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How markets performed last week

	Index on Apr 9, '20	*One-week	% chg over Dec 31, '19 Local currency	in US $
Sensex	31,160	12.9	-24.5	-29.3
Nifty	9,112	12.7	-25.1	-29.9
Dow Jones	23,719	12.7	-16.9	-16.9
Nasdaq	8,154	10.6	-9.1	-9.1
Hang Seng	24,300	4.6	-13.8	-13.4
Nikkei#	19,499	9.4	-17.6	-17.5
FTSE	5,843	7.9	-22.5	-27.2
DAX	10,565	10.9	-20.3	-22.3

*Change (%) over previous week   Source: Bloomberg

COMPANIES P2

LUXURY CONCIERGE CATERING TO FANCIES OF WELL-HEELED

COMPANIES P2

COUNTRY TOO COMPLEX FOR LONG LOCKDOWN: T V NARENDRAN

WORLD BANK SEES FY21 INDIA GROWTH RATE AT 1.5-2.8%

India is likely to record its worst growth since the 1991 liberalisation this fiscal year as coronavirus severely disrupts the economy, the World Bank said on Sunday. India's economy is expected to grow between 1.5 and 2.8 per cent in 2020-21, it added. It estimated India would grow between 4.8 and 5 per cent in 2019-20. The outbreak comes at a time when India's economy is already slowing due to persistent financial sector weaknesses, the report said. 4

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Lockdown indecision: To sell or not to sell tickets?

The uncertainty over extending the lockdown seems to be creating confusion among policymakers in the railways and aviation. Officials in the civil aviation ministry said while there was little chance that air transport would be allowed to resume on April 15, lack of an official circular kept the commercial departments in a tizzy.

COMPANIES P2

Post-Covid war chest: Tata Steel looks to raise ₹10K cr

Tata Steel, the oldest steel producer in the country, is looking to raise up to ₹10,000 crore after the Reserve Bank of India last month decided to provide additional liquidity to the system hit by the Covid-19 pandemic. "The amount raised from the market would be mostly kept as additional liquidity buffer by the firm," said a source.

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OPINION

Solidarity today, new social compact tomorrow 6

In the concluding part, DEVESH KAPUR & ARVIND SUBRAMANIAN argue that to prevent India's social fabric from fraying, additional solidarity resources from the wealthy and secure to cushion the millions affected is imperative

BANKERS' TRUST

Come September, bad loans will zoom 6

The only way to save the financial system and the economy is the Reserve Bank relaxing banks' asset classification norms. TAMAL BANDYOPADHYAY writes

PERSONAL FINANCE

PMS schemes with large corpus provide safety 8

With almost 90% of funds' returns less than the Nifty50, protecting downside has been the main challenge. SANJAY KUMAR SINGH writes

THE SMART INVESTOR

HUL the superstock? 9

Safe-haven demand and better earnings visibility have led to expensive valuations, increasing chances of a correction. VISHAL CHHABRIA & SHREEPAD S AUTE write

Govt may start economic activity in 'green zones'

ARUP ROYCHOUDHURY, JYOTI MUKUL, SANJEEB MUKHERJEE & VIRENDRA SINGH RAWAT
New Delhi/Lucknow, 12 April

Even as the country awaited a formal announcement by Prime Minister Narendra Modi to extend the nationwide lockdown, Telangana became the fourth state to extend it till April 30. The current phase of lockdown ends on Tuesday.

The health ministry data revealed that coronavirus (Covid-19) has claimed 273 lives in India as the number of cases climbed to 8,447 by Sunday. There were over 900 new cases, it said.

According to finance ministry sources, the PM might address the nation once the Centre shapes the contours of the plan to revive economic activity in a phased manner. The Centre is keen to restart economic activity in 'green zones', or areas with a low incidence of Covid-19 cases.

Some of the states showed how a less than total lockdown is likely to be enforced, with the Delhi government categorising Covid-19 areas, depending on the intensity of the spread, as red, orange, and green. Delhi Chief Minister Arvind Kejriwal said containment zones had been declared as red and orange as high-risk. While a final plan is in the works, one suggestion is to classify areas with more than 15 cases as red, fewer than 15 orange, and no cases as green. Turn to Page 5

With inputs from Ruchika Chitravanshi & Archis Mohan

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EDIT: THE NEXT STEPS

PAGE 3

DPIIT FLAGS LONG LIST OF INDUSTRIES THAT NEED TO OPEN

PHOTO: PTI

LOCKING DOWN FAQ

- **Telangana fourth state to extend lockdown** till April 30; Odisha, Punjab, and Maharashtra already have
- Delhi categorises areas into **red, orange, and green zones**
- **Centre to follow template**, depending on severity of spread, to allow limited services to function in safe zones
- **Uttar Pradesh reopened 5,281 industrial units** during lockdown
- **Odd-even rules at Delhi's Azadpur** *mandi* for maintaining social distancing
- **Ahmedabad civic body to penalise** ₹5,000/3-year jail to those not wearing face masks
- Food and Consumer Affairs Minister Ram Vilas Paswan says **Centre has enough foodgrain for 810-plus million PDS beneficiaries** for nine months
- **Blanket approval** to all forms of farming activity likely

VIRUS TRACKER

INDIA: Total 8,447; Active cases 7,409; Recovered 764; Deaths 273

WORLD: Total 1,800,791; Deaths 110,892

Note: Total cases include 1 migration; figures as of 10 pm IST; Sources: Ministry of Health, Johns Hopkins Coronavirus Resource Centre

RBI to tighten private banks' succession plan

Second-in-command selection to be fast-tracked

RAGHU MOHAN
Mumbai, 12 April

The Reserve Bank of India (RBI) may stipulate stricter timelines to identify the managing director (MD) and chief executive officer (CEO)-designates in private banks and for them to settle down in their new roles. Extensions for current corner-room occupants could be linked to how robust the succession planning at the banks they helm is.

Corner-room aspirants' 'demonstrable record of running significant commercial operations', their board experience, and contribution to its deliberations will be key factors which could be taken into account by the central bank when evaluating candidature. The onus on the nomination and remuneration committee of banks is set to go up, even as private bank boards will have to engage deeper in succession planning.

Succession planning at private banks is not hard-coded, and the central bank wants to ensure smooth baton changes. Also, cut down on 'key personnel risks', which pencil in contingency plans for outlier events.

Succession planning is to go beyond what a private bank currently defines as its 'top management', and there is to be an identifiable second-in-command well ahead of an incumbent boss' term comes to an end. Not many private banks have a deputy MD and CEO.

A stricter succession planning framework had engaged the central bank when Urjit Patel was RBI governor, and it has been gathered that this has come 'back on the regulatory agenda, following the developments at private banks over the past year'. The most recent of these being the central bank's stance last week that the appointments of Sashidhar Jagdishan and Bhavesh Zaveri each as additional director and executive director be put on hold until a successor to MD Aditya Puri is decided.

Both Jagdishan and Zaveri had been speculated as being possible candidates to move into the corner room at the bank. Turn to Page 5

ON BATON CHANGE

- **Corner-room aspirants' record of running commercial operations**, board experience to be considered by RBI
- **Onus on nomination and remuneration committee** of banks set to go up
- **Private bank boards will have to engage** deeper in succession planning
- **Identifiable second-in-command to be in place** before an incumbent CEO's term ends

China central bank hikes stake in HDFC

SAMIE MODAK & ABHIJIT LELE
Mumbai, 12 April

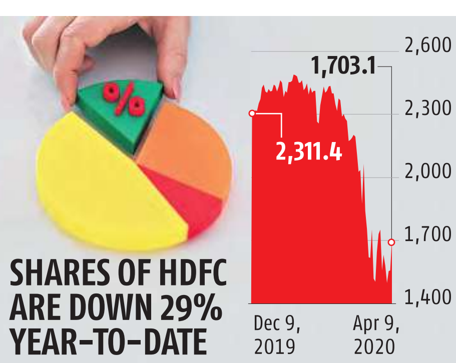
The People's Bank of China (PBoC) has increased its shareholding in Housing Development Finance Corporation (HDFC) amid a sharp correction in shares of India's largest mortgage lender.

The Chinese central bank held 17.5 million shares (or 1.01 per cent) at the end of the March 2020 quarter, according to a regulatory disclosure by HDFC.

Deepak Parekh, chairman, HDFC, said, "They buy on behalf of China's sovereign wealth fund. We have to report information when the stake crosses 1 per cent."

"PBoC has been an investor in HDFC for a while. It held 0.8 per cent in the company in March 2019 and now the shareholding has gone beyond 1 per cent in March 2020," said Keki Mistry, vice-chairman and chief executive officer, HDFC. "They are passive investors," he added.

Sources say PBoC may have increased its stake by 0.2 percentage points in March, when HDFC's stock had come off 25 per cent amid a sharp sell-off in the market.



FPIs HOLD 70.9% STAKE IN HDFC

Key FPI shareholders	Stake (%)
Vanguard	4.44
Invesco	3.96
Govt of Singapore	3.32
Blackrock	3.2
Oppenheimer	2.93
Norges Bank	1.1
Abu Dhabi govt	1.09
People's Bank of China	1.01

Sources: Bloomberg, BSE

On an overall basis, the shareholding of foreign portfolio investors in HDFC fell from 72.75 per cent in the December 2019 quarter to 70.88 per cent in March 2020.

Shares of HDFC had jumped 13.6 per cent last week to end at ₹1,633. The stock is still down 29 per cent on a year-to-date basis. At the current market price, HDFC is valued at ₹2.95 trillion.

Besides being a home loan provider, HDFC is also the holding company with stake in group firms, including HDFC Bank, HDFC Mutual Fund, and HDFC Life Insurance.

'HDFC' was among the top trends on Twitter on Sunday. The news of Chinese central bank's stake disclosure led to a frenzy on social media. Some argued that China was lapping up shares of blue-chip Indian companies, taking advantage of the price correction. Turn to Page 5

Covid-19 pushes up demand for scenario planning by IT firms

Firms turn to AI-led simulation services

DEBASIS MOHAPATRA
Bengaluru, 12 April

Amid the coronavirus (Covid-19) pandemic, which has severely affected the operations of global enterprises, global companies are asking Indian information technology (IT) services companies for their help for scenario planning using simulation to better prepare for the fallout of the crisis.

Scenario planning is the analysis and understanding of the latest trends to develop several plausible future scenarios that may help to identify how to be well-prepared to deal with what might happen.

Usually, scenario-planning — through the application of logic — is dominated by big consultancy firms, such as McKinsey, PwC, KPMG, EY, and Deloitte, among others. However, the unprecedented nature of the current crisis has triggered fresh demand for it from a range of firms going to smaller IT firms.

Manufacturing and retail companies, which cannot afford disruption to their supply chains, are some of the clients. Pharma companies and public health care agencies are also approaching IT services firms to build up digital models for clinical trials which are key to new drug development.

"Globally, operation consulting is a $75-billion market, in which business consultants, such as McKinsey and PwC, IT consultants, and other such entities operate. With the Covid-19 crisis, enterprises are increasingly looking at services companies globally," said Pareekh Jain, an IT outsourcing advisor and founder of Pareekh Consulting.

According to industry insiders, manufacturing and retail clients are looking at supply chain management through simulation models. Turn to Page 5

PLAYING CATCH-UP

- **Indian IT firms are expected to post 4% rise** in revenue in 2020-21, against 7% in 2019-20
- **Firms with high hospitality and travel exposure** will be affected the most owing to Covid-19 crisis
- **However, telecom and health care verticals are seeing demand uptick** due to higher government spending
- **Despite a gloomy environment, IT firms see some new revenue** streams in coming quarters

Slowdown-hit auto hub stares at dead-end

Auto majors try to arrest flight of workers in Manesar; small entities fight for survival

ARINDAM MAJUMDER
Manesar/Gurugram, 12 April

Pawan Kumar, 34, misses the routine that comes with factory life. Every morning by 8 am, dressed in company-supplied uniform, Kumar would be at the stockyard inside the Maruti Suzuki plant in Manesar. He goes on with his job — manually moving around material in the plant's stockyard. At 1 pm, he takes a 30-minute lunch break at the canteen. His shift ends at 5 pm. Unless there is overtime, Kumar is back by 5.30 pm at his *chawl*, shared with four others.

On March 22, the country's largest car manufacturer suspended production at its mother plant to control the coronavirus (Covid-19) outbreak. Since then, Kumar's life has turned boring and uncertain.

Kumar doesn't possess any technical or mechanical skill. A level-II contract worker, he isn't fit to be employed in the assembly line, and depends on his manual labour for the paltry ₹9,000 he makes every month.

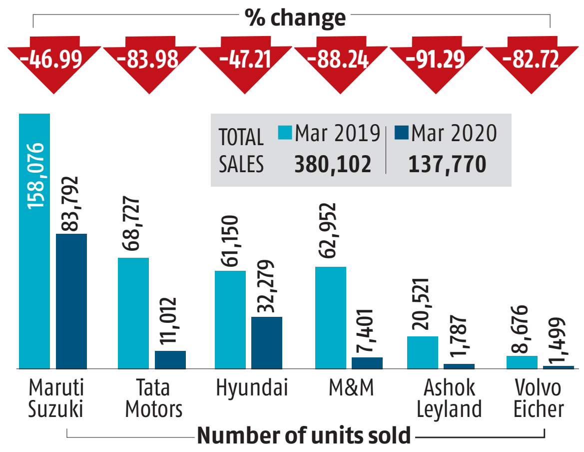
INDIA'S DETROIT The indefinite closure notice means a future as unpredictable as the pandemic   PHOTO: SANJAY K SHARMA

Maruti hasn't cut salaries for the eight no-production days in March, but Kumar isn't sure how long his employer will be generous if the closure continues.

"I spend seven-eight hours playing cards. I don't like this life. If there is no work at the factory, there is no requirement for people like us," says Kumar.

The Gurugram-Manesar-Bawal belt, stretching up to Neemrana in Rajasthan, houses one of the largest auto clusters in India. On any working day, it bustles with activity: Factories churning out the best-selling models, serpentine queues of trucks carrying those to showrooms, and the *dhabas* nearby teeming with workers.

Ever since the lockdown began on March 25, life has come to a standstill in India's Detroit and is now threatening the livelihood of thousands of those who migrated from across the country. Turn to Page 5



Source: Companies

Feeling Covid strain

EDIT TROUBLE FOR NBFCs P7

STATSGURU EQUITIES REBOUND P4

PHARMA FIRMS JOIN HANDS FOR SMOOTH PRODUCTION P2

CONFLICTING ORDERS IMPACT AEROSPACE MANUFACTURING P3

UNCERTAINTY OVER DIVESTMENT TARGET P4

2 MILLION STORES FOR ESSENTIALS ON CARDS P12

Pharma players join hands to ensure smooth production

Combined capacity utilisation at all-India level is 60-70% — higher than in most other industries

SOHINI DAS
Mumbai, 12 April

The pharma industry in India is pulling out all the stops to ensure that the production of medicines, essential in fighting the coronavirus pandemic, does not suffer.

In an unprecedented move, all major companies have come together to help one another with knowledge and sharing resources.

CORONAVIRUS PANDEMIC

Capacity utilisation at an all-India level, relating to both small and big manufacturers, is 60-70 per cent, which is higher than in most other industries.

The Indian Pharmaceutical Alliance (IPA), the lobby group that represents India's top 25 giants, has said the biggest companies are able to operate normally despite the crisis.

Almost all the major drug manufacturers have their units in Sikkim, where plants are operating at full capacity, industry said.

Pankaj Patel, chairman of Cadila Healthcare, said production in Sikkim was normal.

Similarly, for Alembic Pharma, its Sikkim plant is operating in full swing.

The three leading industry associations — the IPA; the Indian Drug Manufacturers Association (IDMA), which represents mid-sized firms; and the Organisation of Pharmaceutical Producers of India (OPPI), which represents multinational firms — are holding meetings every day, according to Sudarshan Jain, secretary general of the IPA.

"The crisis has brought us together. Moreover, the firms are helping one another to pool resources. For example, in manufacturing clusters, like Indore and Goa, companies are pooling resources like trucks, and even helping others to approach the regulators, etc in these areas," Jain said.

"Let's say, a Cipla and Lupin go together to present their case to the state administration, explain the challenges, and what the requirements are. Then companies also coordinate to see wherever they can to pool resources to transport goods," said Jain.

The pharma industry has taken stringent measures to ensure the safety of employees who come to the plant, and the IPA has issued guidelines, which most pharma companies are following now.

Rules on keeping distances are being observed in buses too. Every alternate seat in a bus is kept empty, Patel said.

The buses are sanitized twice a day. Temperature-screening kiosks check every employee and companies are following staggered shifts.

The problem of migrant labour, which is ailing other industries, is not much of an issue for the pharma sector.

Pranav Amin, chairman of Alembic Pharmaceuticals, said the sector required a certain level of expertise and usually the workforce was firmly settled in the cities they operated in.

"We have not seen any exodus of the workforce. As such we have also made hostel arrangements for some migrant workers who work as class 4 staff in our plants," Amin said.

Alembic's formulation plant is operating at a capacity of more than 80 per cent while its active pharmaceutical ingredients (API) plant is functioning at 60-70 per cent. The company is prioritising the manufacture of drugs that are in high demand now, such as azithromycin.

Zydus, another Gujarat-based company, is a leading producer of Hydroxychloroquine (HCQ), and it has increased its capacity to make both APIs and the formulation manifold.

"This month we are making 10 tonnes of the API, which can make 100 million tablets, and next month we will make 30 tonnes of the API, which will make another 150 million," Patel said.

As a temporary measure, the production of HCQ is taking place at its Ahmedabad plant too.

Patel said the Centre had procured around 100 million tablets and the states 60-70 million.

This can take care of more than 10 million people in the country.

At present exports are happening from Teva's Goa unit, where it had stocks of HCQ.

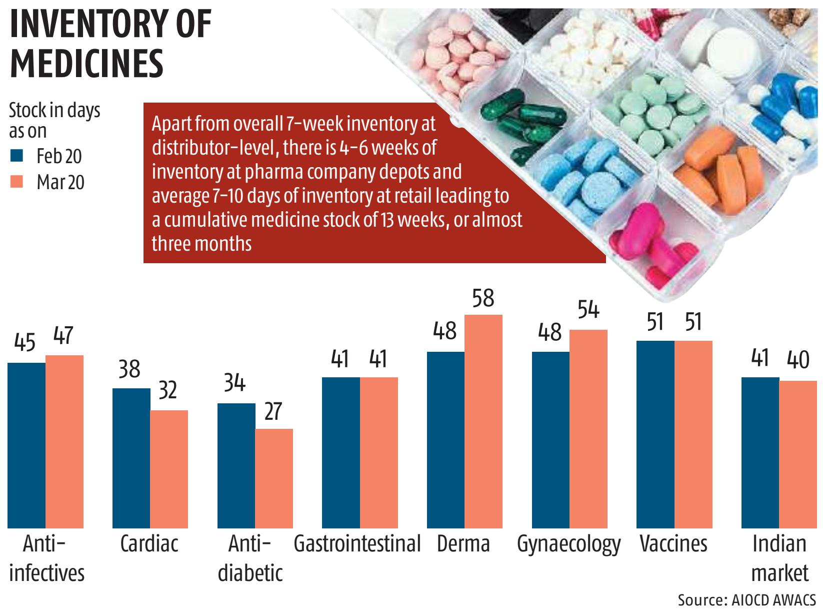
The exports of pharma goods are happening with coordination between the Department of Pharmaceuticals, the Ministry of Commerce, and the Ministry of External Affairs.

The industry said government agencies were ensuring smooth production and transit of these essential items within the country.

Jain said top bureaucrats were in WhatsApp groups with associations and also manufacturers.

The AIOCD AWACS data showed there were adequate stocks with distributors.

"Pharmaceutical companies have done a fantastic job," said Ameesh Masurekar, director of AICOD AWACS.



IN BRIEF

ASK plans to launch ₹1,000-cr property fund after lockdown

Mumbai-based fund manager ASK Group is looking to launch a ₹1,000-crore domestic property fund once the lockdown gets over. The fund manager feels there is good demand from first time homebuyers and developers need capital in the current scenario which is why the firm is looking to raise the fund, said Sunil Rohokale, managing director at ASK group. Rohokale said ASK is also planning to launch offshore property fund. "Risk reward ratios are attractive now. We will invest in good quality projects focusing on first time buyers," Rohokale said, adding that with developers' expectations coming down and opportunities have increased. He said they aim to double their investment value in three to four years. ASK group already has ₹700 crore dry powder to invest in the projects and they would invest that in six months. Rohokale said there were some green shoots since November last year in the residential markets of Pune, Chennai, Bengaluru, and Delhi but the entire Covid-19 and lockdown has impacted the recovery. "It will take 3-6 months for the sector to reach the pre-March levels." RAGHAVENDRA KAMATH

Indiabulls Housing Finance senior team to take salary cut

The senior management of the Indiabulls Housing Finance will take an average 35 per cent salary cut for FY21 to control expenses to deal with effect of the lockdown. Sameer Gehlaut, chairman, will be drawing nil salary, while Gagan Banga, vice-chairman, MD & CEO, has opted to take 75 per cent cut in salary. BS REPORTER

AirAsia founders forgo pay; staff takes 75% cut

The founders of Malaysia's AirAsia Group will not take salaries and its staff has agreed to an as much as 75 per cent cut in pay due to the impact of the novel coronavirus outbreak on the airline, its chief executive said. Tony Fernandes said staff from across the business "have accepted temporary pay reductions of 15-75 per cent to share the impact this is having on our business". REUTERS

Starbucks to launch drive-throughs, go for home deliveries

Tata Starbucks is planning to launch drive-through outlets and home deliveries as it works on new business models to mitigate the economic impact of coronavirus pandemic, according to a top company official. The company termed the ongoing situation as "something our businesses have not experienced in many decades". PTI

Vedanta aims to manufacture about 50K PPEs per day

Vedanta is targeting to indigenously manufacture about 50,000 personal protective equipment every day amid talks of PPE shortage in the country following coronavirus outbreak. The firms will start manufacturing personal protective equipment (PPE) by the first week of next month, Ritu Jhingon, CEO of Nand Ghar project, Vedanta said. PTI

Post-Covid war chest: Tata Steel looks to raise ₹10K cr

ADITI DIVEKAR
Mumbai, 12 April

Tata Steel, the oldest steel producer in the country, is looking to raise up to ₹10,000 crore after the Reserve Bank of India (RBI) last month decided to provide additional liquidity to the system hit by the coronavirus disease (Covid-19) pandemic.

"The amount raised from the market would be mostly kept as additional liquidity buffer by the company and can be used to make any immediate short-term debt repayments that may arise post this lockdown," a source close to the development told *Business Standard*.

Tata Steel is not the only company looking to raise funds to take advantage of the liquidity provided by the central bank.

Mukesh Ambani-led Reliance Industries on April 2 said its board had approved a proposal to raise up to ₹25,000 crore through NCDs. Sources said Bharti Airtel could also be raising around ₹10,000 crore.

As a pre-emptive measure to meet any frictional liquidity requirements on account of dislocations due to the Covid-19 outbreak, the RBI decided to conduct the fine-tuning variable rate repo auctions for ₹1 trillion, the central bank had said in a statement last month.

