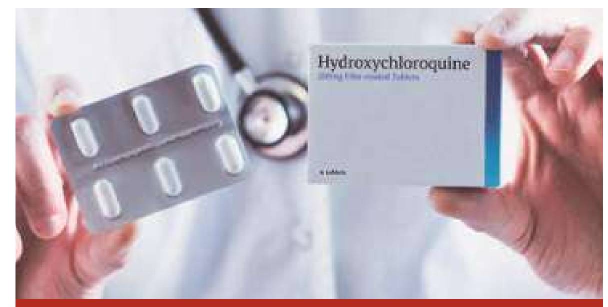
- **Police registered an offence against 64 foreigners,** including some Covid-19 patients, all of whom were found hiding in Bhopal after attending Tablighi event
- **Gurugram makes wearing mask** outside compulsory
- **Over 200 Gujarat farmers give ₹2,000** each to PM-CARES
- **UP on Friday transferred ₹1,000 each** to the bank accounts of 4,81,755 daily wagers, including vendors and rickshaw pullers
- **The government has disbursed the first instalment of ₹15,841 crore** to 79.2 million farmers under the PM-KISAN scheme, since March 24
- **Govt to give life insurance cover up to ₹35L** to FCI officials, labourers, says Paswan

ICMR approves TB testing machine for coronavirus

As part of its efforts to ramp up the testing capacity, the Indian Council of Medical Research (ICMR) has approved the use of diagnostic machines used for testing drug-resistant tuberculosis for conducting coronavirus tests. The ICMR has validated 'TruenatTM beta CoV test on TruelabTM workstation' and has recommended it as a screening test, the apex health research body said on Friday. Issuing a guidance on the use of Truenat beta CoV, the ICMR said throat/nasal swabs will be collected in the viral transport medium with virus lysis buffer provided along with the kit. "Earlier studies have shown that the virus lysis buffer neutralises Nipah and H1N1 viruses. PTI

India has three times the required HCQ stock

PRESS TRUST OF INDIA
New Delhi, 10 April



India will export anti-malarial drug hydroxychloroquine, high in demand globally, only to foreign governments and not to private companies, as the product is under prohibited or banned category of exports, sources said

The government on Friday said that there is enough stock of hydroxychloroquine (HCQ) in the country and it is taking all steps to ensure that there is no shortage of the drug in the domestic market.

Joint Secretary in the Ministry of Health Lav Agarwal said that India has a stock of 3.28 crore tablets of hydroxychloroquine, which is three time more than the projected requirement of one crore tablets in the country for the coming week and that tie-ups have been made for additional supply of 2 to 3 crore tablets for the future need.

“Based on our projected requirement, we need one crore tablets of hydroxychloroquin for the coming one week, while we have 3.28 crore tablets with us today. So we have more than 3 times supply relative to the domestic requirement,” Agarwal said.

India is the biggest manufacturer of the anti-malarial drug that is being touted as game changer in the fight against the Covid-19 pandemic. “There is enough stock of hydroxychloroquine in the country and we are tracking its demand, availability and production on a daily basis,” National Pharmaceutical Pricing Authority (NPPA) Chairman Shubhra Singh said.

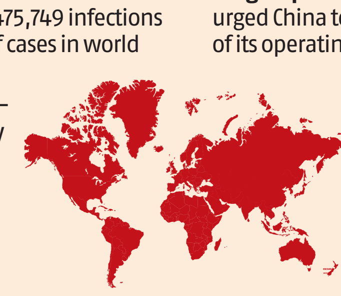
India is the world's largest manufacturer of the drug, which is used for treatment of rheumatoid arthritis, malaria and lupus, she added.

“Ensuring the availability of the drug in the country is our first priority. Only after meeting the demand here, the exports are being done.”

India has an annual installed capacity of around 40 tonnes of active pharmaceutical ingredients of hydroxychloroquine. With this capacity, it can make around 200 million tablets of 200 mg, which can be ramped up, the Indian Drug Manufacturers' Association (IDMA) had said.