On March 27, the regulator decided to expand liquidity in the system "to sizeably ensure that financial markets and institutions are able to function normally in the face of Covid-related dislocations". The RBI also reinforced monetary transmission so that "bank credit flows on easier terms are sustained to those who have been affected by the pandemic".

A bleak demand outlook for steel in the domestic as well as global market is also another reason Tata Steel may be looking to have additional liquidity as margins are expected to take a hit in the coming quarters. The ongoing pandemic across globe has led to a nationwide lockdown that is likely to continue until April 30. This has impacted steel demand further.

"We see risks looming large for domestic steel prices in view of considerable premium to regional as well as export prices and demand uptick is expected to remain subdued in the medium term," Edelweiss Research said in a note.

Tata Steel's gross debt at the end of December 2019 was ₹1,09,867 crore while the net debt stood at ₹1,04,628 crore. The firm made an operating loss of ₹236.58 crore in October-December 2019.

Moody's Investors Service in its report recently said the Covid-19 outbreak exacerbates the already challenging operating environment for steelmakers around the world. The macroeconomic weakness spreading in the wake of the pandemic is driving down demand for steel in core industries like manufacturing, automotive, construction, and oil and gas exploration.

On the production side, Tata Steel has confirmed that its blast furnace was operating, but that could change swiftly. Tata Steel $180-200 a tonne profit is higher than peers like JSW, which makes $120-130 a tonne.

"However, this year, we expect profitability to decline and credit metrics to weaken," said Moody's report.

In July 2019, Tata Steel had plans to raise $600 million, partly to refinance loans and partly to fund the capital expenditure of phase two expansion at its Kalinganagar plant in Odisha. The company had also set a target of reducing gross debt by $1 billion in FY20, after Tata Steel's merger of its European operations with ThyssenKrupp fell apart following failure to meet Europe's antitrust requirements.

Though the firm's debt/Ebitda ratio as on FY19 stood at 3.2, it is much lower than 8.87 noted in FY17, which was the highest since FY10. The Moody's report said India's steel consumption was expected to grow at 2-2.5 per cent in 2020, largely in line with the GDP growth forecast of 2.5 per cent. The 21-day lockdown will hurt steel sales in March and April. The 2020 figure is much less than the 7.5 per cent steel consumption growth during the year ended March 31, 2019, it said.

REPORT CARD
Consolidated figures in ₹ crore

FY	Debt	Cash flow from operating activities
FY10	53,100	10,502
FY11	60,577	5,655
FY12	59,897	12,018
FY13	68,507	14,035
FY14	81,609	13,146
FY15	80,701	11,880
FY16	81,987	11,455
FY17	83,014	10,824
FY18	92,127	8,023
FY19	100,803	25,336

Compiled by *BS* Research Bureau. Source: Capitaline

'India too complex to be under long lockdown'

Tata Steel has cut production across its sites in the wake of restrictions to contain the spread of Covid-19. However, Tata Steel Chief Executive and Managing Director **TV NARENDRAN** tells **Ishita Ayan Dutt** that in Europe, which is not under lockdown, sales are at 70 per cent of normal levels. Edited excerpts:

Is it time to make the lockdown targeted?
There should be some easing without compromising on the actions being taken to contain the pandemic. The country is too large and complex to be under complete lockdown for too long without harming economic activity irreparably. So, while we shouldn't compromise on the health of people, a selective easing of the situation is probably required.

Do you see demand bouncing back once the lockdown is lifted?
I don't expect the lockdown to be completely lifted for some time because the battle to contain the pandemic is still on. Things may be better than what it was in the past three weeks. But it will take six months to one year to move to normalcy, or to where we were in January-February, depending on how the pandemic plays out in India.

Tata Steel reduced operations despite being under ESMA (Essential Services Maintenance Act), is that related to demand or lockdown restrictions?
The first one week was most challenging. The main steel plant sites at Jamshedpur, Angul, and Kaliganagar had the permission to operate. But steel plants don't operate in isolation. So, the first one week, we were focused on ensuring critical consumables come in and we were operating at 80-90 per cent. Once we had the supply chain in control, we were driven by our need to optimise demand and cash. Most of our customers like the auto firms and construction sites were closed. We then recalibrated, optimising cash and inventory levels. The focus was on adding value to raw materials rather than investing in buying more. Hence, in the past 10 days, we have been operating at 50 per cent level at key sites.

On the capex front, Tata Steel had already recalibrated expansion, what further changes are likely to be made?
Right now, we can't mobilise labour, our suppliers are not available and technicians can't come from places where we are buying equipment. So, there will be a pause for the next few months. We will focus on conserving cash and optimising capex.

What is the impact of the pandemic on Tata Steel Europe?
The experience in Europe is slightly different because there is no lockdown there. There is a slowdown as some of the customers like auto companies are closed, and to that extent, there is a drop in sales. But there are many other sectors like packaging that are continuing to take in steel. Europe sales are at 70 per cent of normal levels and there is a view that life will start coming back to normal after Easter.

Would Tata Steel be considering job/pay cuts?
For now, we are focused on using the existing workforce productively. We want to support everyone who is working with us directly or indirectly. As things pan out, we will continue to look at long-term productivity, which is nothing new for us. But we will not take any knee-jerk actions now.

Will deleveraging plans be impacted?
We need to recalibrate. But in the long-term, we will recover and do what we have to do.

What does the government need to do to get the economy back on track?
The biggest problem is liquidity, for MSMEs as well as larger businesses. We were just coming out of a difficult period, and last year was not a great year, particularly for manufacturing. So the government should ensure liquidity not just with the banks, it should be passed on to the industry, too. The government would also need to focus on MSMEs, that are most impacted by this lockdown.

Chartered flights, star chef sessions during Covid? Luxe concierge can help

PAVAN LALL
Mumbai, 12 April

It may be a while before commercial flights resume operations, but the rich can always avail the services of a luxury concierge to charter a flight — be it for a medical emergency or to unite family members with each other. If the mood takes them, they can even ask for an online cook-in with a celebrity chef. Or get a Bollywood star to deliver a birthday greeting.

At a time when much of the world is locked down to fight the coronavirus pandemic, luxury concierge services are catering to the needs and fancies of the well-heeled. As long as you are willing to pay, they are bending over backwards to fulfil your wish list.

London-based Quintessentially Yours, a concierge company that operates out of Gurugram with a team comprising former executives of the Oberoi Group, IHCL and the Leela Group of Hotels, offers private charter services and more — at a price.

Rishabh Shekhar, director of operations at Quintessentially Yours, says that though commercial flights are grounded, travel is allowed on two conditions.

"Individuals are getting permission from the ministry of civil aviation, along with embassy applications, if there is an urgent need for foreign travel, post which we organise private jets for the journey," he says.

Air ambulances, too, can be organised in case of a medical emergency, provided the requisite doctor's certificates and related paperwork are in order. "It can take anywhere between five and 12 days to get approvals for flying," says Shekhar.

Shipra Baranwal runs the India operations for London-based Ten Lifestyle Group that provides back-end concierge services for the top-tier credit card holders of large financial companies. She says that there was a surge in demand for private charter services just before the lockdown. "It was mainly for reuniting family members, many of them students, who were stuck in different countries or cities," she says.

Before the pandemic struck and changed lifestyles across the world, customers would mostly ask these concierge firms to organise travel to exotic destinations, unique experiential events, and gifting services. "Honeymoons, personal reminders, valet services and customised travel programmes are what customers used to want," Baranwal says.

In the post-Covid world, however, more exigent requirements are the order of the day. Before the lockdown, needs have included organising a private jet for a family including their dog, who wanted to travel back home, getting a full refund for a multi-room booking at a top luxury hotel in Malaysia (avoiding the 50 per cent penalty), and booking a fully-serviced villa on a golf course for a member and his family who wished to isolate themselves, Shekhar says. Shekhar adds that right before the lockdown, "customers wanted masks in the thousands, and sanitizers and disinfectants".

However, in the last week, the nature of the requests have become more lifestyle-oriented, with demands for virtual sessions with celebrity trainers and chefs riding high on their wish lists.

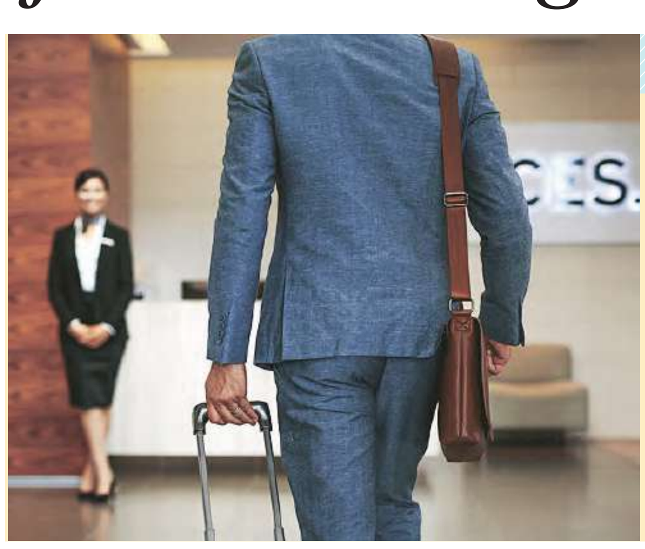
And if a family wants to surprise a birthday boy or girl with a video message from their favourite Bollywood actor or actress, that, too, can be arranged. A top Bollywood star typically charges anywhere between ₹15 lakh and ₹30 lakh for sending a personalised birthday greeting.

Needless to say, signing up for a luxury concierge service isn't cheap.

The annual charges are ₹3 lakh, ₹10 lakh, or ₹25 lakhs, depending on the type of membership, plus additional expenses. Some of them also have tie-ups with real estate firms such as DLF, the Lodha Group and the Embassy Group, wherein premium customers receive memberships along with their real estate purchase. Like other concierge operators, Quintessentially Yours is a global organisation with 1,500 employees and 60 offices in various international locations, which enable them to deliver on their often challenging requests.

American Express, Centurion Cards member services and US-based Ten Concierge Group are some of the other luxury concierge services that offer 360-degree, round-the-clock valet services to the uber rich.

Is there a point at which the firm will say no to a client's request? "As long as it's a legal and legitimate product or service, the answer will be yes," Shekhar says. "It may be difficult, but that's where we come in and make it easier."



COST OF SPECIAL SERVICES

- **₹25-30 lakh** — Private air ambulance charter (domestic, 5-seater aircraft)
- **₹15-30 lakh** — Celebrity video greeting
- **₹8,000-20,000** — Virtual session with celebrity chef (Hyatt, Meridien chefs)
- **₹20,000** (for monthly programme) — Virtual session with celebrity trainer
- **₹10,000** (contingent on the doctor) — Doctor visits
- **Delivery of groceries, food** — On actual costs

Source: Companies

Conflicting orders from Centre, states hurt aero manufacturing

Pressure from global aerospace vendors for uninterrupted supply building up

AJAI SHUKLA
New Delhi, 12 April

Even after the Tamil Nadu and Karnataka governments issued orders allowing aerospace and defence industries to continue manufacturing, the comprehensiveness of the countrywide lockdown, and absence of governmental coordination is preventing even a limited return to normalcy.

Business Standard reported that Karnataka government circular on April 1 "relax(ed) the restrictions imposed on the movement of workers and staff working in these industrial units".

However, aerospace manufacturing companies continue to face difficulties in obtaining passes from the Karnataka Police for employees to travel to work.

The police are held back from issuing movement passes by a letter that Home Secretary Ajay Bhalla sent to all state chief secretaries on March 31, complaining that state governments are allowing "exceptions beyond what has been allowed under lockdown measures" by the Centre.

CORONAVIRUS PANDEMIC

"This amounts to violation of the lockdown measures issued by the Ministry of Home Affairs under the Disaster Management Act, 2005, and may defeat the overall objective of containing the spread of Covid-19," wrote Bhalla, demanding that state governments must "strictly implement the lockdown measures".

"After numerous visits to the police, we have obtained movement passes for just 10 per cent of our employees so far," said a senior official from an aerospace production company, speaking on condition of anonymity.

Aerospace manufacturers also complain about another problem rooted in a growing fear of Covid-19: A culture of vigilante citizens, particularly in villages on the outskirts of Bengaluru, erecting barriers, stopping vehicles and refusing to allow passengers to proceed. The Karnataka Police is doing little to stop them.

Contacted for comments, the Karnataka Police did not respond.

Meanwhile, pressure for uninterrupted supply is growing from global aerospace vendors, such as Boeing, Lockheed Martin, Airbus and Bell Textron, which all source components from Indian aerospace manufacturers.

The US federal government wants America's aerospace and defence industry to function as usual. It has ordered the industry's 2.5 million employees to continue reporting for work, based on the grounds of national security.

Indian aerospace firms are concerned that a failure to honour existing contracts could result in a flight of business to countries such as South Korea

Boeing's multiple production units across the US are continuing to function, except for the one at Puget Sound in Seattle, which builds commercial planes and derivatives; and the production line in Philadelphia that builds the Chinook and Osprey aircraft. This demands uninterrupted supply from Indian sub-vendors.

Canadian firm Bell Textron has written to its suppliers that its government has deemed it "part of the businesses providing important and essential activities", and "therefore, Bell needs and expects all suppliers to proceed with diligent completion of open orders to Bell in support of the war fighters...".

Indian aerospace suppliers say there is growing pressure from foreign customers who demand to know, on a day-to-day basis, what impact the Covid-19 pandemic is having on their supply lines.

Boeing has written to its suppliers that it reserves the right for remedy, as per the terms and conditions of their contract, if interruption in supply from India impacts the discharge of their contract requirements.

Indian aerospace companies are concerned that a failure to honour existing contracts could result in a flight of business to countries like South Korea — already a major aerospace component supplier — where the governments are ensuring there is no interruption in aerospace component production.

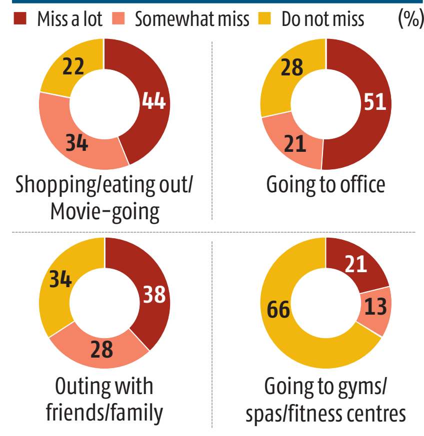
"Our foreign customers cannot pull the plug on India right away. But when production contracts come up for renewal, it will be noted that India was one of the countries from where supply was interrupted," said an aerospace manufacturing chief executive.

LOCKDOWN EFFECT: 44% CONSUMERS VERY HAPPY, 34% UNHAPPY: NIELSEN

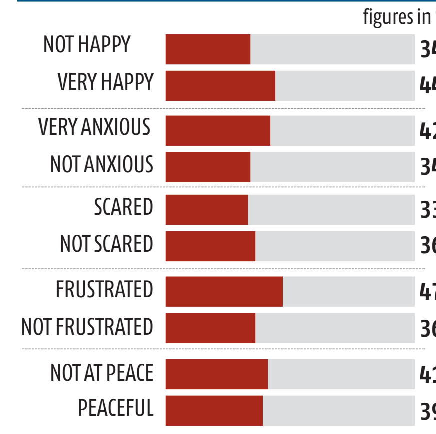
An online survey of consumers in the top six metros in India conducted by market research agency Nielsen this week shows that the stay-at-home directive as part of the ongoing lockdown has left 34 per cent unhappy, while 41 per cent are not at peace at all. One thousand online respondents from higher socio-economic brackets (A and B) in the age group of 15-45 were part of the survey, Nielsen said. Nearly three weeks of lockdown has left 78 per cent of the respondents missing the simple joys of life, including going out for shopping, eating and watching movies in theatres, the study said. With the government now expected to extend the 21-day lockdown till the end of April, Nielsen says the pain will last a little longer.

COMPILED BY VIVEAT SUSAN PINTO

MISSING ME-TIME



MIXED FEELINGS ABOUT LOCKDOWN



SMARTPHONES PROVIDE SOME RELIEF

▲ Growth in %

Time spent per user in a week
23 hrs 36 mins — Pre-Covid period
26 hrs 36 mins — 3rd week of lockdown
▲ 13

Time spent per user daily
3 hrs 24 mins — Pre-Covid period
3 hrs 48 mins — 3rd week of lockdown
▲ 7.4

ONLINE ACTIVITIES INCREASE

Time spent per user in a week

	Pre-Covid period	Third week of lockdown
Chatting	3 hrs 45 mins	5 hrs 17 mins
Social networking	3 hrs 13 mins	4 hrs 39 mins
Gaming	2 hrs 31 mins	3 hrs 38 mins
Watching (OTTs)	3 hrs 33 mins	3 hrs 59 mins

Pre-Covid period is 11-31 Jan, 2020
Third week of lockdown is March 28-3 April, 2020
Source: Nielsen/BARC

'*Kirana* stores would see a resurgence'

The Covid-19 pandemic has upended the fast-moving consumer goods (FMCG) market, prompting firms to redraw business strategies. Godrej Consumer Products' (GCPL's) Managing Director and Chief Executive **VIVEK GAMBHIR** talks to **Viveat Susan Pinto** about the change in consumption habits and what lies ahead. Edited excerpts:

GCPL recently said that the March quarter would be impacted due to the pandemic and lockdown. How fast do you see the situation improving?

We are trying to be as agile as possible and are adapting to the evolving situation. Both distribution and production have been significantly disrupted over the last couple of weeks, and our operations have been curtailed. This is not surprising given the unprecedented nature of the lockdown. The government is aware of the challenges and is working closely with the industry to get the supply chain back on track.

Q&A

VIVEK GAMBHIR
CEO & MD, Godrej Consumer

Over the past few days, we have been ramping up production of essential items, but this ramp-up is at a reduced capacity. Our factories are at 20-25 per cent production levels. 60-70 per cent of our depots are open and about 25-30 per cent distributors have the permission to operate. The big challenge is labour shortage, some of which was driven by fear and social pressure, and some of it by migrants moving back. While permissions are gradually being given, adequate workforce is not available yet.

With the lockdown now likely to be extended, do you see the pain getting worse for the industry?

There has to be a balance between containing the spread of the virus, providing safety across the supply chain and reviving economic activity. We will need to approach the re-opening (of plants) post lockdown in a staggered manner, given how important social distancing is. Our hope is that we could start with 50 per cent capacity ramp-up, thereafter, in 2-4 weeks get to 75 per cent and 100 per cent in 8 weeks, if the pandemic is under control.

The fast-moving consumer goods (FMCG) industry is working closely with the government on establishing standards for each node in the supply chain. These include hygiene protocols, social distancing norms, sanitisation and deep cleaning, along with awareness sessions with workers.

How far away is recovery of the market?

This could be a story of two halves, depending on how long the crisis lasts. Even if the lockdown is lifted, it doesn't mean the crisis is over. The pandemic could last much longer. From a planning point of view, what we are assuming at GCPL is that the impact of the virus will be acutely felt in Q1 FY21 and there could also be some impact in Q2. But if the crisis subsides then you could see the second half being very different from the first.

What shifts in consumption are you seeing in the wake of the crisis?

The industry will see structural changes. Certain consumer habits could shift quite significantly. Trust will become an important currency. And consumers will pay a lot of attention to health and hygiene. Typically, younger people were buying more online. Now, even the older generation will accelerate adoption of online purchasing. *Kirana* stores will see a resurgence as they have been the shoulder for many neighbourhoods to rely on during the lockdown for their daily essentials. Also, we will see more polarisation in the market with demand rising for both sachets and large packs.

How is GCPL preparing for this shift?

There's a significant opportunity to reimagine our business and re-look our portfolios to innovate and take bigger bets. This journey has been an ongoing one for us — it will now accelerate as we seek newer avenues of growth. We are looking at broadening our portfolio – whether it is in male grooming, air fresheners or liquid detergents. Our go-to-market strategy will see a shift. We've also created a separate business unit focused on e-commerce.

Fintech start-ups come up with new business ideas

SAMREEN AHMAD
Bengaluru, 12 April

Financial technology (fintech) start-ups are leaving no stone unturned to come up with new business initiatives and products to cope with the impact of the Covid-19 pandemic.

Bengaluru-based Instamojo has come up with an initiative for essential businesses, such as pharmacies, called Priority KYC, which will allow them to go online with their products in five minutes. "In times like these, when online is the only solution, several small businesses need support to go digital. Through this initiative, Instamojo is offering Priority KYC, helping these essential services go online in less than five minutes," said Sampad Swain, chief executive officer (CEO) and co-founder, Instamojo.

Sequoia Capital-backed Razorpay has partnered with Rentlite, a division of Featherlite, with corporate offers to enable people to rent office furniture for working from home. It has also launched same day settlements for all Razorpay customers who provide essential businesses till April 15, which means businesses will receive funds in just a few hours instead of the usual 3-5 working days settlement period. "This will help businesses improve their cash flows and manage operational expenses better," said Harshil Mathur, CEO and co-founder, Razorpay.

Paytm rolled out a Covid-19 insurance policy with Reliance General Insurance

Several start-ups have also started offering insurance coverage against Covid-19. Digital payments and financial services platform Paytm has rolled out a Covid-19 insurance policy in collaboration with Reliance General Insurance with a cover ranging from ₹25,000 to ₹2 lakh. "With our Covid-19 Benefit Insurance Policy, we aim to provide simple health insurance coverage that will take care of most expenses that a Covid-19 patient might have to incur. The policy can be purchased on the Paytm app, and is generated online within a few minutes from the safe confines of one's home," said Amit Nayyar, president, Paytm.

Experts say the Covid-19 pandemic could fast-forward certain industries by 3-5 years, including fintech sector. "Certain behavioural patterns are going to be accelerated because of Covid-19. Cross selling relevant products, such as insurance, is one of the big opportunities for fintech start-ups. These opportunities were always in the plans, but have been fast-tracked because of the given situation," said Sanjay Swamy, managing partner, Prime Venture Partners.

Earlier this month, Walmart-owned digital payments company PhonePe had also launched Corona Care, a coronavirus hospitalisation insurance policy, in partnership with Bajaj Allianz General Insurance. Priced at ₹156, the plan comes with a cover of ₹50,000 for a person aged under 55 years, and is applicable at any hospital offering Covid-19 treatment. It also covers 30 days of expenses related to pre-hospitalisation costs and post-care medical treatment.

DPIIT flags a long list of industries that need to open

SUBHAYAN CHAKRABORTY
New Delhi, 12 April

The Department for Promotion of Industry and Internal Trade (DPIIT) has flagged a long list of industries that need to open soon in a letter to the Home Ministry.

"It is felt that certain more activities with reasonable safeguards should be allowed once a final decision regarding extension and the nature of lockdown has been taken by central government," DPIIT Secretary Guruprasad Mohapatra told Home Affairs Secretary Ajay Kumar Bhalla in the April 11 letter.

With industry bodies increasingly becoming impatient at the ongoing lockdown and confusion over another two-week extension, the letter batted for the reopening of manufacturing units in a long list of sectors. It also pointed out that the new list of activities being pushed by the DPIIT 'are essential to improve the economic activity and provide liquidity in the hands of the people'.

The letter, reviewed by *Business Standard*, also suggested that corporates and major manufacturing units may be allowed to run at 20-25 per cent of employee capacity in a single shift. This is for sectors such as textiles, automobiles and electronic manufacturing.

DPIIT also said only businesses that ensure a single entry point of workers, space for social distancing, separate transport for ferrying workers or necessary accommodations, along with regular sanitization of the premises will be eligible for remaining open.

SECTORS IDENTIFIED FOR REOPENING IN LETTER TO MHA

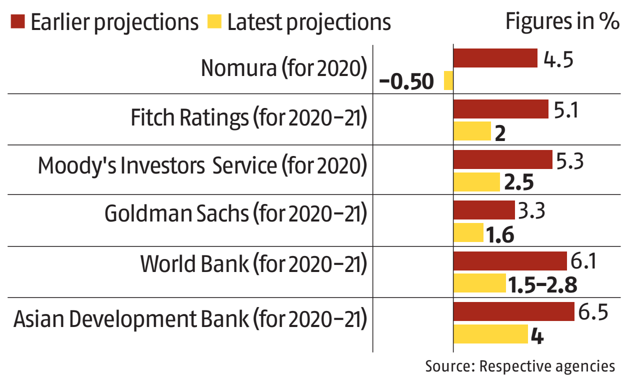
- Heavy electrical items
- Steel and ferrous alloy mills
- Telecom equipment
- Spinning and ginning mills
- Defence and ancillary units
- Cement
- Fertiliser
- Paints and dyes
- Food and beverage
- Plastic
- Automotive
- Gems and jewellery

World Bank sees India's GDP growth at 1.5-2.8%, lowest since 1991 crisis

Warns social distancing to be a challenge among migrant workers, slum dwellers

INDIVJAL DHASMANA
New Delhi, 12 April

HOW INDIA WOULD GROW THIS FISCAL YEAR



The World Bank has scaled down India's gross domestic growth (GDP) growth projection to 1.5-2.8 per cent for the current fiscal year, which would be the lowest economic expansion since the balance of payments crisis of 1991-92, as Covid-19 is dragging down activities in the already slowing economy. It had earlier projected the growth to be 6.1 per cent for 2020-21.

CORONAVIRUS PANDEMIC

In its South Asia Economic Update, the Bank warned that migrant workers and conditions in slum areas would make it challenging to adopt social distancing norms to arrest the spread of the deadly coronavirus.

The publication, brought before the spring meetings of the IMF and the World Bank later this month, predicted industrial gross value added to be flat in 2020-21, against 1.9 per cent expected for 2019-20. Services were pegged to grow by 4.1 per cent in the current fiscal year, against 6.9 per cent a year ago, and agriculture by 2.7 per cent against 3.5 per cent.

IMF is also likely to come out with its report on world economic outlook shortly. The World Bank expected India's economy to grow by 2.8 per cent in case lock down is not stretched much. In case of a prolonged lockdown, the growth could further slip to 1.5 per cent, it warned.

At both these rates, India would be growing at the slowest pace since 1991-92, when the economic expansion fell to 1.1 per cent.

Some other agencies predicted far worse scenario for India.

For instance, Nomura predicted India's economy to contract by 0.5 per cent during 2020 calendar year. However, some others predicted bit better scenario. Asian Development Bank expected India's economy to grow 4 per cent in 2020-21.

However, the growth is expected to recover to 4-5 per cent in the next year or in other words almost same or worse than where it stood in 2019-20, according to the World Bank.

The Bank predicted GDP growth at 4.8-5 per cent for 2019-20, against the second advance estimate of 5 per cent.

"Growth is estimated to have decelerated to 5.0 per cent in FY20 and it is expected to slow down again in FY21. Structural and financial-sector weaknesses are compounded by severe disruptions to economic activity caused by the Covid-19 outbreak," it said.

The Bank pegged general fiscal deficit (Centre and states combined) to touch 9 per cent in the current fiscal year, as the governments spend more and revenues dwindled. The deficit could widen more depending on the period of lockdown, it said.

The crisis may dampen the country's efforts to reduce poverty. "While poverty declined to an estimated 13.4 per cent in 2015, at the $1.90 a day international poverty line, the slowdown in growth and in the rural economy may have dampened the pace of poverty reduction," the Bank said.

Even in countries at a higher level of GDP per capita in south Asia, such as India and Pakistan, still around 70 per cent suffer from this basic deprivation.

"It should not be a surprise that a highly transmissible disease could spread more quickly among those in poorer groups," it said.

The multi-lateral agency said the Covid-19 outbreak came at a time when India's economy was already slowing, due to persistent financial sector weaknesses. To contain it, the government imposed a lockdown with restrictions on mobility of goods and people.

The resulting domestic supply and demand disruptions on the back of weak external demand are expected to result in a sharp growth deceleration in FY21 with the services sector particularly impacted. It said a revival in the domestic investment was likely to be delayed given enhanced risk aversion on a global scale and renewed concerns about financial sector resilience.

In such a situation, the only silver lining would be the balance of payments position which is expected to improve on weak domestic demand, low oil prices, and Covid-related disruptions.

The current account deficit is expected to narrow to 0.2 per cent in FY21 from expected 1 per cent a year ago.

The Bank warned that the high density of households in urban slums further reduces the efficacy of social distancing measures.

The lockdown will also have an adverse economic impact on self-employed and casual workers. The closure of shops, hotels and restaurants alone will affect 11 per cent of such workers in these sectors. Domestic migrants scrambling to return to their homes in rural areas and currently stuck in transit are also facing significant vulnerabilities, it said.

A welfare package from the government can help poorer households cope with short-term Covid-related losses. However, it said India set aside just over 1 per cent of GDP for programmes to increase health sector spending and compensate the unemployed, with the bulk of the money going towards cash transfers, free food and gas cylinders, and interest-free loans. In India, some economists doubt that the planned economic stimulus will be enough, it said.

The Bank warned that south Asia has some of the highest population densities in the world, particularly in urban areas. This makes contagion easier, especially among the most-vulnerable people — slum dwellers and migrant workers. "In India, Bangladesh and Pakistan, the time between the announcement of suspension of inland passenger transport and its enforcement was less than a day, which created chaos as migrants scrambled to get back to their provinces, exacerbating the crowding and making enforcement of social distancing impossible," it said.

Traders should highlight issues to get govt's help

EXIM MATTERS

T N C RAJAGOPALAN

The government has exempted the Customs duty on import of personal protection equipment (PPE), ventilators, Covid-19 testing kits, and inputs required for making them. It has also allowed export of certain active pharmaceutical ingredients (API) and formulations made from them that were restricted earlier. Useful procedural relaxations have been made and some helpful clarifications issued.

On March 3, the government restricted export of 13 API and formulations made from them. On April 6, it removed that restriction on all of them except paracetamol and its formulations, which can, however, be exported by Export Oriented Units (EOUs), units in Special Economic Zones (SEZs) and by other units only in discharge of export obligation against advance authorisations. Export of ventilators, sanitizers, and masks remain prohibited.

The govt is trying to identify areas where relief by way of simplifying procedures or extending the deadlines can be provided

Export of hydroxychloroquine and its formulations were prohibited on March 25. Their exports by EOU, SEZ units and by others in discharge of export obligation were allowed but that relaxation was withdrawn on April 4. Later, there have been reports that the government has decided to allow exports of hydroxychloroquine and its formulations but till Friday morning, the Commerce Ministry had not issued any notification lifting the ban.

The Central Board of Indirect Taxes and Customs (CBIC) has allowed clearance of goods without furnishing bond under provisional assessment, for deposit in bonded warehouses, for availing exemptions under notifications issued under Section 25 of the Customs Act, 1962 or for any other purpose under Section 143 of the said Act and for bond-to-bond transfer of warehoused goods. Considering the difficulty in getting stamp paper, the importers may furnish only a letter of undertaking on their letterhead in lieu of the bond. This facility is available till the end of April for importers mentioned in the April 3 CBIC circular. Request from others will be considered on merits. The CBIC has also deferred implementation of its instructions on electronic sealing for deposit and removal of goods from bonded warehouses.

The goods and services tax (GST) wing of the CBIC has also issued useful clarifications in respect of time period for filing appeals, issues relating to companies under Insolvency and Bankruptcy Code, some refund related issues and various measures announced by the government for providing relief to the taxpayers in view of spread of Covid-19.

The Director General of Foreign Trade (DGFT) has deferred the implementation of the trace and track system for export of drug formulations along with maintaining parent-child relationship in packaging and their movement in supply chain. The DGFT has also extended the date for seeking one-time condonation of delay under EPCG scheme for certain purposes. Trade notices have been issued for electronic filing and issuance of certificates of origin under various trade agreements, retrospective issue of certificates of origin, acceptance of scan copies of documents for such purposes and so on.

Thus, the government is trying to identify areas where relief by way of simplifying procedures or extending the deadlines can be provided. Yet, there are some issues. For example, expiry dates for goods stored in bonded warehouses need to be extended. The dates when they start attracting interest need to be revised. Input tax credit must be permitted even if the recipient does not pay within six months, and so on. The trade must highlight such issues to help the government grant necessary relief.

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Uncertainty looms over ₹2.1-trn divestment target

ARUP ROYCHOUDHURY
New Delhi, 12 April

The Covid-19 pandemic and the resultant slowdown in the global economy have cast serious doubts on the highest-ever disinvestment target of ₹2.1 trillion that Finance Minister Nirmala Sitharaman had set for 2020-21.

The most optimistic assumption, according to informed sources, is there will be no transaction in the first half of the year (April-September). The worst-case scenario is the two marquee names up for privatisation — Air India and Bharat Petroleum — may not happen this year, and what the Centre may get in divestment proceeds could just be a fraction of the target.

In its April Monetary Policy report last week, the Reserve Bank of India said the global economy is expected to go into recession after taking into account the impact of the Covid-19 pandemic. The International Monetary Fund has said the global economy is headed for its worst phase since the Great Depression.

"Even if the pandemic is contained soon, it will take time for the global economy and the markets to recover. Any divestment transaction, be it strategic sale, or any offering on the stock markets, will not happen before October, at the earliest," said a senior government official.

Some officials admit that the impact of the pandemic could play out for the entire year.

LIKELY SCENARIOS

- Best-case scenario sees no transactions in first half FY21
- Worst-case scenario assumes marquee transactions not taking place
- Divestment receipts could only be fraction of FY21 target
- Big transactions planned for FY21 include privatisation of Air India, BPCL, Concor, Shipping Corp
- IPO of LIC also planned
- EoI submission date of BPCL extended, date for AI also to be pushed back

"Aviation is one of the sectors that has been hit the worst. The energy sector is also hit. Because of reduced economic activity, demand for petroleum products has gone down," said a second official.

"We will have to see how soon these sectors fully recover. These factors will have an impact on what sort of interest we receive from interested buyers for Air India and BPCL," said a second official.

Of ₹2.1 trillion, some ₹90,000 are planned to be garnered from sale of Centre's stake in state-owned financial institutions.

The main transactions that the Finance Ministry's Department of Investment and Public Asset Management (Dipam) and the Department of Financial Services (DFS) were counting on for FY21 were the strategic sales of Air India, BPCL, Concor and Shipping Corp, and the blockbuster initial public offering of LIC India.

The Centre plans to sell its entire 100 per cent stake in Air India, 53 per cent in BPCL, 63.75 per cent in Shipping Corp, and most of its stake (30.8 per cent) in Container Corp.

The date of submission for BPCL's expression of interest (EoI) by prospective buyers has already been postponed to June 13 from May 2. The date is likely to be extended for Air India as well. Already, Dipam has relaxed some conditions for prospective buyers in terms of submission of documents, in light of Covid-19. The date of submission of EoI for one of the smaller strategic sales being planned, Central Electronics, has been extended by a month to May 16.

The EoIs for Concor and Shipping Corp have not yet been issued, nor have the investor roadshows being conducted.

For 2019-20, Dipam garnered proceeds of ₹50,298.6 crore, a shortfall of ₹14,701 crore, compared with the revised estimates of ₹65,000 crore, which itself was a climb-down from the earlier target of ₹1.05 trillion.

Need package, open industry in staggered manner: CII

SUBHAYAN CHAKRABORTY
New Delhi, 12 April

The Confederation of Indian Industry (CII) demanded on Sunday that the Centre should announce an economic package and give adequate notice before lifting the nationwide lockdown. It also lent support to the growing calls of a calibrated and safe exit from the lockdown.

The CII has argued in favour of the government providing direct rations to affected populace rather than cash, therefore, negating the impact of inflation, if any, on the population and also ensuring that the money is indeed spent on food and basic provisions. In addition, this needs to be combined with provision of shelter and meals for the people, who are in need of this, the CII said.

It has also backed the notion that credit offtake needs to grow at least 14-15 per cent by the year-end.

The CII has also suggested all banks provide additional working capital to all firms, equivalent to their three-month wage bill at interest rates between 4-5 per cent.

In stressed sectors like construction, aviation or tourism, the additional working capital also needs to cover their interest obligation as well, the chamber has said.

With the number of cases continuing to rise at a fast clip, the mapping of the country based on the the incidence of cases is necessary, CII Director General Chandrajit Banerjee said. CII has also called for prioritising and allowing industry to gradually start operating.

STATSGURU

Equities rebound

WORLD EQUITY MARKETS HAVE REBOUNDED SHARPLY from their coronavirus-linked lows (chart 1) after the number of cases in some of the hotspots showed first signs of easing (chart 2).

Also, the trillions of dollar worth of stimulus packages announced by the US Federal Reserve and other large central banks have once again improved investors' appetite for risk assets.

The Indian markets after dropping about 40 per cent this year have bounced back 20 per cent. The rebound in the US markets has been much sharper with the Dow Jones Industrial Average surging 27 per cent from its 2020 lows. Last week, the US Federal Reserve announced a fresh round of emergency measures, totalling as much as $2.3 trillion. Foreign inflows into domestic equities improved remarkably last week (chart 3).

Not just equities but gold prices, too, have jumped following the Fed action (chart 4). Also, bonds in the developed world have rallied, thanks to the unlimited bond-buying programme announced by the US central bank (chart 5).

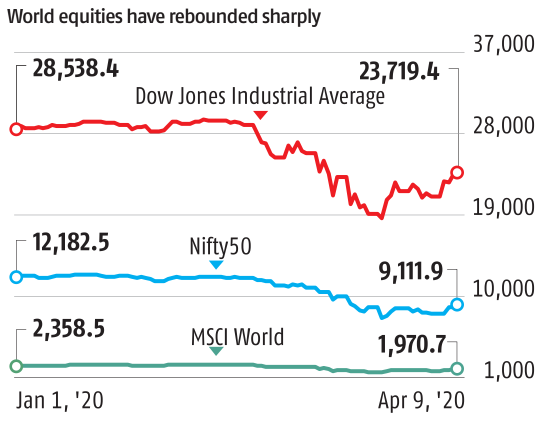
Back home, the bond and currency markets remained weak (chart 6) on worries that the government will have to keep fiscal prudence on the back burner to support the economy, which has seen a virtual sudden-stop of activity to contain the spread of Covid-19.

Meanwhile, oil and other commodity prices have wavered due to the uncertainty over the fate of the deal between top oil producing countries and continued uncertainty over when the lockdowns in different part of the world would end and normalcy will return (chart 7).

SAMIE MODAK

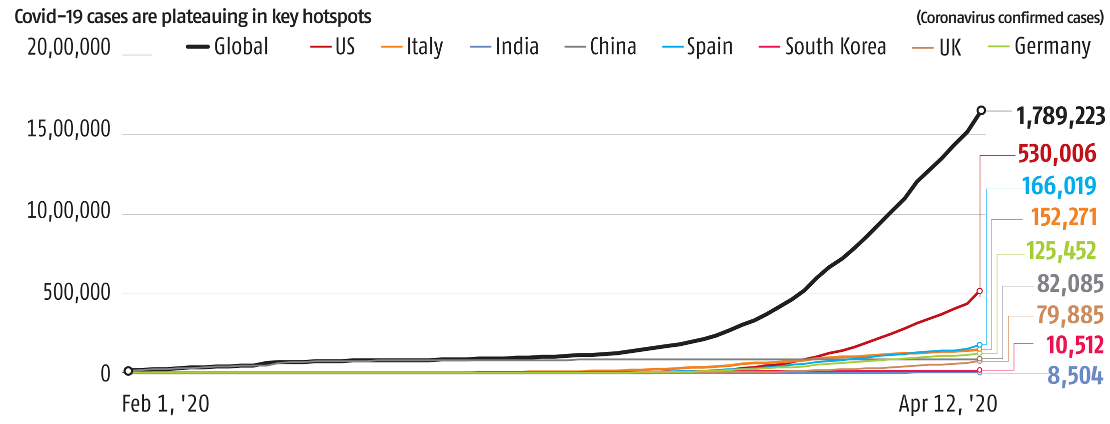
1: BULLS ARE BACK

World equities have rebounded sharply



2: SIGNS OF HOPE

Covid-19 cases are plateauing in key hotspots



3: EBB AND REBOUND

FII selling has eased

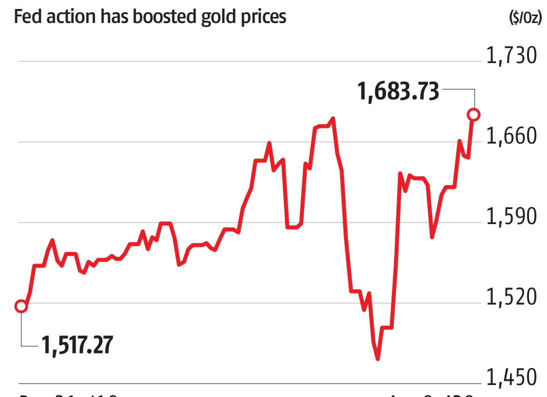
FII equity flows ($ mn)

Countries	Mar '20	Apr '20
India	-8,389.9	111.2
Japan	-42,685.9	3,893.1
South Korea	-10,544.2	-2,329.2
Indonesia	-375.0	-144.0
Thailand	-2,450.4	-519.0
Vietnam	-331.3	-85.0
Brazil	-5,039.4	-333.7
South Africa	-1,016.3	-209.3

*As on April 9

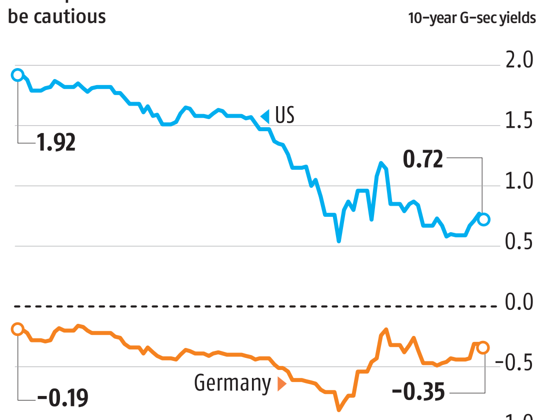
4: GLITTERING AGAIN

Fed action has boosted gold prices



5: SAFE HAVEN DEMAND

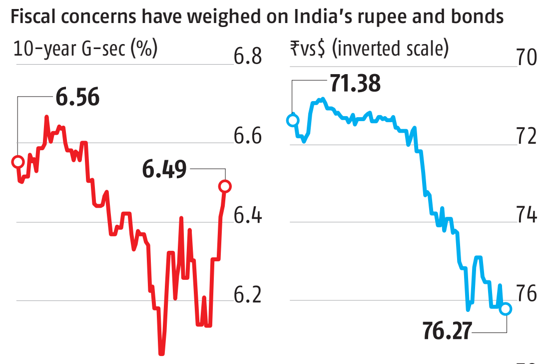
Developed world bonds have rallied as investors continue to be cautious



Source: Bloomberg

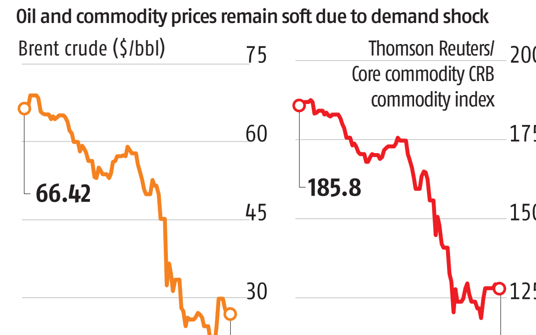
6: WAITING FOR SPENDING BOOST

Fiscal concerns have weighed on India's rupee and bonds



7: FEW TAKERS FOR OIL AND COMMODITIES

Oil and commodity prices remain soft due to demand shock



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

Compiled by BS Research Bureau

Mechanised harvesting faces lockdown hurdles

BS REPORTERS
New Delhi/Lucknow/Chennai/ Ahmedabad/Kolkata, 12 April

Chamkaur Singh, a young farmer from Nabha district of Punjab, is waiting to harvest his wheat crops. Getting a combine harvester has never been a problem for him as Nabha is known as the country's biggest manufacturing centre for such machines. This year, however, the situation is different.

A combine harvester is a key equipment for farmers in Punjab, Haryana, Madhya Pradesh, and Rajasthan as it can harvest acres of land at one go and doesn't require much labour.

Wheat harvesting in Punjab and Haryana starts in full scale around mid-April. Singh says combine harvesters from the city have been sent to across the country on rent and are taking time to return because of lockdown. "The problem with harvesters is about shifting them but a bigger trouble is manufacturing other small farm equipment that are used for soil preparation, levelling etc for the next season," a senior official from a multinational farm equipment manufacturer said.

Unseasonal rain delays harvesting in UP

In western UP, which is also a major wheat-growing belt, the recent unseasonal rains have delayed the harvest by two weeks. In the current 2020 rabi season, the state was targeting wheat production of 39 million tonnes (mt). However, the target may not be achieved due to the untimely rainfall. Only 20 percent of wheat harvesting is complete so far.

UP Agriculture Minister Surya Pratap Shahi said the number of operational combine harvester stood at about 4,800 in the state. "Besides, harvesters and reapers have been deployed, which takes the tally to 10,000 at present. We have instructed the district magistrates to allow the entry of more harvesters from other states," he said.

Meanwhile, Basti district-based farmer Arvind Singh said 80 per cent of harvesting in UP was dependent upon harvesters. "This year, the speed of the arrival of harvesters from mainly Punjab has been slower due to the lockdown," he said, adding the process was slowly gaining momentum.

Maharashtra govt asks Vashi APMC to review closure plan

Vashi-based Mumbai Agricultural Produce Market Committee (APMC) has agreed to review its closure from Monday after state officials along with Konkan region commissioner advised not to keep market yard close in times of crisis. The *mandi* had decided to keep the market close from Monday.

Mathadi leaders had raised concerns about health of their workers and other participants in the wake of Covid-19 outbreak. Vashi grain APMC officials assured the government they would meet on Monday and discuss the plan. RAJESH BHAYANI

Dharmendra Singh, a functionary of the Kisan Union, said: "For now, most farmers are engaged in harvesting sugarcane but the labour crunch will be felt after the next 10 days as in the west UP, most farmers can't afford machines because land parcels are small."

MP harvested 80% wheat

In Madhya Pradesh, another big rabi crop-growing state, almost 80 per cent of the standing wheat crop and a bulk of chana and mustard have been harvested.