WORLD UPDATES

- **The death toll in the US** is the second highest, at 17,925 from 475,749 infections — the largest number of cases in world
- **White House weighs new panel** to map post-virus economic recovery
- **UK's coronavirus hospital death** toll rises 8,973
- **Rishi Sunak eases tax norms** for foreign workers fighting Covid-19 in UK
- **Putin plans $14 billion stimulus** as pressure mounts for spending
- **Spain's death** toll curve flattening
- **China has reported over 40 new cases,** taking the total tally to 82,941



- **A group of top US lawmakers** have urged China to urgently shut down all of its operating wet markets
- **Sanofi decided to donate 100 mn doses** of hydroxychloroquine across 50 countries
- **Airbus has shelved plans** to add a French assembly line for its A321neo just 10 weeks after the expansion was launched
- **Bangladesh has imposed a complete lockdown in Cox's Bazar district —** home to over a million Rohingya refugees from neighbouring Myanmar
- **Pakistan is reopening some factories** amid a national lockdown

PHOTO: REUTERS

Pandemic provides ‘window’ into how bio-terrorist attack may unfold: UN Chief

The Covid-19 pandemic has provided a “window” into how a bio-terrorist attack might unfold across the world, UN chief Antonio Guterres said, issuing a strong warning that non-state groups could gain access to “virulent strains” that could pose similar devastation to societies around the globe.

The Secretary-General listed pressing risks to the world due to the pandemic as he addressed the powerful UN Security Council, which for the first time discussed the coronavirus crisis in a closed video-conference session on Thursday under the Presidency of the Dominican Republic.

Guterres described the battle against COVID-19 as the “fight of a generation -- and the raison d'être of the United Nations itself.” “While the Covid-19 pandemic is first and foremost a health crisis, its implications are much more far-reaching. The pandemic also poses a significant threat to the maintenance of international peace and security — potentially leading to an increase in social unrest and violence that would greatly undermine our ability to fight the disease,” Guterres said in his briefing to the UNSC.

“The weaknesses and lack of preparedness exposed by this pandemic provide a window onto how a bio-terrorist attack might unfold – and may increase its risks. Non-state groups could gain access to virulent strains that could pose similar devastation to societies around the globe,” he said. PTI

Early studies of potential coronavirus treatment show promise, says Pfizer

US drugmaker Pfizer said on Thursday that early data has helped it identify a drug candidate with the potential to help treat patients infected with the novel coronavirus. It also finalised a plan to develop a coronavirus vaccine in partnership with German drugmaker BioNTech SE and said the companies hope to produce millions of vaccines by the end of 2020. The companies said they plan to start trials of the vaccine as early as this month.

Data from preclinical studies of a compound that was originally developed to treat SARS — a different coronavirus that caused a major epidemic in 2003 — shows its potential to treat patients with the new coronavirus, Pfizer research chief Mikael Dolsten told *Reuters*.

Pfizer research chief said data from preclinical studies shows that a compound that was originally developed to treat SARS has the potential to treat patients with the new coronavirus

Pfizer said it will conduct additional preclinical studies of the drug and aims to begin trials in humans in the third quarter of 2020. In addition, Pfizer said it plans to support studies to determine whether existing Pfizer medicines, including its rheumatoid arthritis drug Xeljanz, may provide benefits for those struggling with the Covid-19 respiratory illness caused by the coronavirus. “Pfizer has mobilised resources and capabilities to address every single frontier of the Covid-19 pandemic,” Dolsten said. More than a dozen drugmakers, including Pfizer, have announced plans in recent months to develop treatments for the coronavirus. REUTERS

PHOTO: REUTERS

South Korea reports recovered patients testing positive again

South Korean officials on Friday reported 91 patients thought cleared of the new coronavirus had tested positive again. Jeong Eun-kyeong, director of the Korea Centers for Disease Control and Prevention (KCDC), told a briefing that the virus may have been "reactivated" rather than the patients being re-infected. South Korean health officials said it remains unclear what is behind the trend, with epidemiological investigations still under way. REUTERS

Amazon begins making testing lab for workforce

Amazon.com has started building a lab that will enable it to test employees for the Covid-19 virus, the latest step the online retailer is taking to try to protect its warehouse workers and delivery drivers who are getting essential products to customers sheltering at home.

Amazon acknowledges its ad-hoc effort may not accomplish much during the current pandemic. Still, it is assigning a team of scientists, software engineers and procurement specialists to build a lab that will let the company “start testing small numbers of our front line employees soon.” Tests are scarce, which has prevented public health officials from assessing the full scope of the outbreak across the US

“We've begun the work of building incremental testing capacity,” Amazon said Thursday in a blog post. “A team of Amazonians with a variety of skills — from research scientists and program managers to procurement specialists and software engineers — have moved from their normal day jobs onto a dedicated team to work on this initiative.” BLOOMBERG

A day after Bezos toured warehouse, Amazon says a worker there has coronavirus

An Amazon warehouse visited this week by CEO Jeff Bezos confirmed its first employee coronavirus case, according to a message sent to workers on Thursday. The employee who tested positive for Covid-19 was last at the site on Monday, according to the update Amazon sent. Amazon declined to comment. BLOOMBERG

Consumption-led demand recovery needed: G20

SHINE JACOB
New Delhi, 10 April

Energy ministers of G20 nations on Friday batted for consumption-led demand recovery for an early economic revival.