"The problem will be storing these produce as no private buyer is willing to buy because *mandis* haven't started in full swing," says a farmer from Malhargarh in Mandsaur says. "God forbid if it rains heavily now, all our produce will go waste."

Punjab allows harvesting only in daytime

Punjab will allow harvesting to take place only in the daytime. "Since 90 per cent harvesting in Punjab is done with the help of machines, there is no problem of social distancing. The whole procurement of foodgrain should take place in *mandis*," said Punjab Finance Minister Manpreet Singh Badal.

Besides, procurement and sale of foodgrain will be scattered over 10 weeks, instead of three weeks normally. Farmers will be given chits mentioning specific day and time when they can come and sell their produce.

Even if the availability of harvesters gradually gets sorted, absence of labour to fill gunny bags, sew them, load them into trucks, and transport them to the *mandis* is another set of problem. Sources said Punjab needs around 500,000 bales of jute to make gunny bags for storing wheat in each rabi season. This year, 340,000 bales have been ordered while the rest is on its way from West Bengal.

Gujarat completes wheat harvesting

In Gujarat, farmers and experts say mechanised harvesting of wheat crop was almost complete before the lockdown set in. "Almost 80-90 per cent of wheat is harvested through machines that are brought from Haryana and Punjab on rent. Mechanised harvesting largely happens in Saurashtra and north Gujarat regions, where summer sowing has begun," said Vitthal Dudhatra, Gujarat president of Bharatiya Kisan Sangh.

In north Gujarat, harvesting machine operators from Punjab and Haryana have returned after their work, said B S Deora, dean of Sardarkrushinagar Dantiwada Agricultural University in Banaskantha.

Early harvesting of samba helps TN crops

Harvest for the rabi season, known as samba in Tamil Nadu, was over by February without any manpower-machine shortage. Now, the Kodai season, which is paddy cultivation in around 1 million acres mostly depending on the borewell irrigation, is being harvested. Since it is a smaller season and, considering villagers who were working in cities have come back to their natives, there is no shortage of manpower or harvesting machines.

P R Pandian, president of Tamil Nadu All Farmers' Associations' Coordination Committee, said agriculture was exempted from lockdown and there was manpower available for harvesting. Mechanisation is almost 90 per cent in the sector and most of them rely on rented machines. This year, 8 million metric tonne of paddy has been harvested and Kuruvai is expected to be sown in 1.8 million acres, he said.

Boro rice harvest in West Bengal in 15 days

In West Bengal, the harvesting season for Boro rice (winter rice) will start in the next 15-20 days in the state. In West Bengal, Boro rice is grown in about 1.5 million hectare areas. Of this, mechanised harvesting is done over 300,000-400,000 hectares.

With a large number of migrant workers coming back to West Bengal, there will be excess labour supply and agriculture wages are also likely fall. Thus, the state will largely depend upon manual labour this season, although mechanised farming is slowly picking up in West Bengal, says Pranab Chatterjee, professor at Bidhan Chandra Krishi Viswavidyalaya.

(Inputs from Sanjeeb Mukherjee, Dilasha Seth, Virendra Rawat, Gireesh Babu, Vinay Umarji, and Namrata Acharya)

Preference for polished pulses delaying Centre's free scheme

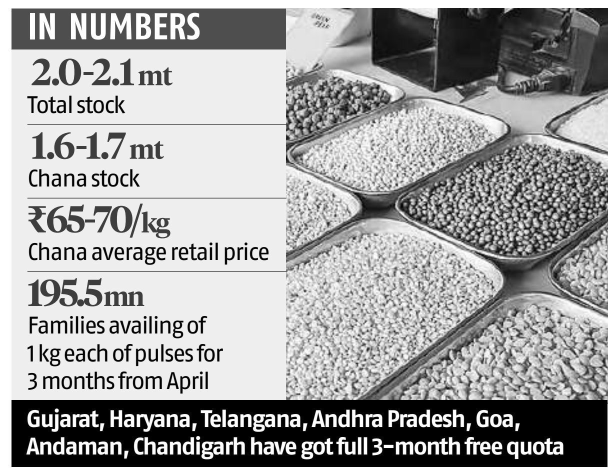
SANJEEB MUKHERJEE
New Delhi, 12 April

The government's decision to distribute one kilogram of free pulses of the variety preferred by states instead of the variety abundantly available in its stock seems to be delaying the PM's Garib Kalyan Yojana's national roll-out.

Sources said of the 2-2.1 million tonnes of pulses with the government, under the custody of Nafed, 1.6-1.7 million tonnes, or 80 per cent, is whole chana, which can be consumed in the same form. The remaining is arhar, masoor, and moong. Sources say states want the pulses in their polished ready-to-use form, instead of raw.

As most pulses processing units (dal mills) are closed due to the lockdown, the government is finding it hard to get the whole pulses polished for distribution to states. That apart, overcrowding of processing units could lead to shortage of pulses in retail market, as very few of them are operating.

As a result, sources say a little over 1,000 tonnes of pulses was sent to seven states and UTs till last week, while the requirement is of 195,500 tonnes per month for all 36 states and UTs.



As a result, sources say a little over 1,000 tonnes of pulses had been sent to the states till last week, while the requirement was around 195,500 tonnes per month. Nafed sends pulses to the state government and from there it is the responsibility of the states to distribute them through ration shops.

In total, in three months, starting from April, around 590,000 tonnes of pulses will have to be distributed for free to over 195 million families under the Garib Kalyan Yojana package, in line with the announcement made by Finance Minister Nirmala Sitharaman last month.

Sources say if states were not given the choice of selecting the variety of pulses, the process could have been expedited as then chana could have been distributed for free.

Distribution of free chana under the package could have helped in clearing inventories and speed up fresh procurement from farmers, which has started in the past few weeks.

"If states weren't given the option of selecting variety of pulses, the distribution could have been hastened, as biggest variety in the stock is chana, which can be consumed without processing," an official said.

Despite all the hiccups, Nafed has delivered the full three months' quota of free pulses to Andhra Pradesh, Telangana, Gujarat, Haryana, Goa, Chandigarh, and Andaman & Nicobar Islands under the package, according to a recent tweet by the farmers' cooperative.

Nafed has bulk of its chana stocks in Madhya Pradesh, Gujarat, Haryana, Rajasthan, where free pulses distribution could have started from April 1, as no transportation was needed. "Chana is India's biggest pulses crop and high in protein, so efforts should have been made to push it," another official said. At around ₹65 a kilogram, chana dal is the cheapest available variety of pulses in the country, perhaps a reason why states are not showing much interest in it.

Farm equipment market in slow lane

SHALLY SETH MOHILE
Mumbai, 12 April

The lockdown imposed by the Centre to curb Covid-19 pandemic is weighing on the demand for tractors and other agricultural equipment, say manufacturers.

An acute shortage of labour is prompting farmers to take to mechanisation. But with tractor dealers shuttered and banks and financial institutions snapping the credit lines for purchases, the world's biggest market for farm equipment is in disarray. Close to 95 per cent of tractors in India are bought on credit.

While the government has exempted the agri-machinery and spares from lockdown, the sale of tractor remains locked out as they do not fall within the essential category, said Shenu Agarwal, chief executive at Escorts Agri Machinery.

"The local authorities aren't allowing the dealers to operate," said Agarwal, adding that the government should implement the notification already out before coming up with a new one.

Hemant Sikka, president farm and equipment sector at Mahindra & Mahindra (M&M), echoed the similar sentiments. "This will be a peak season for farmers and we await a direction from the government on opening of dealerships.

There are already permissions to provide service and spares for farmers, but it's hardly getting implemented due to the strict lockdown measures." During these tough times, the key objective is to enable the farmers to be productive as the entire country is dependent on them, he said.

Local deliveries of tractors at M&M fell 27 per cent to 13,418 units in March over the same period a year ago. At Escorts, the fall was sharper — its domestic sales dropped 54.8 per cent to 5,288 units over a year ago.

"Machinery without a tractor is of no use because most of the implements draw power from the tractors," said A S Mittal, vice-chairman at International Tractors that makes Sonalika brand of tractors.

To be sure, the problems facing the agri sector is not confined to harvesting alone.

The lockdown has completely disrupted the supply chain. Fearing police harassment and scared of the unknown, several truck drivers and migrant labourers have left for their native places. As a result, there is an acute shortage of driver in the road transportation sector, which has led to an increase in freight rates.

Freight rates on key trunk routes have increased by up to 80 per cent in April over the previous month, according to a recent report by the Indian Foundation of Transport Research & Training. It's not just the high transportation costs, the closed APMCs and *mandis* are another issue facing them, said an official at a tractor firm.

With banks having completely stopped lending for tractors, farmers are highly unlikely to buy even when outlets are allowed to open, said Agarwal of Escorts. He attributed it to a recent circular by the Reserve Bank that makes it mandatory for the banks to take a physical signature of the borrower and undertake a field inspection before lending.

FROM PAGE 1

Covid pushes up demand for scenario planning by IT firms

"We are currently working with many leading retail and manufacturing brands globally in drawing various simulations for managing their operations with regard to supply chain management, stocking, and demand environment, among others. Many of the e-commerce majors have also shown interest in these kinds of solutions," said Sundaresh Shankaran, president (Industry 4.0) at ITC Infotech.

Shankaran said the company is drawing a lot of domain knowledge from its parent group ITC owing to its experience of consumer packaged goods operations.

It's not only mid-tier IT firms such as ITC Infotech that are undertaking this simulation work. Tier-1 firms like Tata Consultancy Services (TCS) and Cognizant are also doing a lot of work for pharma companies and health care agencies.

TCS, for example, is using AI-based solutions to help pharma clients in the drug design process. Scientists at TCS Innovation Labs in Hyderabad are using AI to find new molecules which can be used to develop drugs for treating Covid-19 related infection.

According to some reports, TCS is collaborating with the Council of Scientific and Industrial Research to test and synthesise chemical compounds that can help in the new drug development process.

Similarly, Cognizant is working with clients to improve the supply chain in order to make ventilators and other medical devices and also to manage clinical data for drug trials for pharma and biotechnology companies.

Analysts believe that, at a time when the demand environment looks uncertain, demand for certain services, such as scenario planning, can offset some of the losses arising from the severe business disruption caused by the coronavirus.

Slowdown-hit auto hub stares at dead-end

"I used to sell a minimum of 450 cups of tea on a normal working day. I haven't sold anything since the hartal," says Rupen Mahato, who owns a tea stall opposite two-wheeler major Hero MotoCorp's plant in Gurugram.

The future of a blue collar worker also depends on the balance sheet of his employer. In this belt, there's an extensive web of interaction between lead manufacturers and their suppliers. At the top of the tier, there are global auto firms like Maruti, Hero, Honda as well as component suppliers like Denso, Bosch, Rico.

While a large part of manufacturing is automated in these companies, the scale of operation means that the plants have to hire manual labourers on contract for non-skilled activities like loading, carrying, and managing canteens.

Threatened by a reverse migration of workers, these companies are trying to keep people like Kumar back. Maruti has kept its canteen open and is distributing 7,000 food packets daily in Kasan village, which houses a bulk of temporary workmen like Kumar.

Kumar has been among the lucky few not to have faced a job cut. For most others, the indefinite closure notice means a future as unpredictable as the pandemic.

"Employee salary payouts are being made, according to schedule. Communication is being done with all regular and outsourced employees through established channels. We are also connecting with family members of employees through videoconferencing to engage and motivate them during lockdown days," says Rajesh Uppal, member-executive board for human resources at Maruti Suzuki. However, at the bottom of the auto-belt hierarchy, a large number of small- and medium-scale component manufacturers with no concept of 'lean production' are battling to survive.

The auto industry was already facing its worst slowdown in decades, putting many such small entities in the supply chain under existential threat. The virus outbreak and the lockdown would worsen the situation, the industry fears.

Rakesh, a loader, who works for a spring manufacturer which supplies to Japanese major Honda Motorcycle and Scooters, is a case in point.

On March 25, the first day of the national lockdown, the 34-year-old worker decided to walk back to Bijnor with his wife and two children. But when he reached Anand Vihar bus terminal, there were 20,000 others like him trying to board the few buses lined up there.

"We couldn't manage and returned. But as soon as it reopens, I will go back. I will work as a labourer in the farmlands, but I don't want my children to stay like herd in the chawl and get infected," says Rakesh, who hasn't got his overtime allowance for the past two months. With less than ₹10,000 savings, Rakesh's wife now cooks lunch, while they get dinner from the community kitchen.

Deepak Jain, president of Automotive Component Manufacturers Association, says that most companies have desisted from firing workers, and salary has been on time for March, but he cautions that the lockdown can take the breath out of the industry. "With complete stoppage of work, the crisis in the downstream component suppliers has become acute, threatening their survival," says Jain, chairman and managing director at Lumax Industries, which manufactures lights for major carmakers.

To many like Rakesh, Jain's warnings could sound like a death sentence. "I have seen many hartals in life, there is always a chance of solution. This one is too uncertain. No one knows when and how to end it."

BS SUDOKU # 3023

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SOLUTION TO #3022

5	7	9	3	1	2	8	6	4
1	8	3	4	6	9	7	5	2
6	4	2	7	8	5	1	3	9
3	2	6	1	9	7	5	4	8
8	5	1	2	4	3	9	7	6
4	9	7	6	5	8	2	1	3
7	1	4	9	2	6	3	8	5
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2	6	8	5	3	1	4	9	7

Medium: ★★★

Solution tomorrow

HOW TO PLAY

Fill in the grid so that every row, every column and every 3x3 box contains the digits 1 to 9

China central bank hikes stake in HDFC

However, experts dismissed this theory, saying there is nothing unusual in the acquisition.

Besides PBoC, there are few other central banks and sovereign wealth funds that hold stake in HDFC. These include Government of Singapore, Norges Bank, and Abu Dhabi government, according to *Bloomberg* data.

The Chinese sovereign wealth fund China Investment Corporation had nearly $1 trillion of investments at the end of 2018, said the latest available figures.

Sources say the Chinese fund has picked up stake in other domestic companies in the March 2020 quarter. However, it may not reflect in the shareholding pattern if the shareholding on reporting date is below 1 per cent.

Asset manager China International Fund Management has holdings in several large domestic companies, including Reliance Industries, Larsen & Toubro, ITC, Infosys, and Indian Oil Corporation, shows the data provided by *Bloomberg*.

Govt may start economic activity in 'green zones'

The government is considering a blanket approval to all forms of farming activity with proper safety measures in place, and not just specific activities within farming as has been the case.

Some of the states are also keen to start at least industries producing essential commodities.

The Uttar Pradesh (UP) government has helped reopen 5,281 industrial units during the lockdown period. These are mostly involved in manufacturing of medical supplies and essential commodities. A senior government official in the Haryana government said the state managed to retain around 50 per cent of the labour who were migrating back to their native places. However, some of the state's industrial areas, like Gurugram and Faridabad, also fall in 'red zone' because of the spread of the virus, and cannot be opened right now.

Construction activity would also commence in Haryana, but only after approvals are taken by contractors for standard operating procedure (SOP) with social distancing of workforce in mind.

Officials say most of these green zones are likely to be in rural areas, as they are less affected by the pandemic compared to the cities. Hence, top priority is to restart activity in the agriculture sector, with timely harvesting of the late rabi crop being the main concern.

For this, the biggest impediment is labour. The Centre is working with states on how to make agricultural manpower available, and whether limited transportation for such labour force can be allowed.

"There are some hotspots or 'red zones' where nothing can be restarted. A majority of such clusters are in urban or semi-urban areas. Based on what we are receiving from states so far, rural India is less affected than urban India. Hence, reviving farm activity is top priority," said a senior official.

In the green zones in urban and industrial areas, the Centre is again keen to restart activity as much as possible, with strict social distancing and health norms. These details are being worked out with states and industry representative bodies. Bodies like Federation of Indian Chambers of Commerce & Industry and Confederation of Indian Industry have offered their own SOPs and road map for partial resumption of activity.

On Sunday, former Congress president Rahul Gandhi cautioned against takeovers of Indian corporates. "The massive economic slowdown has weakened many Indian corporates, making them attractive targets for takeovers. The government must not allow foreign interests to take control of any Indian corporate at this time of national crisis," he tweeted.

In Haryana, the state government has tried to retain its labour force. "In consultation with the industry, we devised ways so that the labour could be housed and given food and other essential items within the factory premises," an official said. This was being done in all industrial areas, including Panipat and Yamunagar. The manufacturing hubs of Gurugram and Faridabad, however, would not open up anytime soon since Chief Minister Manohar Lal Khattar said on Friday that these areas fell under the state's red zone.

More on business-standard.com

RBI to tighten private banks' succession plan

It may be recalled that the Sebi had mandated that there be a clearly articulated succession policy on April 17, 2014, and said that this will be a key function of the board of directors. This has come to be tested severely in the case of private banks, and the RBI is to get cracking on this front. The Basel-headquartered Bank for International Settlements in its 'Corporate Governance Principles for Banks', explicitly stresses on the need for succession plans for the CEO and other key positions.

The exits of Chanda Kochhar at ICICI Bank, Shikha Sharma at Axis Bank, and Rana Kapoor at YES Bank had put the banks' boards in a spot. In the run-up to the hunt for successors to both Puri and IndusInd Bank's MD and CEO Romesh Sobti, the spotlight was on whether the RBI will align the age limit for directors on private bank boards to 75 years (up from 70) with the Companies Act. As on date, private banks send a shortlist of three MD and CEO candidates to the RBI for its approval, four months before the incumbent's term comes to an end. It was pointed out that there is nothing by way of regulations which prevents the boards from starting the succession process much in advance. "And there is no instance yet of a private bank's head voluntarily calling time, having set in motion a succession process well ahead of it," said a source.

In the specific case of YES Bank, the bank's board, when seeking additional time to seek replacement for MD and CEO Rana Kapoor, made mention of his 'role in the bank since inception' and 'the time-consuming challenges of finding a new successor'.

The *Chakravyuh* challenge

Exiting from the lockdown will be as tricky and challenging as imposing it

RAISINA HILL

A K BHATTACHARYA

With most states favouring an extension of the lockdown by two weeks, it will be instructive to look back and track the pace and manner in which the government responded to the spread of Covid-19. The first confirmed case of Covid-19 was reported in India on January 30 and the number rose to three in the following four days, but stayed there for about a month till March 1.

Its rapid spread began from the first week of March and by March 4, the number of confirmed cases had risen to 28. It was the same day when Prime Minister Narendra Modi tweeted that he would not participate in any Holi get-together and also advised fellow citizens to avoid mass gatherings in view of the coronavirus scare.

That was his first attempt at social mobilisation by asking people to voluntarily adopt restraint and caution to tackle the disease. Holi was to be celebrated on March 9 and 10 in different parts of the country and there was some impact of the advice on people. The celebrations were a little subdued in many places.

A day after Holi, on March 11, the number of Covid-19 cases in India rose to 62. The government decided to close its borders by keeping in abeyance all tourist visas, including those for non-resident Indians, from the midnight of March 13 to April 15. International flights too were cancelled from March 23 to April 15.

On March 14, the first day after blocking all international travels, the number of Covid-19 cases rose to 102. That number doubled in six days to 244 on March 20. A day earlier, Modi had addressed the nation and urged the people to maintain social distance with others and stay indoors on Sunday, March 22. That was his second attempt at social mobilisation asking people to voluntarily stay indoors to stop the spread of the virus. He even hinted that the Janata Curfew on March 22 would "prepare us for the forthcoming days".

What alarmed the government was when the number of cases doubled to 499 in just three days on March 23. The following day, Modi announced a national lockdown from the midnight of March 24. He also announced a package of ₹15,000 crore to provide for healthcare equipment and facilities. Earlier in the day, Finance Minister Nirmala Sitharaman had announced relaxation in the deadlines for compliance of various economic laws. Two days later, a package of ₹1.7 trillion was announced for workers and poor people.

Yet, the enforcement of a national lockdown, within four hours of its announcement, took the nation by surprise and caused immense hardship and disruption particularly for millions of migrant workers, poor people, small firms and informal enterprises. The sequencing of the announcement of a national lockdown and the provision of basic means of livelihood went wrong. The situation got better in the following days, but reports of distress are still trickling in from different parts of the country and that shock has left on the poor people deep scars that will take long to heal.

On the whole, the disease containment strategy did make some impact. From 499 at the end of March 23, the number of confirmed cases doubled only after six days to 1,024 at the end of March 29. But the following week, the rate of increase quickened — the number of confirmed cases doubled in just four days from 1,024 at the end of March 29 to 2,069 at the end of April 2 and it doubled again in four days to 4,281 at the end of April 6.

However, the pace has slowed since then. The number of cases doubled only at the end of six days to 8,447 on April 12. Note that the large movement of migrant workers back to their villages from different cities and towns took place about a fortnight ago and has not led to any spike in the number of cases in Bihar or Uttar Pradesh, two major suppliers of migrant workers. At the same time, the number of daily tests has been increased. The cumulative number of tests at over 189,000 indicates that confirmed cases account for only 4.5 per cent of the total tests conducted so far. This is a much lower figure than most other countries.

Given this pace of the spread of the disease so far and the gradual increase in tests showing a relatively lower incidence of the disease, the government was expected to extend the lockdown by two weeks to completely break the transmission chain of the disease, even though this would deal a big blow to economic activity. Also, it became clear that there cannot be any relaxation in the norms for social-distancing, use of masks in public places and avoidance of mass gatherings, so that the disease remains under control.

A bigger challenge lies ahead. And this is about the strategy for exiting from the lockdown. Since quoting the Mahabharata has become popular these days, it must be remembered that imposing a lockdown is like entering the *Chakravyuh* — entering this formation of the enemy camp, like in the epic, is as important as getting out of it unscathed. How the lockdown is phased out or lifted will tell us if the government has succeeded in its battle against Covid-19. If it cannot sequence its decisions on exiting the lockdown, the few gains secured so far may be frittered away.

CHINESE WHISPERS

Priyanka's missive

Joining other opposition leaders, Congress General Secretary Priyanka Gandhi Vadra, who is in charge of UP affairs, has put out suggestions to fight coronavirus. In recent weeks, Samajwadi Party (SP) President Akhilesh Yadav and Bahujan Samaj Party (BSP) chief Mayawati have been quite vocal on the public health crisis and are communicating through social media and press releases. Joining the ranks, Vadra has written a letter to UP Chief Minister Adityanath, underlining the need to increase the ambit of tests to determine the number of people carrying coronavirus infection. She said a small country like South Korea with a population of 60 million attained a testing ratio of six per 1,000 people, while UP, with a population of 230 million, was way behind. She also referred to the success of the sample-testing policy in Bhilwara district of Congress-ruled Rajasthan to obliquely criticise the Adityanath government.

Drones tracking trouble

In Kerala, people start running for cover when they see a drone these days. The state police are using youngsters with a penchant for flying drones as also those who shoot weddings and movies using drones to track and disperse crowds in remote places. So now those who flout the lockdown have started avoiding main roads and places where people gather and play games. While there is no remuneration for their "service", those who have pressed their drones into Covid service have urged the government to help them procure spare parts and offer them some sort of subsidy on imported products. This way, they say, they can "enhance their support" for law enforcement.

Online sports coaching

In Madhya Pradesh, it's not just the school education department that is providing students online classes. The Bhopal chapter of the Sports Authority of India has also launched online classes to coach and interact with players who are under lockdown. Athletes had been complaining that they were missing their routine training and an extension of the lockdown could jeopardise their health and fitness. Under the new e-training programme, coaches track their performance during online sessions and record videos, which are later sent to authorities concerned. Athletes also get online nutritional and psychological counselling.

Come September, bad loans will zoom

The only way to save the financial system and the economy is the Reserve Bank relaxing banks' asset classification norms

BANKERS' TRUST

TAMAL BANDYOPADHYAY

The Reserve Bank of India's (RBI's) December 2019 Financial Stability Report, a biannual health check for the banking industry, had predicted the gross non-performing assets (NPAs) rising from 9.3 per cent in September 2019 to 9.9 per cent by September 2020. The contributing factors to the rise were a change in the macroeconomic scenario, a marginal increase in slippages and, of course, the denominator effect of declining credit growth. In the financial year 2020 that ended in March, bank credit growth has been 6.1 per cent, less than half of 2019's 13.3 per cent.

I hate to play the role of a Cassandra but the NPAs of the banking system will surely rise far higher — by September it could be as much as 5 percentage points higher from the current level.

The villain of the piece is Covid-19. The RBI has supplemented the government's modest fiscal package with a three-month moratorium on all loan repayments by the borrowers between March and May. The idea is to mitigate the burden of debt servicing during the time of stress and disruptions in business.

Whether this is enough will depend on how long the fight continues to contain the pandemic and when normalcy returns. For now, let's take a look at what will cause the sudden rise in bad loans.

If one had been in default before March, banks are allowed to extend the benefit of the moratorium to such a borrower for the March-May period but the overdues till February will attract the income recognition and asset classification (IRAC) norms.

What is that? When a borrower is not paying the due, the lenders must recognise the "incipient stress" in the loan account. Such accounts are classified as special mention accounts or SMAs. Typically, all loan instalments are paid once a month. For a delay of 1-30 days, the account is called SMA-0; 31-60 days, SMA-1; and 61-90 days, SMA-2.

Such borrowers are "defaulters" but the accounts remain standard till 89 days. It turns into an NPA, if the instalment is not paid for 90 days. There could be some habitual defaulters who take advantage of the system while others may end up delaying servicing their loans because of cash flow problems.

How will those borrowers, who are already under stress and had not paid their loan instalments on time till February 29, pay up after May? If at all, their stress will only rise in the current economic scenario.

Let's take a look at the universe of such borrowers. Data aggregated from banks, non-banking finance companies, housing finance companies and microfinance companies with meticulous care show 7.8 million live commercial loan accounts at this point.

Micro loans (up to ₹10 lakh) account for 27 per cent of them; 64 per cent are small loans (₹10 lakh-₹10 crore); 4 per cent medium loans (₹10-50 crore); and 5 per cent are large loans (more than ₹50 crore). Roughly, 7 per cent of these accounts are stressed.

Now, look at their value and how much of it is stressed. Here, the classification of categories is a bit different. There is no change in micro and large loan definitions but small loans, for this purpose, are ₹10-15 crore; and medium, ₹15-50 crore.

In value terms, of the ₹88,000 crore micro loans, ₹19,000 crore or 21.59 per cent is stressed. In small loans, out of ₹12.35 trillion, ₹40,000 crore or 3.24 per cent is stressed. Of the ₹4.51 trillion medium loans, ₹15,000 crore or 3.33 per cent is stressed. The least stress is in the large loans — 2.57 per cent or ₹1.2 trillion, out of ₹46.72 trillion.

Overall, ₹1.94 trillion or 3.01 per cent of the commercial loans is showing "incipient stress".

Let's focus on the retail loans — mortgages, auto and two-wheeler loans, loans to buy consumer durables, personal loans, education loans, credit cards, et al. Over the past few years, the amount of consumer loans, personal loans and credit cards have been swelling, signaling rise in consumption.

There are 236 million such live loans and 14.8 million of them are stressed. The value of the entire retail portfolio in the system is ₹53 trillion and the stress is far more than the commercial loans — ₹4.1 trillion or 7.74 per cent.

Overall, the credit kitty of the Indian financial system is ₹117.46 trillion. The RBI data show ₹103.7 trillion bank credit in March 2020 but that captures the loans given by scheduled commercial banks while this pile includes loans of banks as well as all other financial intermediaries. Of the ₹117.46 trillion, ₹6.04 trillion or 5.14 per cent represents stressed assets.

If we assume that all stressed borrowers will not be able to service their accounts in June (for those are in SME-0 category) or, latest by September (SME-2 accounts), the NPAs of the system will rise by 5.14 percentage points.

Does this sound scary? Yes, but it can get even worse. The lockdown has brought economic activities to a halt and we do not know how long will it continue and when we with get to the business-as-usual mode. The stress will intensify and many more borrowers may not be able to pay up. The incidence of cheque bouncing (for those who are not opting for the moratorium) have doubled or even trebled, some lenders say. Typically, many retail borrowers keep post-dated cheques with the lenders for instalment payments.

There will be a double whammy. Banks will have to classify many accounts as bad and provide for them. This will hit their profitability. Some of the NBFCs may even go belly up. The government may have to infuse capital in some of the public sector banks, yet again.

Once a bank classifies an account as NPA, the borrower will not be able to raise funds from any other lender. Essentially, many businesses, particularly in the micro, small and medium segments, will have to close down, leading to millions in job losses.

The only way to save the economy and the financial system seems to be a relaxation of the IRAC norms by the regulator — extending the 90-day schedule to 180 days. The RBI can relax this with a clear road map of returning to the current norm over a period of, say, three to two years in a staggered way — from 180 days to 150 days-120 days-90 days.

If it's not done, both banks and industry will have nightmares, beginning September.

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Solidarity today, new social compact tomorrow

In the concluding part, the authors argue that to prevent India's social fabric from fraying, additional solidarity resources from the wealthy and secure to cushion the millions affected is imperative

DEVESH KAPUR & ARVIND SUBRAMANIAN

Existential threats test the character of nations and societies. But they are also moments of peak opportunity for countries to shape their future for decades to come. So it is with the Covid-19 crisis, engulfing countries around the world. For India, the current crisis requires collective solidarity in the form of resources to be provided by the wealthy and privileged to aid those devastated by the crisis.

But this immediate solidarity should then be codified in a permanent new social contract to ensure that no Indian should ever have to face in the future the plight that hundreds of millions are facing today. The Great Depression gave America its social security arrangements; World War II bequeathed Western Europe its welfare state. Covid-19 should similarly create for all Indians a resilient safety net that can also serve as a trampoline.

Start with the present crisis. In our previous two pieces, we argued that additional public spending of at least ₹10 trillion will be required at different levels of government. We laid out different options for funding this spending, and here we discuss the last, a national solidarity fund.

Two dividing lines deeply afflict Indian society: wealth and income, both levels as well as stability. Like elsewhere, wealth inequalities in India have become staggeringly high, especially at the very top. Meanwhile, while income inequality has also grown, there is a further chasm between the minority with stable incomes (in the organised sector) and the majority with unstable incomes. This crisis has painfully exposed this divide as hundreds of millions of Indians have lost their livelihoods. The cruel contrast is noteworthy: in financial markets, high returns come with greater risks whereas in labour markets, higher incomes are also more stable.

In a vertically stratified and horizontally fissured society such as India, the idea of fraternity has always been weak. These exacting circumstances are an opportunity to reknit this fabric of fraternity, which can be seized if the privileged and secure show solidarity with their fellow countrymen.

We must first start with India's wealthiest. According to the Forbes list of richest Indians, as of October 2019, the top 100 had a net worth of $452 billion. The 100th on the list had a net worth of $1.4 billion. Data from the most recent *Hurun Global Rich List 2020* (released this February) shows that India had 138 dollar billionaires with a net worth of $443.5 billion.

For most people, their wealth is in property, especially land (in rural India) and housing (in urban India), along with jewellery and gold. However, as wealth increases, financial assets are an increasingly bigger fraction, and for the super wealthy it is the predominant source of their wealth.

Factoring in a decline in their financial wealth by about a third because of the crisis, the net worth of India's billionaires today would be around $300 billion. A 1.5 per cent billionaire wealth tax would yield around $3 billion or ₹33,750 crore. Extending this to include the super-rich (net worth greater than ₹1,000 crore or $135 million), and imposing a smaller (one percent) wealth tax on this group would yield something like ₹10,000 crore.

The wealthy should remember not just how much their comfortable lives depend on the precariat, but that a tax contribution that is a tiny fraction of their wealth, will help restore the economy, boost the value of their financial assets, and hence their wealth

These number are simply illustrative. Net worth is difficult to estimate, especially for the rich, and taxes can lead to evasion and avoidance. But the wealthy should remember not just how much their comfortable lives depend on the precariat, but that a tax contribution that is a tiny fraction of their wealth, will help restore the economy, boost the value of their financial assets, and hence their wealth. Solidarity will also be self-serving.

The organised sector, both public and private, with secure incomes is another privileged group. Cutting public sector incomes via tax increases or wage reductions would not be appropriate now given that many public sector employees are on the front lines, taking grave risks. A better option would be to freeze salaries and pensions in the public sector as we argued in our last piece. This could yield "savings" (from expenditures not incurred) between ₹50,000 crore to ₹1 trillion between central and state governments combined.

In the case of the private sector, underreported incomes among professionals such as lawyers, doctors, accountants etc. are pervasive. The crisis is not the moment to tinker with taxes but two options to consider are removal of egregious exemptions and taxation of property. For example, if the GST on gold was increased to 8 per cent, additional revenues of about ₹20,000 crore could be generated.

State and local governments have the right to tax property either via stamp duties (states) or regular levies (third tier bodies). Although property values are depressed, the crisis might be a good time to levy small taxes (1 per cent or so) on properties above ₹1 crore. This would ensure that the middle class, including retirees, who are asset rich but cash poor, are not unduly burdened.

Together, the wealth tax, salary freezes and modest taxes on gold and property can raise about ₹1 trillion. We propose that this money be used to transfer money to all the Jan Dhan accounts so that it is clear who is providing the resources for whom, strengthening the sense of solidarity.

How can this solidarity be codified into something more permanent? Post-independence, reducing the abject poverty of India's majority has dominated development policies. Since the early 1980s, as the poverty rate declined sharply, its nature has changed.

Researchers such as Sonalde Desai have persuasively argued that poverty must be re-thought because hardship in the new economy is caused much more by shocks (employment, health) etc. than by fixed identities and that it affects many more than just the poor. Nothing has illustrated this insight more than the Covid-19 crisis, where the vulnerability of up to 3/4th of the population is starkly manifest. That is why a UBI — or something that is close to universal — is compelling.

Moreover, the 21st century development challenge will be different. In the 20th century, economic transformation focused on moving people from vulnerable unorganised sectors (agriculture) to stable organised sectors (manufacturing). Now, the rise of the gig economy means that India's present is the world's future: transformation will involve moving people from some unorganised sectors to organised sectors with contract labour. Poverty alleviation and social protection will have to be radically re-configured.

Discussions on UBI focus on costs and affordability and some ideas merit collective discussion. Our first suggestion would draw upon the experience of how social security was created in the US. Textbook fiscal economics considers all taxes as fungible, but President Roosevelt's political instinct was to "earmark taxes", that is, create a dedicated fund for social security, so people could see a clear link between a specific tax and a specific benefit. Something similar would be needed to finance a UBI.

Second, extending our discussion of solidarity resources, this fund could be financed on a permanent basis from wealth and property taxes (on the direct tax side) and the additional revenues from elimination of middle class exemptions and subsidies and restoring previous income tax thresholds. Together, India could dedicate around 2-2.5 per cent of GDP from these sources in the long run. Today, that would provide a monthly income of about ₹2,000 to 75 per cent of India's 250 million households.

Discussions on wealth and property taxes can draw on work already done within the government. For a country whose political sensibility is socialist, under-exploiting its most buoyant and immobile tax base — property — has been senseless. State and local governments have been loath to use this tax source seriously, despite the erosion of their fiscal base by the federalisation of the GST. The Centre could impose a wealth tax including property and return the amounts collected back to states and local bodies. Alternatively, the Centre's collection of wealth taxes could be adjusted to the extent that states and local governments tax property.

Third, we would suggest creating an independent government authority akin to the UIDAI — like the Social Security Administration in the US — to permanently administer this new social contract. Among its first tasks would be make the JAM architecture truly universal, without last-mile problems that exclude the poorest and most vulnerable.

Finally, while the Centre should focus on cushioning against income shocks via a UBI, states should concentrate on cushioning against health shocks. State governments cannot invoke resource constraints, given their large (₹1 trillion) power subsidies, the need for which would be moot if UBI were implemented. If these were instead ploughed into universal health care, the poor would benefit the most.

The Covid-19 crisis threatens to devastate not just livelihoods but also India's social fabric. Preventing that from fraying via additional solidarity resources from the wealthy and secure to cushion the millions affected is imperative. But it must be restitched for the future via a permanent social contract that insures India's vast vulnerable population against income and health shocks. That would be Mahatma Gandhi's famous talisman.

(Concluded)

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The next steps

Lockdown has helped, but testing must be scaled up

It is by now certain that the lockdown will be extended for a large part of the country. This decision is no doubt sensible, and many public health experts will agree that it is necessary to reduce India's chances of reaching the community infection stage of the pandemic. The government has said without the lockdown, Covid-19 cases could have spiralled to 820,00 by April 15, and with containment measures and no lockdown, it could have gone up to 120,000. Yet that is not the only aspect of the issue to be considered. The government should also be working on a blueprint of how to combine controlling and tracking the spread of the virus, alongside a partial restarting of economic activity.

While there is little doubt that the lockdown would have averted a worst-case scenario in terms of infection, more testing and selective quarantining may have worked as well. However, deducing the exact nature of the change from India's testing data is not a statistically sensible exercise, given how low the penetration of testing has been. The growth rate in the number of positive tests has certainly changed — till the third week of March, the number was doubling every three days, and now it appears to be taking more than that. However, this cannot be seen as a proper reflection of the prevalence of infection in the population unless the amount of testing is radically scaled up. This must be the priority for the government.

It is important to note that comprehensive lockdowns are not the only tool in the governments' arsenals. Some East Asian countries have dealt with controlling the spread relatively effectively, using a high penetration of testing combined with quarantine measures and contact tracking. There has been a wide differential in terms of outcomes across various countries. On the one hand, it is obvious that San Francisco effectively locking down before New York, or Ireland doing so before England, has had an effect on the relative spreads in those places. On the other hand, countries such as Austria or Denmark have begun to lift their lockdowns. The virus has been far more fatal in Italy than in, say, Germany. It is not clear what is causing these significant differences across geographies, so the government should be open to alternative theories about control and spread.

What is certain is that a phased plan for emerging from the lockdown is needed, although much more widespread testing — for both infections and the antibodies that indicate a past infection — is needed. Contact tracing should also be beefed up so that it is possible to quickly identify hotspots. Once there is a clear map of where the virus is spreading more quickly — which can happen only after testing is far more intensive — it may be possible to design a plan which allows for quarantining or restricting those areas, alongside other infected, their contacts, and especially the vulnerable. It may be then possible to manage the reopening of the rest of the economy. Simply extending the lockdown is not an optimal solution. It is clear that there is still a great deal of work to do for the government, particularly in terms of scaling up testing.

Trouble for NBFCs

Repayment moratorium should be extended to NFBCs

The unprecedented nationwide lockdown to contain the spread of Covid-19, which halted economic activity, is affecting income and will make debt repayment difficult for both firms and households. In order to give relief to borrowers, the Reserve Bank of India (RBI) rightly permitted banks and other lending institutions to grant a moratorium on paying term-loan instalments for three months. This will give relief to a large number of borrowers, but non-banking financial companies (NBFCs) are in a bind. While they need to give a moratorium to their borrowers, it is not clear if NBFCs themselves will be able to avail of this facility on bank borrowings. The largest lender in the country, State Bank of India, has said it will not offer a moratorium to NBFCs. Lower collections by NBFCs because of the extension of the moratorium to their borrowers, and the lockdown could result in a severe liquidity crunch. According to CRISIL, a rating agency, a quarter of the NBFCs it rates could face liquidity pressure if collections don't pick up by June. Debt obligations worth ₹1.75 trillion will be maturing for these companies by then. Non-availability of a moratorium will put the sector under material stress and can increase risks for the financial system. Over 25 per cent of borrowing by non-deposit taking systemically important NBFCs comes from bank. NBFCs also depend significantly on the commercial paper market. If their liquidity position is strained, pressure from the money market could exacerbate problems, resulting in possible defaults. Such a situation must be avoided as it could end up freezing the credit market.

The official position in the context of NBFCs and other financial institutions is that the RBI has made provision for sufficient liquidity through the recently announced targeted longer-term refinancing operations (TLTRO). Liquidity availed of by banks under TLTRO is to be invested in corporate debt instruments, both in the secondary and primary markets, including those issued by NBFCs. This may not be enough for NBFCs, which have witnessed significant turbulence since the defaults by the IL&FS group, and affect their ability to lend when the economy starts returning to normalcy. Although NBFCs are still a relatively small part of the bank-dominated Indian financial system, they play a vital role in servicing the credit needs of several important segments of the economy. Therefore, it makes sense for the authorities to extend the moratorium to NBFCs as well. This will not only reduce systemic risk but also aid economic recovery when the lockdown is lifted.

At a broader level, the policy objective should be to make sure that the economic shock doesn't get amplified because of trouble in the financial sector. While the RBI has taken steps to ease liquidity, it may need to take additional measures to contain financing stress. Former RBI governor Raghuram Rajan, for instance, has suggested that the central bank can lend insurance companies and well-managed NBFCs, which can then invest in corporate bonds. This will help ease financing pressure on corporations. The resumption of economic activity is likely to be gradual. Therefore, it is important for the government and the RBI to take steps to ease regulatory and financing pressure on firms, including financial intermediaries like NBFCs. A large number of defaults will only hurt the pace of economic recovery.

ILLUSTRATION: AJAY MOHANTY

The wrong diagnosis

Calls for fiscal stimulus and monetary overreach will not help deal with the pandemic's economic consequences

POLICY RULES

MIHIR S SHARMA

When all you have is a hammer, everything looks like a nail. That old line seems particularly apposite today, when the preferred response to the current economic woes of so many economists and industrialists seems to be a stimulus of some sort. Yet the fact is that the pandemic and its associated economic costs are not the same as a regular recession, and we should be very careful in using the same tools as we would during other slowdowns.

First, the obvious: Previous recessions may have some supply-shock component, but what economists seek to respond to is a slowdown in aggregate demand. By pushing money into the economy — whether through regular interest rates cuts, unconventional monetary policy such as bond-buying, tax cuts, or government spending — they usually seek to prop up aggregate demand.

Is that the correct solution in this current crisis? Perhaps not. The treatment depends upon the diagnosis of the underlying problem. And in this case, an aggregate demand shock is not the main issue. Yes, there may well be a demand shock as a consequence of supply-chain disruptions, lockdowns, and so on. But that is not the underlying problem. It is, in fact, part of the treatment of the underlying problem. We do not want production to resume at similar levels as earlier, because we do not live in the same society we did then — and will not, until a vaccine is formed. Aggregate demand, in other words, must indeed be lower by taking into account the fact that we want more people staying at home, and the consequent loss in production and efficiency. Any attempt to medicate the economy in such a way that it increases activity in the wrong areas is precisely the wrong treatment.

Some have, in fact, compared various virus-fighting restrictions' impact on economies worldwide to a "medically induced coma". Putting patients in a medically induced coma while simultaneously trying to wake them up with a stimulus package makes no sense at all.

This does not mean that there is no role for coordinated government action under these circumstances. Quite the opposite, in fact. Governments can and must work to ensure that the economy survives the anti-virus measures till such time as economic activity can return to its pre-virus level.

Nor is it necessarily the case that such action will be less expensive than a large-scale fiscal stimulus. This is not about saving money, but about figuring out exactly what the correct economic prescription is. The economists Emmanuel Saez and Gabriel Zucman — hardly fiscal hawks — suggest that one way of thinking about the correct way to respond would be to imagine the government as "the payer of the last resort". The fisc would bear the burden of some form of universal unemployment insurance for those at home, as well as payments to locked-down businesses — for rent, interest, utilities, and so on. In the US, according to the two economists, the cost of such a programme would be 3.75 per cent of gross domestic product over the next few months. In some sense, given that sovereigns can generally borrow at the lowest rates in any economy, it makes sense that the cost of any such system-wide shock is borne largely by them, because that would have the lowest overall cost. What matters is that this is as direct, speedy, and transparent as possible, and that is why it should be a fiscal response but not a broad-based stimulus.

The monetary stimulus being considered in many jurisdictions is puzzling. One can understand, perhaps, the response of the European Central Bank (ECB). Given that Europe's internal dynamics mean that fiscal transfers from one area to another are politically problematic, it is up to the ECB to support the more stressed parts of the euro zone. But the decision by the United States Federal Reserve to establish the Primary Market Corporate Credit Facility (PMCCF) is dangerous. The PMCCF "will allow companies [direct] access to credit so they are better able to maintain business operations and capacity during the period of dislocations related to the pandemic". This is a worthy cause and, in fact, exactly what should be done. But not by the monetary authority. As one former Fed official points out:

"The Fed shouldn't get in the business of lending directly to corporations through a vehicle like the PMCCF. Because the Fed is fixing the liquidity problems [by buying financial institutions' stock of corporate bonds] ... its direct loans are simply a way to assume default risk without receiving a compensatory return. This is simply a direct taxpayer subsidy to corporate shareholders." It is also beyond the competence of a central bank. No central bank is capable of judging which company is the most sound risk. That is the banks' job, or that of the broader financial sector. Nor can a central bank decide which sectors or companies it is in the broader national interest to preserve and subsidise for the duration. That is the elected representatives' job.

In some sense, even buying corporate bonds second hand is a doubtful intervention. It may reward those companies which take bets on leverage, and these are not necessarily those we would like to subsidise. The Reserve Bank of India's targeted long-term refinancing operation (TLTRO) is in essence a way to support banks buying corporate bonds and commercial paper. The market is ecstatic; the spreads fell, and the initial auction had a bid to cover ratio of 4.5. As a way of financing the largest enterprises in this country, this seems sub-optimal, although it has been endorsed by several economists, including Raghuram Rajan. Even if it is legal (Section 18 of the RBI Act gives the central bank considerable, perhaps too much, powers under these circumstances), a better way to manage the risk in this situation would be to lend to a new entity, a government-controlled special investment vehicle perhaps, which would then soak up corporate bonds. The correct way to do so would be to continue to provide banks with liquidity, but allow the Union and state governments the choice of how they directly support corporations. This would allow accountability, instead of the opaque manner in which support is currently being provided. Also, the government would then be forced to directly provide for the costs. It would also work better. Banks have used the TLTRO window to invest mainly in the highest-rated corporate bonds — companies which could raise money in any case. The fact is that this extra cash will flow to the highest-rated companies, which is not necessarily those that need to survive in order to ensure a speedy subsequent recovery.