The meeting, held through videoconferencing, called for reliable and affordable energy supplies to support essential services, including health care.

It was attended by energy ministers of G20 countries, guest countries and heads of international organisations, including from the Organization of the Petroleum Exporting Countries (OPEC), International Energy Agency and International Energy Forum.

Petroleum minister Dharmendra Pradhan, who attended the meet, said India has always advocated for a stable oil market, which is reasonable for producers and affordable for consumers.

Pradhan urged global producers that oil prices should be targeted to affordable levels to allow a consumption-led demand recovery.

The G20 energy ministers focused on ways and means to ensure stable energy markets, which have been affected due to demand reduction as result of the coronavirus (Covid-19) pandemic and the ongoing surplus production.

Pradhan appreciated the collective efforts of OPEC and OPEC-plus countries to balance the supply-side factors which is imperative for long-term sustainability. A meeting was called by Saudi Arabia, in its capacity as the G20 presidency. It was chaired by Saudi Arabia energy minister Abdulaziz bin Salman.

Pradhan highlighted the decision by India to provide 80.3 million poor families free LPG cylinders, as part of a $23 billion relief package. Pradhan said India will continue to be the global energy demand centre. He also highlighted the Centre's efforts to fill in the strategic petroleum reserves.

Taking advantage of the lower crude price regime, India decided to top up its strategic oil reserves with millions of barrels of crude oil imported from Saudi Arabia, UAE and Russia. The purchase is seen as a move to stabilise the global energy market by raising the demand.

According to media reports, India has decided to buy oil worth around ₹5,000 crore (at current prices) to fill up three strategic reserves with a capacity of 5.33 million tonnes (MT).

The price of Brent crude was seen at $31.48 a barrel at one point on Friday.

G-20 finance ministers, central bank Guvs to meet on Apr 15 to discuss revival

Finance Minister Nirmala Sitharaman and RBI Governor Shaktikanta Das will on April 15 participate in the meeting of the G-20 countries to discuss the way forward in supporting the economy after the Covid-19 pandemic. The virtual meeting of the finance ministers and central bank governors comes within a fortnight of their last meeting on March 31. The April 15 meeting follows the Extraordinary Energy Ministers meeting of the G-20 countries on Friday. PTI

MEANWHILE

India shells Pak terror camp, ammo dump to cause heavy damage

The Indian Army on Friday said it has inflicted a heavy damage on Pakistani army's gun areas and terrorist launchpads after unprovoked ceasefire violation by the "enemy side" in two areas along the Line of Control in Jammu and Kashmir.

A defence spokesperson said the Indian Army retaliated "effectively and strongly" to the ceasefire violation in Keran sector in Kupwara district this afternoon, with precision targeting of gun areas, terrorist launchpads and ammunition dump across the LoC. “(There are) reports of heavy damage on the enemy side,” he added. Police officials said Pakistan violated the ceasefire in Uri area of Baramulla district as well. Pakistan has been increasingly violating the ceasefire agreement with India even as the focus in the two countries has shifted to fight the coronavirus pandemic. PTI

Standoff ends as Mexico agrees to Opec+ oil-output cut deal

Mexico said it has reached an oil-production cuts agreement with Opec+ after an intervention from US President Donald Trump resolved an overnight impasse, although it was unclear whether Saudi Arabia had accepted the proposal.

Speaking at a press conference on Friday morning, Mexican President Andres Manuel Lopez Obrador said he and Trump reached an accord on a level of production cuts that was more acceptable than the 400,000 barrel-a-day reduction proposal by Opec+ on Thursday.

Separately in Moscow, Kremlin spokesman Dmitry Peskov told reporters that President Vladimir Putin considers the Opec+ deal to be fully agreed and regards it “very positively.” However, delegates from the Organization of Petroleum Exporting Countries said they were unaware of the terms of the deal to which Mexican leader was referring.

If the standoff between Mexico and Opec+ has indeed been resolved, it opens the way for a historic effort to revive the oil market from a debilitating coronavirus-induced slump. BLOOMBERG

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