It is worth noting that a well-designed relief, sustenance, and recovery package will work only if governments can indeed borrow. The Union government will do fine. But state bonds now have higher yields than corporate bonds. States that have to make the life-and-death decisions when it comes to both public health and economic recovery are finding it tough to borrow. If the Union is not willing to share more revenues with states, then a one-time relaxation of states' borrowing limits may have to be considered. State yields may increase further, but at least it will solve the problem of quantity of borrowing, if not of price.

Four fallouts of Covid-19 mishandling

IRRATIONAL CHOICE

DEBASHIS BASU

Two weeks ago, when India went into a 21-day lockdown, I wrote that we seemed to be living in the pleasant hope that the spread of the virus would slow, and things would limp back to normal when the lockdown was lifted. I had asked: What if this belief turns out to be false? Just as we underestimated the pandemic, what if we are underestimating the recovery time? Now, the 21-day lockdown is being extended by another fortnight — to start with. So that hope of normalcy just got pushed out a bit.

I had also mentioned that we might be ignoring second- and third-order effects of the lockdown. These effects have now started to kick in. Almost all businesses dependent on cash are closed. The working capital of many companies, especially those of small businesses, is disappearing. A disruption in supply chain, no cash flow, non-availability of labour, and the fall in purchasing power will break many businesses. Only large consumer-facing and essential ones like pharmaceuticals and hospitals will keep going. These trends are colossal and unprecedented, and the state's response so far has been confused, meagre, and misdirected.

This is not really a surprise because the country was shut down with a four-hour notice without any consultation with the chief ministers, domain experts, doctors, or preparation. Thereafter, we expected to see, at the very least, massive Covid-19 testing at a low cost and huge output of masks and protective gear, made available easily at least to health care professionals. These are certain preventive measures, which the private sector can deliver at scale. But many factories that produce these items are lying closed because workers cannot go to work. The Supreme Court, in a relatively overreach, ordered private laboratories to do testing for free. Expectedly, testing by private labs has dropped sharply. All this is evidence of gross mishandling. It also tells us what to expect in future — the economic impact will become severe over the next two weeks. Meanwhile, if the mishandling continues any longer we will have to be prepared, at least, for these four trends.

1. Civic unrest: Episodes of peasants and workers protesting the lack of food and work are proliferating. In Surat, migrant workers came out on the streets in large numbers, asking for their salaries and demanding permission to go back home. They set fire to vegetable carts and threw stones. The police were called in to quell the mob. In Chennai, workers housed in a school protested against pathetic conditions, leading to violence; they were beaten up. Episodes such as these will increase across the country because we are not planning for these situations and human needs.

In a survey of 3,196 migrant construction workers, Jan Sahas, a non-governmental organisation, says: "42 per cent of the workers mentioned that they had no ration left even for the day, let alone for the duration of the lockdown", and if the lockdown continued beyond 21 days, 66 per cent of the workers said that they would not be able to manage their household expenses beyond a week. This is a dangerous situation because it will not be limited to just one part of the country.

2. Rationing and price control: The government failed to ensure smooth movements of essential goods. So, there is a severe demand and supply mismatch. Prices of fresh produce and grains are shooting up in urban areas, while they rot in fields. Here is a tweet that describes the picture: "Today, I called my father and enquired about our crops. He told me in the absence of a proper market, he sold chilli at ₹10 per kg against ₹30 few days ago. I went in Navi Mumbai market and bought chilli at ₹70 per kg." The response of politicians to such public outbursts is to take the path of least resistance — impose rationing and price control — but not to do the right thing, that is, ensure smooth supplies.

3. A more powerful state: Our first reaction to any serious problem is that the government should step in and do something; the second reaction is to get a new law. Now that our life has been disrupted and our struggles are increasing, more and more people will demand the government make things right. This will, of course, be music to the ears of politicians and bureaucrats, who are looking for opportunities to expand their reach. It is quite another matter that decades of monumental corruption and waste have sapped the state and kept us backward.

4. Centre vs states: The states are at the frontline of the fight against Covid-19. They will demand more compensation from the Centre. But the Centre's revenues will fall dramatically. Oil consumption is down and so the government will make less money from customs and excise duty. Goods and services tax (GST) collection will be half the budgeted figure in March and April. The Centre still owes ₹30,000-34,000 crore to states as GST compensation for December 2019 and January 2020. Squabbles will break out at any time now between the Centre and the states over resources.

Things could have been very different. If the government had delivered the reforms it had promised and was voted for twice, the state would have had a much greater capacity to fight this battle. Instead, we have seen grandiose ideas like Make in India, Digital India, bullet trains, and wasteful large infrastructure projects like super expressways, coastal roads, and now central avenue. Simultaneously, we had popular schemes from the Congress playbook. There was no attempt to clear the cobwebs of rules and regulations that stifle enterprise, which alone can generate prosperity. And now, a tiny microbe is about to push us into a deep crisis.

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End runs in End Times

BOOK REVIEW

JENNIFER SZALAI

When Mark O'Connell began to work on his new book, *Notes From an Apocalypse*, four years ago, he was already thinking hard about the end times. "I was obsessed with the future, an obsession that manifested as an inability to conceive of there being any kind of future at all," he writes. "Personal, professional and political anxieties had coalesced into a consuming apprehension of imminent catastrophe." Widening inequality, surging nationalism, burning forests, melting ice caps: He describes an overwhelming sense of foreboding, the fear that whatever civilisational edifice has been erected was on the verge of total collapse.

Mr O'Connell's timing was either a bit premature or just right. In the last three months a global pandemic has already killed tens of thousands, disrupted fragile supply chains and laid bare which governments will quickly mobilise to save lives and which governments won't. What was once considered a doomsday scenario is beginning to look like an actual situation.

Mr O'Connell says his book was motivated by his own "tendency toward the eschatological." He knows that this inclination is very old; upheaval and uncertainty have always given rise to cataclysmic thoughts. "What if now it's *especially* the end of the world," Mr O'Connell writes, "by which I mean *even more* the end of the world?"

He sets out to make a series of "perverse pilgrimages" to places where the end "could be glimpsed." He doesn't mean war zones or refugee camps or the rubbled landscape left behind by a hurricane. With the exception of the Chernobyl Exclusion Zone in Ukraine, where Mr O'Connell joins a group tour navigating the remains of the 1986 meltdown, the destinations in this book are like the opposite of disaster areas — places where people gather to talk about the future or might go to escape whatever they fear might happen next.

Mr O'Connell travels from his home in Dublin to South Dakota to meet a purveyor of tricked-out bunkers, in which well-heeled survivors can live out the rest of their days with access to a DNA vault and an 18-hole golf course. A journey to a wilderness reserve in the Scottish Highlands affords him a chance to commune with nature and minutely describe his fear of ticks. He meets aspiring space colonists at a conference of the Mars Society in Los Angeles. He takes a dip in New Zealand's Lake Wanaka, gulping down the pristine fresh water that the tech billionaire Peter Thiel — who obtained New Zealand citizenship in 2011 and bought property there — intends to enjoy once the apocalypse (or revolution) comes.

NOTES FROM AN APOCALYPSE: A Personal Journey to the End of the World and Back
Author: Mark O'Connell
Publisher: Doubleday
Price: $27.95
Pages: 252

Some of the stops on this travelogue are so spectacularly scenic that I found myself envious, and not a little bit suspicious: Here was someone who had figured out a way to tour the world by writing about the end of it. Mr O'Connell admits that as a white man living a comfortably bourgeois existence — a homeowner, married with children — he's wrapped in a "complex fabric of guilt and self-contempt." He flies to far-flung idylls, expanding his carbon footprint to reach them. "It would have been healthier, of course, not to mention more useful, to attempt to effect some small good in the world," he writes, "but this did not seem to be how I was wired."

What he offers instead is a funny, self-deprecating inquiry into his own complicity. He ruefully imagines the people who harvested the beans for his coffee, and the factory workers "who made the smartphone on which I listened to leftist political podcasts as I walked, drinking the flat white."

A number of preppers he meets and reads about tend to have oodles of money, or else have found a way to cater to those who do.

While the 99 per cent may have started hoarding beans and toilet paper, the truly rich have long been hoarding other, vastly more expensive and valuable resources: passports, property, private security, proximity to clean air and fresh water.

These End Times Ultras seem unbothered by civilisational collapse, Mr O'Connell writes, "as long as they could carry on creating wealth" for themselves. It's hard to imagine exactly how they'll do that post-society, without any people to serve as the labourers and consumers who helped them create wealth in the first place. But a consistent worldview isn't the point. The prepper and the journalist are responding to the same stimulus. "Both," O'Connell says, "are looking for ways to negotiate their terror."

Citing the cultural critic Sarah Sharma, Mr O'Connell says that there's something "fundamentally male" in these narratives of escape — a fantasy of the autonomous patriarch who gets to withdraw from the world instead of reckon with it. Ms Sharma contrasts this with the ethic of care, which faces the facts of contingency and dependency by trying to cultivate solidarity and sustenance. While Mr O'Connell was negotiating his terror, he says, his wife asked him to pay attention to the world as it is: "This was a house, and people were trying to live in it."

VALUE OF ₹1 LAKH
INVESTED IN VARIOUS ASSET CLASSES

	SENSEX	GOLD	SILVER	FD (SBI)	PPF
1-YEAR	80,021	1,41,142	1,12,106	1,06,800	1,08,000
1-YEAR POST-TAX RETURNS	80,021*	1,28,799	1,08,474	1,04,760	1,08,000
5-YEAR	1,07,874	1,70,176	1,13,489	1,48,985	1,51,757
5-YEAR POST-TAX RETURNS	1,07,087*	1,63,158	1,12,140	1,32,408	1,51,757

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

As on April 9, 2020, in ₹; compiled by *BS* Research Bureau

PMS schemes with large corpus provide safety

With almost 90 per cent of funds' returns less than the Nifty50, protecting downside has been the main challenge

TOP-PERFORMING FUNDS OVER THREE YEARS

AMC	Strategy	AUM (₹ crore)	Category	Returns (%) 1 month	6 month	1 year	3 year
Bonanza	Growth	Undisclosed	Large-and mid-cap	-19.09	-15.80	-20.20	7.41
Basant Maheshwari Wealth Advisors	Equity fund	186	Multi-cap	-30.42	-27.73	-14.47	4.51
Accuracap	Alpha 10	455.03	Large-cap	-16.60	-13.80	-10.50	4.20
Prabhudas Lilladher	Multi-strategy	79.98	Multi-cap	-16.60	-22.60	-19.00	4.10
Equirus Securities	Long horizon	65.69	Mid-and small-cap	-36.14	-21.96	-25.35	3.09

Performance as on March 31, 2020. Above 1-year returns are in CAGR Source: PMSbazaar.com

SANJAY KUMAR SINGH

The brutal market correction in the wake of the Covid-19 lockdown is proving painful for investors who had flocked to portfolio management schemes (PMS) during bullish times. Many, who had entered this intrinsically higher-risk, higher-return category targeted at affluent investors are now discovering they lack the stomach for the kind of volatility being witnessed now.

The worst-performing PMS is down 40.6 per cent in March, according to data collated by Pmsbazaar.com, a portal that provides PMS-related analytics and advice. Of the 141 funds for which they have data, 89 fell more than the 22.5 per cent decline of the Nifty in March.

Key pain points: The first factor causing pain to investors is the excessive allocation to the mid- and small-cap segment. Those who entered PMS in 2016-17 primarily opted for these categories as they were showing very high past returns. But schemes in these categories have not performed since January 2018. Meagre returns even over a three-year period are prompting many investors to consider throwing in the towel.

Most PMS funds have concentrated portfolios. Such portfolios tend to fall harder than more diversified ones during a downturn. While the number of PMS schemes has risen in recent years, many managers have not witnessed such a severe downturn before.

Some have fared better: The news is not all negative, however. Many PMS managers have managed to provide sound risk protection to their investors. Their portfolios have declined less than their benchmarks. The best-performing scheme, First Global's India Multi-Asset Allocation Portfolio, fell only 3 per cent in March.

Shift towards quality: Fund managers who have built robust portfolios are confident about weathering this downturn. "We pick high-quality businesses that do not have corporate governance issues and are able to generate cash flows and compound their earnings over the years," says Prateek Agrawal, business head and chief investment officer, ASK Investment Managers, which runs the ₹8,696 crore India Entrepreneur Portfolio.

Investors in large-cap PMS, especially those where the fund manager has been value-conscious, also have less to worry about. "Large-caps have scale and balance sheet advantage. They have weathered such economic downturns before and hence are better placed to handle them. In fact, they tend to gain market share during such periods at the expense of their smaller peers," says Shrey Loonker, fund manager, equity PMS, Motilal Oswal AMC, who manages the large-cap oriented Motilal Oswal Value Strategy. Large-caps have fallen primarily due to the massive exodus of foreign institutional investors' (FII) money. "When the economy eventually recovers and FIIs return, this category will be at the forefront of the recovery," says Loonker.

Old investors in PMS may, however, find it difficult to top-up, as the minimum investment they have to make is ₹25 lakh after the change in Sebi guidelines

The pain is greatest in the mid- and small-cap space. Here, too, fund managers with stronger portfolios will fare better. "More than 100 mid- and small-cap companies have delivered a compounded annual return of 20 per cent or more over the past 10 years. Fewer companies in the large-cap space have delivered such returns. Your scheme should be invested in such outperformers," says Madanagopal Ramu, fund manager, Sundaram Alternates, who manages the midcap-oriented Sundaram Emerging Leaders Fund.

Return to basics: Treat this downturn as an opportunity to assess your portfolio. First, it should be diversified. "Look at your entire portfolio, including mutual funds. Make sure you are diversified across asset classes, market caps, and fund managers," says Vishal Dhawan, chief financial planner, Plan Ahead Wealth Advisors. If it is predominantly mid- and small-cap oriented, shift a part of your assets towards large- and multi-cap schemes.

Check your scheme's performance during this downturn. "Schemes with quality portfolios would have fallen less than their benchmarks," says Ankur Kapur, managing partner, Plutus Capital. If your scheme has fallen more, consult your advisor. Kapur says fund managers with a fundamentals-based, research-oriented approach will fare better than those with a trading mentality. Watch out for smaller companies with high debt burden in the scheme's portfolio. They could turn out to be the Achilles heel.

Higher portfolio churn in recent times is a cause for worry. "It reveals a lack of long-term orientation in the fund manager," says Loonker.

This is also the time to re-examine your risk appetite. "Many PMS have the ability to generate a 25 per cent annual return over a seven-year period, but they could also see a 40 per cent drawdown in a year. Ask yourself whether you are okay with being in such a high-beta portfolio," says Jay Shah, founder, OneTreeHill Wealth Partners, who also runs PMSkart.com.

Those with a 7-10-year horizon may increase their equity allocation to benefit from the current valuations. Old investors in PMS may, however, find it difficult to do so. "With the minimum investment limit in PMS being hiked from ₹25 to ₹50 lakh, older investors who entered with ₹25 lakh may continue. But if they wish to top-up, they need to find another ₹25 lakh. This is proving difficult as most investors like to top-up with smaller amounts," says Pallavarajan R, founder-director, Pmsbazaar.com. If you lack such a large surplus, top-up through mutual funds.

IndiaNivesh PMS's recent closure also holds lessons. "Select PMS houses with AUM of at least ₹1,000 crore as they are better positioned to survive a downturn," says Dhawan.

Time for gold and its virtual cousins

Until there is clarity about the type and extent of economic recovery, cryptos will also do well

MARKET INSIGHT
DEVANGSHU DATTA

Let's suppose a trader focused on gold, copper, oil and Bitcoin — four commodities with different profiles. Gold and Bitcoin vary inversely with economic uncertainty. The more unclear and risky the future, the more bullish interest there is in these two. Copper and crude oil have a direct relationship with growth. This quartet has one important characteristic in common: Supply is not easy to change. Bitcoin is designed with a mathematical cap on supply. The other minerals are mined. Even if a vast new source of these three minerals is discovered, it will take large investments and plenty of time before that deposit can be tapped.

Given inflexibility of supply, prices swing huge amounts for relatively small shifts in demand. Oil is the extreme example of price being moved by demand changes. There's an anticipated global over-supply of about 10 per cent and prices have dropped by 60 per cent.

In the calendar year, gold, copper, oil and Bitcoin have moved in different directions. Gold is up about 6 per cent in US dollar terms. Bitcoin is back around the same levels it was in early January 2020, after swinging up 30 per cent in January and crashing through the next 10 weeks. Oil is down 60 per cent, while copper is down 18 per cent since January 1, 2020.

Although there's plenty of speculative volume in copper and oil, these are essential industrial commodities, which means there is a foundation of fundamental demand. The speculation builds on top of fundamental trends. Industry analysts can track demand by looking at the order books of electrical equipment and telecom equipment makers and real estate activity for copper. Energy analysts can look at transport sector data, industrial demand for petrochemicals and fertilisers, etc.

Gold has a tiny industrial profile. Analysts look at trends in the jewellery market, and at central bank stances, which do offer fundamental clues. The speculative element is large. Bitcoin is almost entirely speculative – its major utility is in facilitating cross-border transactions, often of an illegal nature. These two commodities are sentiment-driven to a fault. They are also, of course, tied to currency movements and they tend to gain when there is high volatility in currency markets.

Oil could stay down for an extended period given that the global economy is clearly suffering. Negotiations for production cuts will continue but the geopolitics are complicated. A simplistic analysis shows oil producers can easily gain by just cutting production. If a 10 percent cut in supply leads to a doubling of price, the math seems to obviously indicate cuts are needed.

But game theory suggests there will always be an incentive for a given oil producer to pump more. Say, an agreement is reached where the Organization of the Petroleum Exporting Countries (Opec) and Russia cut production and prices rebound. At that stage, every oil exporter will have the temptation to pump more to try and cash in. If any one increases production, the others will also pump more and the agreement will break down.

There is the added issue of US presidential elections. The oil industry is a major employer in states like Texas, Alaska, Oklahoma, North Dakota, New Mexico, Colorado, etc. Low oil prices mean higher unemployment in these states. Texas, Alaska, North Dakota and Oklahoma are Republican strongholds. Unemployment could hurt Donald Trump's re-election campaign. This factor could influence OPEC negotiations, depending on Russian, Iranian and Saudi preferences.

Oil is likely to go down as there's going to be over-supply. Opec is unlikely to be able to negotiate sufficient production cuts

The geopolitics of copper are much less complex than that of oil. There are fewer producers. China is a key player, as is Peru, Chile and the USA. There is no cartel like Opec. Demand is down but any demand recovery will lead to a straightforward impact on price.

Any rebound in the global economy will mean a stronger demand for copper and oil. But currency volatility is also likely to continue due to the uncertain situation. This means gold, and its virtual cousins like Bitcoin and Ethereum, will see an upside too, until there is clarity about the type and extent of economic recovery.

Commodity watchers will be waiting for a rebound in industrial demand and copper is a good generic proxy for that. Oil is likely to go down as there's going to be over-supply. OPEC is unlikely to be able to negotiate sufficient production cuts. Gold and Bitcoin (and Ethereum) will probably go up.

PERSONAL LOANS CAN HELP TIDE OVER THIS CRISIS

Your existing bank will give this loan, and rates may be better

BINDISHA SARANG

- A personal loan can help you meet unexpected expenses and medical emergencies.
- Getting this loan from your existing bank is easier than from a new lender, during the coronavirus crisis.
- Lenders look at your credit score and existing borrowings to assess your repayment capacity.
- If you are an existing customer, you can apply for the loan on your bank's mobile app or through your internet banking account.
- You are better off taking a personal loan than racking up credit card debt.
- The tenure of these loans can range from one–seven years.

PERSONAL LOAN - RATES AND CHARGES

Lender	Interest rate (%)	Processing fee*	Loan amount (₹)	Maximum tenure (yrs)
Citi Bank	10.5-18.99	Up to 3%	50,000- 30 lakh	5
HDFC Bank	10.75- 21.3	Up to 2.5%	50,000- 40 lakh	5
State Bank of India	10-14.4	Up to 1.5%**	Up to 20 lakh	6***
Bank of Baroda	10.5-15.5	2%	50,000- 10 lakh	5
Axis Bank	12-24	Up to 2%	50,000-15 lakh	5
ICICI Bank	11.25-22	Up to 2.25%	50,000-20 lakh	5
Union Bank of India	9.3-13.4	Up to 0.5%	Up to 15 lakh	5
Federal Bank	10.99-17.99	Up to 3%	Up to 25 lakh	4
IDBI Bank	12-14	1%	25,000-10 lakh	5
Central Bank of India	8.75-10.3	₹500	Up to 10 lakh	4
Kotak Mahindra Bank	10.99-24	Up to 2.5%	50,000-15 lakh	5
Bank of India	9.75-12.75	Up to 2%	Up to 10 lakh	5
Bank of Maharashtra	10.85-11.85	1%	Up to 10 lakh	5

*Processing fee is percentage of loan amount, except where it is in ₹; **Maximum ₹15,000
***For defence pensioners, loan tenure can go up to seven years; Rates & charges as on April 8, 2020 Source: Paisabazaar.com

If you are short of breath

Oxygen kits are available at reasonable prices for patients with respiratory problems. You can rent them as well

NAMRATA KOHLI

An authority no less than the World Health Organization (WHO) recommends oxygen therapy for adults with impaired breathing. The advice has acquired greater significance with the rapid spread of Covid-19, a disease characterised by severe, and in some cases, life-threatening breathlessness brought on by depleting oxygen levels in the bloodstream. Signs that you aren't getting enough oxygen include rapid breathing, shortness of breath, rapid heart rate, coughing or wheezing, sweating and even changes in skin colour.

What exactly is oxygen therapy? According to Harish Chafle, consultant intensivist and chest physician, Global Hospital, Mumbai: "The therapy involves giving supplemental oxygen to a patient whose oxygen concentration in the blood is below normal." It is delivered via nasal prongs or a face mask, with the help of an oxygen concentrator or cylinder, while a pulse oximeter is used to monitor its level.

When to use O2 therapy: If you have difficulty breathing and oxygen saturation falls below 90 per cent, resort to external medical aid. Says Chafle: "Take it using nasal prongs initially. If the need for oxygen increases, then use a face mask."

A non-rebreather mask looks similar to an oxygen mask, as it covers the face in more or less the same manner and is not connected to a ventilator. This mask is attached to a plastic reservoir filled with highly concentrated oxygen. It has a one-way valve, preventing the patient from breathing in the air he has exhaled. Typically, these devices are used in emergency situations. They are not used at home and are not meant for long-term use.

MONTHLY RENTALS

Item	Rental (₹)*
Portable Oxygen Concentrator (Philips SimplyGo)	18,000
Oxygen Concentrator - 9 & 10 LPM	8,000
OC 5LPM + Oxygen Cylinder 10 Ltr	8,000
Oxygen Concentrator 5 LPM	5,000
Oxygen Cylinder - 10 LPM	4,500

* Monthly Source: Portea Medical

Those with COVID-19 like symptoms should report to a government hospital. Says Bharti Wadhwa, professor of anaesthesiology, Lok Nayak Jai Prakash Narayan Hospital (LNJP) in Delhi: "As soon as you get symptoms of Covid-19, report to an authorised Covid hospital of the government. Most patients tend to die of lung, heart or kidney failure. We call this Multiple Organ Dysfunction Syndrome (MODS). Do not take a chance."

When is it effective? The demand for oxygen concentrators and oxygen kits has been spiralling in the wake of the Covid-19 pandemic, even though such patients require a different line of treatment. In general, regular patients of chronic obstructive pulmonary disease (COPD), asthma, lung disease, and sleep apnea can go for these oxygen kits. You can either buy branded devices or hire them for ₹3,000-20,000 per month.

TOP-SELLING OXYGEN EQUIPMENT

Item	Price (₹)
Portable oxygen concentrator simplygo mini 113604 (Philips)	2,08,656
Portable oxygen concentrator simplygo mini 113604 (Philips)	2,08,656
Portable oxygen concentrator simplygo 1069058 (Philips)	1,96,811
Oxygen concentrator 10 lpm ks 1025 (Devilbiss)	88,346
Oxygen concentrator stationary 5lpm everflo 1020001 (Philips)	51,050
Oxygen concentrator 5lpm ks 525 (Devilbiss)	45,084
Oxygen concentrator 5lpm ks 525 - lite (Devilbiss)	38,653
Pulse oximeter fingertip (ChoiceMMed)	1,832
Pulse oximeter fingertip cms 50d/cms 50qb (Contec)	1,680

Source: Portea Medical

Demand is high: Respiratory problems tend to rise each year in March-April. This year, with the added problem of homequarantine, regular COPD patients are fuelling the demand for them. Says Vaibhav Tewari, chief operating officer, Portea Medical: "Our patients have increased significantly both this month and the last. Many of them have respiratory distress because of the change of season, and higher levels of dust and pollens. They need oxygen concentrators."

Maintain right oxygen level: An oximeter can determine whether you need supplemental oxygen. The pulse oximeter is a small, clip-like device that attaches to a body part, usually the index finger. It is a non-invasive, painless test for measuring your oxygen saturation level, or the level of oxygen in your blood. An oxygen saturation level of 95 per cent is considered normal. 89 per cent is the bare minimum.

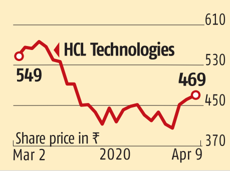
Blood oxygen level can also be measured via a blood test. "This test is a bit difficult and has to be done at the hospital," says Ravi Meattle, a Delhi-based COPD patient. "It isn't painful but difficult as it is done on the arteries, not the veins. It tells you how much carbon dioxide and oxygen your blood has." Meattle, who invested in a composite set consisting of an oxygen concentrator, cylinder and pulse oximeter four years ago, says it's important to get high-quality equipment. His oxygen concentrator is worth ₹2.5 lakh. He recently bought a battery worth ₹25,000 that tends to increase the concentrator's shelf life. One tip he shares is to buy from a brand that has a repair centre in the vicinity. Keeping all this equipment at home has stood him in good stead during the lockdown. "Last week my oxygen level went down to 84. Thanks to my home equipment, I did not have to expose myself to infections in a hospital."

People have not been very regular with their health check-ups thus far, but the COVID-19 pandemic has made them far more conscious about preventive healthcare. If one has a chronic respiratory illness or the oxygen level generally remains lower than normal, patients must keep oxygen kits as a back-up at home and a pulse oximeter to measure their oxygen levels.

BSE 200: TOP 5 GAINERS OF LAST WEEK

BSE price in ₹	Apr 03	Apr 09	% Chg
Jindal Steel & Power	63.2	91.6	45.1
Cholamandalam Investment and Fin.	124.7	171.8	37.8
Mahindra & Mahindra	280.7	381.4	35.9
Maruti Suzuki India	4,011.5	5,326.7	32.8
Shriram Transport Finance Co	520.7	676.0	29.8

QUICK TAKE: DIVERSIFIED MIX TO AID HCL TECHNOLOGIES



The HCL Technologies stock has rebounded 16 per cent over the last week. HCL has low exposure to the banking, financial services and insurance sector (21 per cent) and a diversified business mix. These are positives. While the stock has corrected sharply from February highs, the impact on earnings could be less than 10 per cent, say analysts

"NOBODY HAS THE ANSWER (ON WHETHER EQUITIES HAVE REACHED A BOTTOM). OUR BEST GUESS IS THAT THIS YEAR'S A WRITE-OFF AND THEN THINGS WILL NORMALISE AT THE BEGINNING OF NEXT YEAR"

HUGH YOUNG,
Head of Asia Pacific, Aberdeen Standard Investments

HUL the superstock?

Safe haven demand and better earnings visibility have led to expensive valuations, increasing chances of a correction

VISHAL CHHABRIA AND SHREEPAD S AUTE
Mumbai, 12 April

In a world where growth is scarce, and top-notch experts are predicting a global recession and sharply cutting India's GDP growth to multi-year lows, any company offering some stability in earnings is bound to attract investors and command premium valuation. Among the very few to do so is Hindustan Unilever (HUL), India's largest fast-moving consumer goods (FMCG) company, which has surged 12 per cent in one month, even as the Nifty fell 13 per cent.

HUL is now trading at over 75 times its earnings for trailing 12 months ended December 2019, a 55 per cent premium to its five-year mean and five times higher than the price-to-earnings (PE) valuation of the Nifty50. At these levels, experts say there is a risk to pay such a top-dollar valuation.

Even compared to its parent Unilever, HUL looks richly valued. Ajay Bodke, CEO (PMS), Prabhudas Lilladher, says: "HUL's valuation displays the irrational exuberance of investors. It shows a kind of hallucination about the fair value of HUL's franchise, which accounts for 13.8 per cent of Unilever's profit, but 54 per cent of its market value." Whereas, Nestle India's net profit is 2.2 per cent of Nestle SA, and 6.8 per cent of its parent's market value. Purely from India's context even Nestle India stock is expensive, but in the global context HUL is trading at a higher premium to its parent, as compared to Nestle India.

HUL's current market value of ₹5.14 trillion is also more than the combined ₹4.20 trillion market capitalisation of India's top 10 listed automobile companies. Sure, some like Tata Motors, M&M, and TVS Motor have huge debt (combined net debt of ₹1.34 trillion), but all the others are nearly debt-free or cash surplus. There are nearly 15 such examples where all the listed companies in a sector put together are valued less than HUL, and like the automobile sector, they have also generated more profits. Though this may not be strictly comparable given the different business models, debt levels, capital efficiency and growth expectations, such comparisons give a perspective into the value market is attaching to HUL.

Other experts also echo Bodke's views. Shirish Pardeshi, analyst at Centrum Broking, says: "Though earnings visibility and growth ability of HUL are better, flight to safety by investors has led to such super-premium valuation."

COSTLIER THAN PARENT

In ₹crore	Unilever Plc	Hindustan Unilever
Revenue	409,976	40,773
Net profit	52,711	6,804
EPS (₹)	200.6	31.3
PE (x)	20.3	75.5
Market cap	1,072,185	513,696

EPS: Earnings per share; PE: Price-to-earnings ratio
Figures for trailing 12 months ending December 2019
Market cap as on April 9, 2020
Source: Bloomberg, Company

Vishal Gutka, vice-president, PhillipCapital, adds: "The weak outlook of other key sectors amidst the Covid-19 pandemic and expectations of economic stimulus package have led to the rally in HUL."

Apart from robust fundamentals, enviable business model and debt-free balance sheet, HUL's extensive distribution network, strong brand equity and vast product mix, with a large share of essential products, provide comfort. According to UBS Securities, based on distribution analysis, HUL is amongst very few consumer staple companies that are best-positioned to benefit from the strategy to improve their last-mile reach at a time when many others are facing a distribution disruption. HUL is also expected to gain market share from weaker players in the current situation.

Bodke, though, says if HUL's underlying earnings were high, it is still understandable. While credit has to be given to its strong balance sheet and high cash generation; the sustainable earnings growth is pegged at just 14-15 per cent (including acquisition of GlaxoSmithKline Consumer Healthcare or GSK).

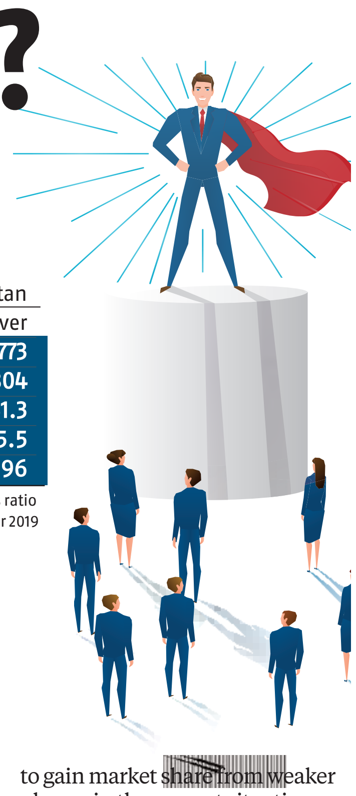
How the non-essential portfolio (9 per cent of revenue, according to UBS) pans out in the current situation is also monitorable. Besides, there is scepticism on rural and urban demand, given the likelihood of a fall in income because of job losses and pay cuts. The Reserve Bank of India's monetary policy report, too, says macroeconomic risks held forth by the Covid-19 pandemic will be severe for India. So, there are risks to HUL's earnings too.

Moreover, in the past too, there have been exuberances, which later were punished by the markets. "Between February 2000 and end-2001, when the TMT (technology, media, telecom) bubble burst, Wipro's shares plunged from around ₹6,700 to ₹1,500, Infosys from ₹10,960 to ₹3,300 and Zee ₹1,350 to ₹50 levels. In 2008, real estate stocks had collapsed similarly. Investors need to tone down valuations to realistic levels. There is a drastic risk to HUL's share price," warns Bodke.

Although 30 of the 42 analysts polled by Bloomberg have a buy on HUL, their average one-year target price of ₹2,281 indicates a downside of 4 per cent.

At these pricey levels, Gutka says, GSK Plc, which gets HUL's shares in lieu of sale of GSK to the latter, will find a tempting opportunity to sell its 5.7 per cent stake in the FMCG major. This may put pressure on HUL's stock. A correction in valuations is also anticipated once growth normalises in other sectors, adds Pardeshi. Nonetheless, HUL, too, will be impacted by the Covid-19 pandemic. Its recent statement to Business Standard said: "Our sales are at 40 per cent of the daily run-rate, up from low single-digits in the last week of March. The factory output is about 40 per cent and our wider supply chain continues to be impacted."

Clearly, enough signals for investors.



MORE VALUABLE THAN SOME SECTORS

In ₹ crore Company/Sector	Net sales	Net profit	Market value
IT – Software	5,25,178	81,432	13,63,510
Refineries	17,41,534	68,516	9,63,421
Pharmaceuticals	2,58,417	26,121	7,63,309
FMCG (excl. HUL)	1,14,949	11,108	6,14,933
Hindustan Unilever	40,773	6,804	5,13,696
Automobile	5,95,585	20,995	4,19,503
Power gen. & dist.	2,77,021	27,836	3,11,180
Cement	1,59,536	11,769	2,59,064
Tobacco products	56,413	15,694	2,37,510
Chemicals	1,30,994	13,050	2,18,092
Mining & mineral prod.	2,15,574	31,524	1,51,087
Gas distribution	1,31,922	12,969	1,35,462
Oil & natural gas	4,46,785	18,334	1,08,168

Market value on April 9, 2020; Net sales and net profit are for trailing 12 mths ended Dec'19
Source: Capitaline
Compiled by *BS* Research Bureau

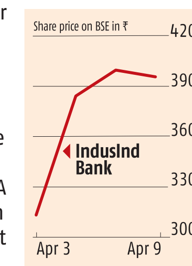
STREET SIGNS

FPI buying buoys sentiment

Many on the Street are cheering the return of foreign portfolio investors (FPIs). In the last three trading sessions, FPIs scooped shares worth more than ₹4,000 crore, spurring a 13 per cent rally in the market. Domestic institutional investors (DIIs), on the other hand, are seen taking some money off the table. In March, FPIs have pulled out a record ₹62,000 crore from domestic equities, triggering a 26 per cent drop in the benchmark indices. "Clearly, the risk-on sentiment is back aided by the aggressive stimulus packages and muted growth in Covid-19 cases in key geographies. Usually, FPIs don't change the direction that frequently, which means the markets could extend gains," said an analyst adding that the Nifty is headed towards 9,300. Last week, the Nifty had ended at 9,112.

SAMIE MODAK

IndusInd FPI holding nears ceiling



Shares of private sector lender IndusInd Bank rallied 26 per cent last week. The sharp gains came days after the stock was added to the 'FPI red-flag' list by depository firm NDSL. A red flag is issued when the foreign investment legroom in a stock is less than 3 per cent of the total foreign portfolio investor (FPI) cap. According to NSDL data, only 12 million shares of IndusInd Bank are available for FPI buying with overseas investor shareholding at 72.3 per cent against cap 74 per cent. "It appears that some large FPIs have bought shares of the bank aggressively taking advantage of the stock price fall," said an analyst. Before the latest rebound, shares of IndusInd Bank had crashed over 80 per cent from their 2020 highs amid the Covid-19 selloff.

SAMIE MODAK

Back-up worries for money managers

An asset manager had set up operations in another part of the country, many hundreds of kilometres away from its usual place of business. The idea was for this centre to serve as a back-up in the event of a disaster. If one fails, the other can keep the business running. The lockdown has meant that both places are similarly affected, throwing a spanner in its well-laid plans. Last heard, it had managed to keep essential work going, but things are only running at 50 per cent capacity.

SACHIN MAMPATTA

Covid-19: Analysts cautious on sectors with high debt

SAMIE MODAK

The Covid-19 pandemic has disrupted economic activity. Analysts say sectors with high debt and where revenue accretion has been hit due to the lockdown could undergo maximum pain. On the other hand, sectors, such as consumer goods and healthcare with little or no debt and limited business disruption, are expected to snap back faster from the crisis. An analysis by Motilal Oswal shows consumer, technology, health care and cement companies are least leveraged, while telecom, infrastructure, utilities, and metals have the highest leverage. While the telecom sector debt is high, the impact on revenue is low. On the contrary, the lockdown has increased telecom and data usage. Analysts say investors could steer clear of stocks in the sectors that have high debt and high impact on revenues because of the Covid-19 pandemic. "While strong balance sheets or continuing demand during — and an anticipated sharp pick-up in demand post — the lockdown will support the resilience of some sectors, collapsing discretionary demand or high leverage will likely constrain the others," says a note by Crisil.

DEBT TROUBLE

Telecom, infra are the most leverage sectors

FY20 estimates	Net debt/equity	Covid impact
Telecom	2.4	Low
Utilities	1.2	Medium
Infrastructure	1.0	High
Metals	0.9	High
Capital goods	0.6	High
Cement	0.2	High
Health care	0.1	Low
Retail	0	High
Automobiles	0	High
Technology	–0.3	Medium
Consumer	–0.3	Low

Source: Motilal Oswal

Index funds saw fourfold jump in flows in March

JASH KRIPLANI
Mumbai, 12 April

Index funds — which track performances of widely traded indices, such as the Nifty and the Sensex — saw a fourfold jump in inflows in March.

Last month, such funds received inflows to the tune of ₹2,076 crore, as against ₹511 crore the previous month.

"In a dipping market, where it is difficult to pick the right equity fund, index funds are suitable for investors with a long-term view and those wanting to make returns at par with the markets," said Vidya Bala, co-founder, primeinvestor.in "Also, it is easier to average with index funds, as investors can track corrections in the frontline indices, such as the Nifty and the Sensex."

In March, the Nifty had corrected 23.24 per cent, with selling pressure intensifying amid the coronavirus.

Industry participants say investors should be cautious with passively-managed funds in the current market environment.

"Passively managed funds had gained traction when the markets were stable as actively managed funds were unable to beat respective benchmarks with limited index heavyweights outperforming the markets. However, in the emerging markets, active strategies tend to cushion mark-to-market hit on portfolios during bear markets," said Srikanth Matrubai, chief executive officer of SriKavi Wealth.

A recent study by Business Standard showed that actively-managed funds have fallen less than their benchmarks in the three-month period. In the large- and mid-cap scheme category, more than 90 per cent of schemes have fallen less than their benchmark in three months.

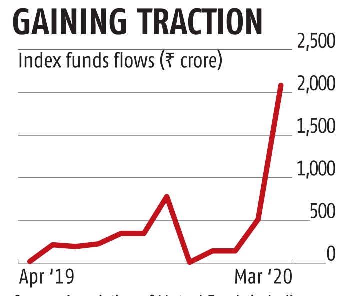
"A few things are working in favour of index funds. First, investors are realising costs matter and low expense ratios of index funds stand out. Second, active funds had not outperformed index funds in the 2019 bull market, which had dampened investor sentiments towards the former," said Gaurav Rastogi, chief executive officer, Kuvera, an online mutual fund investment platform.

MF distributors suggest investors should opt for index funds over exchange-traded funds (ETFs) as the latter has lower liquidity and can see wider error tracking during sharp market swings.

"Even though index-linked ETFs can technically allow investors to exit or enter the exchanges on an intra-day basis, they see wide tracking errors during periods of high volatility as seen in recent months," said a senior executive of a fund house.

In the recent market sell-off, ETFs have been positive during phases of trading sessions when the markets were down 7-8 per cent. Similarly, they have been unable to track swings when the markets have seen sharp spikes.

GAINING TRACTION



Source: Association of Mutual Funds in India

EVENTS THIS WEEK

Date	Particulars
13-Apr	India – CPI figures
14-Apr	India – WPI figures
	US –Import & Exports Price Index figures
	China – import, exports & trade balance figures
15-Apr	India – import, exports & trade balance figures
	US – industrial production & capacity utilisation figures
	US –NAHB Housing Market Index
	Results: Wipro
17-Apr	China – GDP & industrial production figures
18-Apr	Results: HDFC Bank

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

'Diversified global, US and Europe funds saw the biggest outflow'

Foreign portfolio investors (FPIs) pulled out ₹62,000 crore from Indian equities in March. This was the biggest monthly outflow, based on the National Securities Depository data available as far back as 2002. **CAMERON BRANDT**, director of research at EPFR Global, tells ***Puneet Wadhwa*** that sentiment towards India had started to sour before the Covid-19 pandemic began to dominate the investment climate. Edited excerpts:

How has the big money moved across geographies in the March, and especially in March 2020 quarter? What is the quantum of outflow from the developed markets and the emerging markets?

Before the coronavirus-triggered sell-off in late February, flows were coming into bond funds, particularly US ones, at a record-setting pace. Flows to equity funds were more subdued, but funds with global mandates were attracting plenty of fresh money — including above average amounts of retail cash. Among the emerging market (EM) fund groups, China and Brazil equity funds recorded above-average inflows. In March, we saw a broad rush. This, I think, was because liquidating those assets tended to come with smaller losses.

Are we done with the exchange-traded fund (ETF) selling, especially in the Indian context, or can there be more pain in the coming months?

I don't think so. Sentiment towards India was souring before the Covid-19 pandemic began to dominate the investment climate. Capex trends, the government's focus on nationalist rather than economic goals, inflation, and the health of India's banking system were all giving investors pause for thought.

Could India attract incremental foreign flows over the next few months?

Fund groups dedicated to EMs, which are viewed as being on top — or on the right track to get on top of — the pandemic, are attracting inflows. India, as mentioned earlier, has issues that were crimping flows before the latest crisis.

Which regions/geographies saw the maximum pullout and where (regions and asset classes) did this money get deployed?

In cash terms, funds with diversified global, US, and European mandates saw the biggest outflow. What money that rotated rather than exited to money market funds has gone to several country fund groups, such as the United Kingdom, China, Switzerland, Japan, Brazil, and Taiwan equity funds and Germany bond funds.

What's your view on how the markets have reacted to the Covid-19 pandemic? Is worst over? Has a 'selling fatigue' now set in?

A range of strategies have been deployed with varying degrees of success, and credible sources of information have emerged. But there is still enough uncertainty. Many questions remain unanswered — such as will there be a second peak, what is the ability of virus to mutate, etc — to make it a little early to rule out another sharp sell-off.

Q&A

CAMERON BRANDT
Director of research, EPFR Global

How long do you think it will take for the global markets and the economy to return to pre-Covid-19 levels? How severely has the health crisis dented the confidence of investors?

I think the equity markets will recover faster than the bond markets. A lot of the support measures from central banks and governments complicate the issuance and yield equations for bonds, while the response of individual businesses to the Covid-19 pandemic gives equity investors a clear metric to judge individual stocks.

Are the central bank measures adequate to address the problem at hand? What's your view on how the global central banks have responded and what more do you expect over the next few months?

It is too early to forecast this. If things start to 'normalise' by early May, I suspect the global economy will muddle through. If large chunks of the global workforce and consumer base is still locked down in June, the problems will be much harder to solve. Most central banks are low on ammunition.

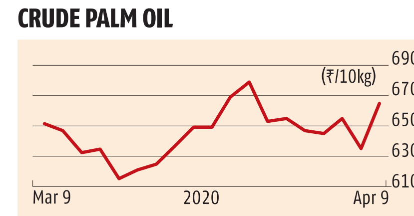
What is the road ahead for the debt segment because of the health crisis and how the central banks and various governments have responded to it? Is it time to switch to debt?

Before the pandemic sell-off, people were pouring money into bond funds with a pre-retirement rotation playing a big role. So, the underlying demand is strong. Yield hunger is also extreme: The junk bond funds we track had record inflows last week. And there is a US Federal Reserve / European Central Bank (ECB) backstop again. But the official response involves greatly increased debt levels and issuance.

"THE EQUITY MARKETS WILL RECOVER FASTER THAN THE BOND MARKETS. A LOT OF THE SUPPORT MEASURES FROM CENTRAL BANKS AND GOVERNMENTS COMPLICATE THE ISSUANCE AND YIELD EQUATIONS FOR BONDS

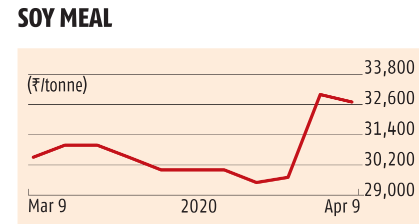
COMMODITY PICKS

CRUDE PALM OIL



Crude palm oil (CPO) price at the Kandla market is at ₹665 per 10 kilograms (kg). For the week ahead, prices are expected to head towards ₹680 per 10 kg. Demand is good across the house hold segment. However, supply is insufficient due to low stocks in domestic pipeline and slow-down in harvest at major producing nations on the back of Covid-19 pandemic.

SOY MEAL



Soy meal is trading at ₹32,700 per tonne at the benchmark Indore market. Prices for the week ahead are expected to head towards ₹33,300 per tonne. Slow down in crushing operations due to low availability of seeds amid closure of mandis is creating acute supply tightness in soy meal.

Prerana Desai,
Research Head - Edelweiss Agri Services and Credit

BRIEF CASE

M J ANTONY

A weekly selection of key court orders

Finance corporation told to return assets

The Gauhati High Court has directed the North Eastern Development Finance Corporation to restore possession of all immovable properties to Doulo Builders as the securitisation (SARFAESI) Act was wrongly applied to recover unpaid loans. The builders had taken two loans from the corporation to build cold storage in Dimapur. The loan was taken by mortgaging assets to the Model Village Council, which stood as surety. The loan became a non-performing asset. The corporation invoked the SARFAESI Act and the property of the builders was taken over. This was challenged by the builders on the ground that the property was not a secured debt with the corporation as the mortgage was with the council. This argument found favour with the high court, which ruled "it is evident that there is no 'security agreement' in this case and the corporation cannot claim to be a secured creditor within the meaning of the SARFAESI Act merely on the basis of a guarantee agreement entered with the Model Village Council."

Pollution penalty on 13 firms quashed

The Karnataka High Court has quashed the demand notices issued to 13 manufacturing companies around Bangaluru, alleging violation of environmental laws. The demands for "environmental compensation charges" were set aside on the ground that they were issued without referring to any statutory provisions or any binding order. In this batch of cases, Paragon Polymers Products vs Karnataka State Pollution Control Board, 13 firms, including Toyota Industries Engine India, Taegut India, and Microlabs, received notices. They moved the high court challenging the notices demanding up to ₹50 lakh in compensation charges. The pollution control authorities were asked to show the power under which the notices were issued, but could not show any. They claimed the National Green Tribunal had passed an order empowering the state boards to impose fine. But they could not show any such order when required by the court. Nor could they point out any provision in the various environmental protection laws enabling them to demand such charges. The court further noted the companies were not given an opportunity to present their case before quantifying the charges in their individual cases. The court clarified the board could still take action against them invoking the relevant laws.

BMW injunction against e-rickshaw brand

The Delhi High Court has prevented an Indian company from using the 'DMW' mark for its e-rickshaws. In this case, Bayerische Motoren Werke vs Om Balajee Automobile, the German auto giant contended its brand was BMW and the Indian company was using a deceptively similar name DMW. It submitted that it entered the Indian market in 1987 when the first car was sold and in 2007 a plant was set up in Chennai. The Indian company, selling e-rickshaws, e-carts and electric loaders under the mark DMW, contended that its products were different. The high court held Om Balajee prima facie guilty of violating the mark, observing that it was "obviously seeking to encash upon the brand quality and goodwill which the mark BMW enjoys in the market. Such use is detrimental to the reputation of the registered mark BMW."

Cooperative federalism issues come to the fore

Experts stress the need for an over-arching central law to deal with epidemics

GEETIKA SRIVASTAVA & SUDIPTO DEY

ILLUSTRATION: AJAY MOHANTY

New York Governor Andrew Cuomo is getting heaps of praise as he tackles the coronavirus pandemic in his state, despite being at loggerheads with US President Donald Trump. In India, there still exists a conundrum over the division of powers between the Centre and states to fight the pandemic. Several experts want an over-arching central law to deal with similar situations in a quasi-federal democracy where fragmented laws don't demarcate the roles of the two.

Around three years back, the ministry of health put up for discussion the draft Public Health (Prevention, Control and Management of Epidemics, Bio-terrorism and Disasters) Bill, 2017. The draft Bill mentioned the role and responsibilities of the Centre and states in a medical emergency. The Bill, however, never saw the light of the day.

According to Article 246 of the Constitution, matters related to public order and health are mentioned in the state list. To deal with the fast-spreading pandemic, the central government took recourse to the Epidemic Diseases Act, 1897 (ED Act), and the Disaster Management Act, 2005 (DM Act). Subsequently, it announced a countrywide lockdown to contain the spread of the coronavirus, using provisions in the DM Act.

As the virus quickly spread across the country, many experts called for the imposition of an emergency, which could give the Centre wide-ranging powers. However, such a measure would have faced implementation challenges. "The Constitution does not directly mention health emergencies of the kind India is currently experiencing. However, once central legislation becomes applicable, Article 256 applies. That provision says that states must comply with central laws, and the Centre can issue directions to demand compliance," says Shubhankar Dam, professor of public law and governance, University of Portsmouth School of Law, UK.

While enforcing the provisions of the DM Act, the Centre declared the pandemic a 'notified disaster' to remedy the situation. The DM Act states the Centre can "take all such measures as it deems necessary", which leaves room for it to have almost sweeping powers.

In theory, the DM Act provides for both Centre and states to share power and responsibilities. "The National Disaster Plan under the DM Act sets the minimum standards — states, if they so wish, can provide additional relief," adds Dam. However, the ground reality as of this pandemic seems different. For instance, recently, the Centre issued a notification asking states to refrain from buying personal protection equipment, ventilators, and masks. The states can now only ensure the material supplied to them by the Centre is being distributed efficiently.

However, what is ordinarily accepted to be under the states' purview does actually have a caveat. "Most people misguidedly believe that the rub lies in the way the powers have been distributed in the Constitution. While it is true that public health falls under the State List, this by itself does not impede the Centre from enacting legislation to prevent the spread of an epidemic," says Aditya P Khanna, lawyer at the chambers of senior advocate Harish Salve. He adds Entry 29 of the Concurrent List provides for the "prevention of the extension from one state to another of infectious or contagious diseases or pests affecting men, animals or plants."

However, as the DM Act isn't specifically aimed at targeting epidemics, the Centre couldn't use this provision to enact the law. It used another entry — "social security and social insurance; employment and unemployment" — in the List to trigger provisions of the Act. "Though the DM Act has been pressed into service and rightly so, it is envisaged primarily for natural calamities. That's why the National Disaster Management Plan barely speaks of epidemics, let alone pandemics and processes have to be devised on the fly. What we need now is a new central law with protocols for the division of powers," says Arghya Sengupta, founder-research director, Vidhi Centre for Legal Policy.

Some other experts differ. "The power to override states is already there in the DM Act. There is no necessity for a specific law; present laws are more than enough," says senior advocate Arvind Datar.

Despite the mixed opinions, it does seem the only law which was meant to deal specifically with situations like this was the Epidemic Diseases Act, 1897 (ED Act). The Act gave only ancillary powers to the Centre and put more emphasis on the states to handle health crises. "The ED Act is outdated legislation," says Rahul Unnikrishnan, advocate, Madras High Court.

Acknowledging this, the draft Public Health Bill was to repeal the ED Act. "However, this did not materialise, for reasons unknown," he adds.

This aforesaid Bill did lay down several clear boundaries, specifying individual powers of state governments, Union Territories, the Centre, and even local governments. It also included a provision which addressed the Centre's power to supersede the state. Experts feel when the worst of the pandemic is over, Parliament may reconsider such a Bill, so that a proper protocol between the Centre and states is set to address a public health emergency. "The time has come to switch over to cooperative federalism," says senior advocate and former ASG Bishwajit Bhattacharyya.

MIXED OPINIONS

"WHAT WE NEED NOW IS A NEW CENTRAL LAW WITH PROTOCOLS FOR DIVISION OF POWERS"

ARGHYA SENGUPTA, founder-research director, Vidhi Centre for Legal Policy

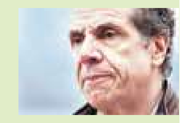
"THE PRESENT LAWS TO DEAL WITH THIS SITUATION ARE MORE THAN ENOUGH. THERE IS NO NECESSITY FOR A SPECIFIC LAW"

ARVIND DATAR, senior advocate, Supreme Court

How others are tackling it

Among federal countries, the response to Covid-19 has necessarily involved significant coordination among different levels of government. Here is how some others are managing the fight back:

The US: The federal government has played a limited role so far, with state governors, such as New York's Andrew Cuomo, being at the forefront. While the federal government has declared a national emergency, it is far from a central takeover. Almost all the states have individually declared emergencies, but measures vary significantly.



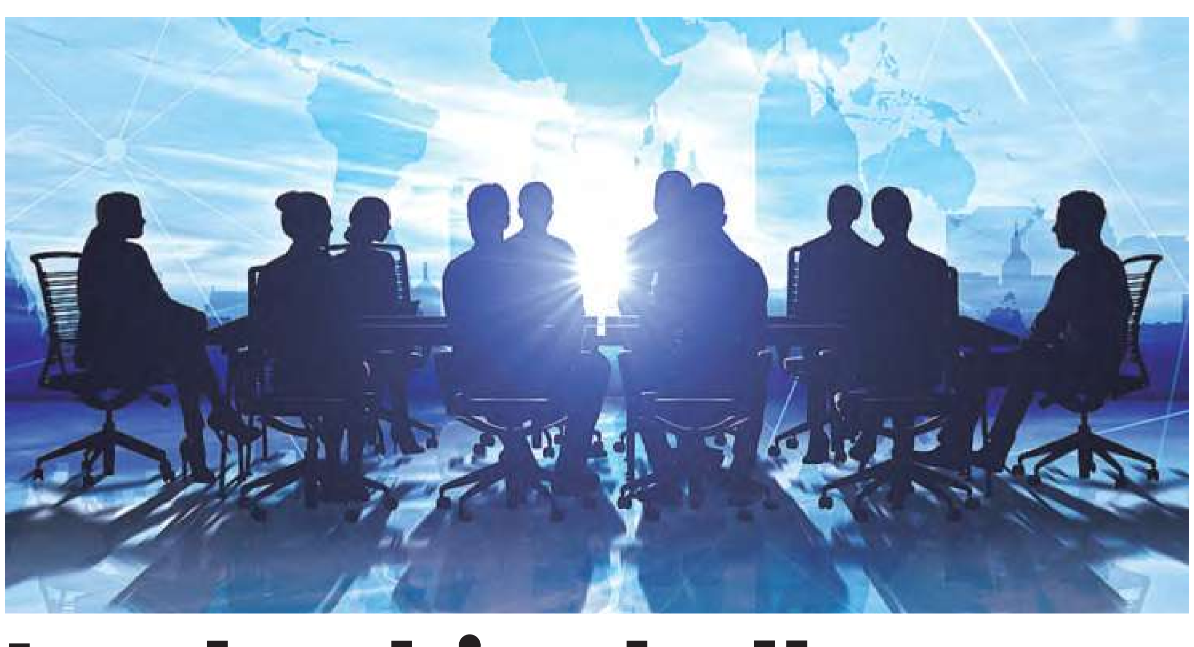
Andrew Cuomo

Australia: It has created an innovative federal model by establishing a 'National Cabinet', comprising the prime minister and premiers of states and chief ministers of territories. This is somewhat similar to the war cabinet created at the time of World War II. The commonwealth government (at the Centre) has declared an emergency under the Biosecurity Act, 2015, and issued regulations covering matters, such as an international travel ban. At the same time, individual states have declared emergencies.

Canada: The federal government had publicly considered invoking its emergency powers under the Emergencies Act, 1985, but did not do so. Individual provinces have declared emergencies on their own.

—Compiled by Kevin James, research fellow at Vidhi Centre for Legal Policy

STRATEGY



Leadership challenges after Covid lockdown

What will be the priorities for business leaders as and when employees come back to work?

ANCHITA GHOSH & SHUBHOMOY SIKDAR

With increasing worry and stress among employees as well as rising loneliness, thanks to prolonged remote working, the organisation's role in sustaining the well-being of employees has become more important than ever. The issue has become more complicated with the kids at home and intersecting with their parents' work day. As employees prepare to return to work when the lockdown is lifted, how are business leaders preparing for the months ahead? What measures are they adopting to keep productivity and morale high while making the most of the dwindling resources?

Mahesh Vyas, chief executive officer of Centre for Monitoring Indian Economy, offers two scenarios. If the lockdown is indeed lifted around April 30, the priority will be to get a firm's operations, including internal processes, cash flow and the supply chain, back on track. The challenge is, while consumer demand had been weakening even before, it has been hit really hard by the lockdown. Maintaining top-line revenues will mean a market share struggle as the pie is not growing.

In the second scenario, says Vyas, if the lockdown goes deep into May, the first priority will be organising finance as most companies have cash to survive only for about a month or two. The next task would be to revive demand and the third, to get the operations back on track and that can be done only if there is demand and finance.

A tightrope walk, to put it mildly.

Vyas says most services sector companies have kept their operations going by enabling employees to work from home. "More than half of CMIE is working from home and we have kept most of our activities running. For us the top three priorities are revival of demand, finance and operations. Being a B2B company, the financial health of our institutional clients has an impact on our financial health," he says.

Heading out, large companies in the non-durable consumer goods will have to be aggressive in their growth strategy, while smaller ones will fight for survival, notes Vyas. On the other hand, large companies in heavy industries will help the smaller ancillary companies survive because the industries are more integrated vertically. Sumit Joshi, vice-chairman and managing director (MD) of Signify Innovations India Limited (formerly Philips Lighting India Limited), says efforts to localise production and manufacturing in India to reduce dependence on other countries will gather pace.

Ganesh Natarajan, chairman of 5F World, a platform to nurture start-ups, says that in the manufacturing and retail industry the most important link is the supply chain for raw materials and other shop floor inputs and the demand chain of distributors, dealers and stockists. Business leaders will have to check out the entire chain and replace any part that may have stopped functioning in the lockdown. Disintermediation and enabling supplies to directly reach the factory and also direct dispatch to end customers could be an option to be evaluated.

He adds that the immediate strategy should also be to ensure that business partners are comfortable and costs are managed so that there is no alarming decline in top and bottom lines. "Make sure that cash outflows are minimised while assessing the ability of customers to pay on time. Till there is certainty that the virus has been overcome, leaders should remain on guard to ensure there is no sudden cash crisis. Manufacturing to demand and not just for inventory and sourcing would be a wise strategy to adopt."

For the hospitality industry, one of the worst affected, the return journey will be a bit different. Smita Jatia, MD of Hardcastle Restaurants (that owns and operates McDonald's restaurants across South and West India), says all costs, including fixed and variable, will have to be revisited and a new break-even will have to be defined for the new normal. She says it would be safe to assume that consumers will continue to be apprehensive about stepping out for some time and the trend in food will move more towards home deliveries. "Additionally, they will carefully choose places they are confident of, that are safe and hygienic. Given this, one of our focus areas will be doubling down on our customer-first approach."

She adds there are various consumer sentiment reports that indicate that people are going to be extremely cautious about discretionary spending because of economic uncertainty. "Given this, we will be focusing more on affordability and value for money."

But consumer demand, finance and operations is 50 per cent of the story. Ensuring physical and mental well-being of employees is the other major concern and would be key to an organisation's survival.

More on www.business-standard.com

CRUCIAL TIPS

How organisations can manage Covid-19's impact on:

- **Customers:** Building a better connected, responsive team
- **Supply chain:** Developing a rapid response to address the current disruptions and strengthening operations in preparation for future value chain risks; protecting the health and welfare of supply chain workers
- **Leadership:** Gaining and maintaining trust by leaders demonstrating their care for individuals as well as the wider workforce and community
- **Workplace:** Managing more requests for remote working; preparing for higher rates of sick leave

*Source: Accenture

QUIZ 659

1. Connect the BSNL directory enquiry services number"197" and a company that was inspired by it in a way and is now funded by the likes of Softbank, Alibaba and Saif partners. Name its founder too.
2. Connect this brand that uses the lines "Simple put, We Age, We Blend, We Age Again" with an award established in the UK in the early 1900s for outstanding technical achievement in the Automotive Industry and what do you arrive at?
3. What is the "Purity Law/order" that was enacted in the1500s and with which industry does it relate to?
4. This term is used in IT Hardware design and refers to the size, shape or physical arrangement of components etc. It also relates to products or devices. What is it?
5. This NASDAQ listed company's mission is "To be part of everyone's everyday life, starting with coffee". Name the company which was in the news recently.
6. The founder of this company was always unhappy by the inconvenient fact of distance. In 2011, he tried to convince the CISCO leadership that mobile phones needed a product for better communication, they didn't listen, and he went on to found a company on his own. Name him and his company.
7. Name the game show that has been launched by two media houses that puts a satirical spin on WhatsApp forwards – by placing misinformation in the middle of the show
8. Which brand ran a campaign called "Utsav Anek, Market Ek"?
9. Who uses the base line "Anticipate tomorrow and Deliver Today"?
10. Connect these respective phone models with an individual whose comments made news recently

COMPILED BY GAURAV SRI KRISHNA, www.facebook.com/gaurav.s.krishna

ANSWERS TO THE STRATEGIST QUIZ 658

1. Single-use N95 mask by 3M company
2. Tea Industry
3. Nylon stockings
4. Communication via Telegraphy. Abraham Lincoln used the this then new technology to communicate with his Generals during the Civil War
5. Sundial Brands (Now owned by Unilever) and Sephora are coming out with a collection called MCJW as a tribute to Madam CJ Walker the famous black American businesswoman.
6. The Carona Sahu Footwear company, defunct since 2003
7. KFC, "Finger licking Good"
8. Fortune Foods unveiled its new identity and wide range of offerings through an unconventional unboxing campaign with Ganguly and its brand ambassador Akshay Kumar
9. Shemaroo Entertainment
10. The company that makes flying cars, Terrafugia. It was set up in 2006

One lucky winner will receive a cheque for ₹2,000. Send your entries to strategist@bsmail.in. All entries must carry the postal address of the contestant. Last date for receiving entries is April 7 till 8 pm. Previous winners and employees of *Business Standard* and their families are not eligible to participate. The winner is chosen on the basis of the first correct entry received.

There were six correct entries to Quiz number 658 and the winner is **Sanvit Shah** from Ahmedabad

"WE HAVE SOUGHT A FINANCIAL PACKAGE FROM THE PM... WE ASKED THE CENTRE TO ANNOUNCE A ₹10-TRILLION PACKAGE FOR STATES"

MAMATA BANERJEE,
West Bengal chief minister

"GIVEN THE CURRENT SITUATION, WE WILL DEFINITELY FACE AN ECONOMIC CRISIS"

BHUPESH BAGHEL,
Chhattisgarh chief minister

"THE LOCKDOWN CAN BE RELAXED IN SOME PLACES; IT WILL BE STRICTER IN SOME OTHER PLACES"

UDDHAV THACKERAY,
Maharashtra chief minister

MP: When health dept is quarantined...

With no health minister and several top officials battling Covid-19, the state struggles to tackle the pandemic

SANDEEP KUMAR

The infected health officials don't have any travel or contact history and the department is yet to locate the source of the infection

The Shivraj Singh Chouhan-led government in Madhya Pradesh is finding itself in a tight spot in combating the Covid-19 pandemic. There is no Cabinet in place, and thus no health minister. Besides, the state health department, which was supposed to lead the fight against coronavirus, is almost defunct, with several top officials, including Pallavi Jain Govil, principal secretary (health), and J Vijay Kumar, managing director of MP Health Corporation and chief executive officer of the state's Ayushman Bharat programme, testing positive.

'Health' crisis

After Kumar and Govil were tested positive, the government's first response was to downplay the news. This resulted in the spreading of the virus among other health department officials. Until Sunday afternoon, Bhopal reported 134 confirmed Covid cases, including 80 health department officers and their family members. Even the coronavirus control room reported infections — Veena Sinha (additional director, health communication) and another official Pallav Dubey — were tested positive.

Yet, top officials were unwilling to go to hospitals for isolation. All India Institute of Medical Sciences (AIIMS) Bhopal Director Dr Sarman Singh wrote to Govil: "This is about the telephonic call received from your good self and Shri Faiz Ahmad Kidwai, health commissioner, regarding the unwillingness of some of your officials who are asymptomatic to get hospitalised at AIIMS, Bhopal." Singh recommended such asymptomatic Covid-19 patients be isolated at home.

Just a day earlier, Chouhan had clearly stated every Covid-19 positive must be hospitalised.

"If senior government officials would defy basic norms of the Covid-19 protocol, what can we expect from common people," asked a senior doctor of AIIMS Bhopal.

The infected officials don't have any travel or contact history and the department is yet to locate the source of the infection. According to sources, it is being suspected that the virus spread rapidly as officers were meeting each other for pandemic-related planning.

P Narhari, commissioner (public relations) and member of the CM's Covid control team, said: "We are trying to know the reasons for the series of infections. We are also tracking people they met in the meantime."

Political failure

On March 11, the World Health Organization (WHO) declared Covid-19 a pandemic. When most states were tightening their belts for a long-drawn battle against the pandemic, Madhya Pradesh was in the midst of a political turmoil. Despite Covid-related warnings, MLAs of the Congress and the BJP were visiting one resort after another in groups, flouting social distancing norms.

Finally, the BJP toppled the Congress government and Chouhan became chief minister. He took oath on March 23 and a day later Prime Minister Narendra Modi announced the nationwide lockdown from March 25.

"In February, when Congress leader Rahul Gandhi alerted about the possible dangers of coronavirus, the BJP was busy toppling an elected government and serving the rebel MLAs in Bengaluru," said former chief minister Kamal Nath.

"The state government is defunct at this crucial juncture. Chouhan is clueless. In the absence of a health minister, every decision-making is left to him and officers. The state suffered because of their negligence," said Sachin Shrivastava, a political and social activist. "The government launched seven helpline numbers, but to no help."

The BJP has an explanation for the current state of affairs. "Appointing a Cabinet is not an easy task; a lot of things have to be considered... Without any distraction, the chief minister is focused on controlling the pandemic situation," BJP Spokesperson Rajneesh Agarwal said.

The impact of the pandemic is being also felt by the victims of the Bhopal gas tragedy. Activist Rachna Dhingra said: "The state government forcefully converted Bhopal Memorial Hospital and Research Centre (BMHRC) into a Covid-19 hospital over a fortnight ago, but not a single Covid-19 case has been admitted there. Nearly 350,000 gas victims are dependent on this hospital for treatment. The government did not provide an alternative. The result? Three gas victims who used get treatment at BMHRC died within 15 days."

"Gas tragedy survivors have a weak immune system and this puts them at greater risk of contracting Covid-19," said Dhingra.

Amid all this, the public relations machinery is functioning at full capacity. "To fight the Covid-19 pandemic, it is necessary to widely publicise all the concerned government actions. All the officers — additional director to assistant information officers — are hereby directed to come to the office regularly," an order from Madhya Pradesh's directorate of public relations read.

Criticising the government's move, Congress leader K K Mishra said: "The publicity-hungry chief minister is risking the lives of state public relations officers... Appearing on newspapers and TV channels will not help combat the pandemic. It asks for a concrete action plan."

When asked about the government's preparations and the absence of a Cabinet, Narhari said: "Every public representative is somehow part of this fight. The CM is consistently coordinating with MLAs and MPs of the state. Our priority is to control the epidemic."

According to Narhari, the government is doing its best to combat the pandemic. "Instead of the initial five labs, tests are now being conducted at 7 labs. Per day tests have increased from 100 to 1,050 in a couple of days. More than 2,000 ICU beds and over 2.4 million hydroxychloroquine tablets are available in the state," he added.

STATE OF PANDEMIC

Total cases:	562
Bhopal	134
Indore	311
Health officials	48
Their family members	32
Deaths	41
Recovered	41

As of April 12
Source: Government, Media reports

NEWSMAKER / B S YEDIYURAPPA

Taking a stand against his own

RADHIKA RAMASESHAN

Karnataka Chief Minister B S Yediyurappa went with the general tide running through the southern states, spoke up against faith profiling in the aftermath of the Tablighi Jamaat (TJ) episode, and earned kudos from the Opposition. In the process, he risked crossing swords with his party, the Bharatiya Janata Party (BJP), and its ideological wellspring, the Rashtriya Swayamsevak Sangh (RSS).

The TJ's large congregation in Delhi's Nizamuddin, attended by the sect's adherents from all over India and the world, became a major controversy after several participants were found infected with coronavirus and became vectors among larger communities. While the TJ was justifiably criticised for the irresponsibility it displayed by hosting a gathering amid the pandemic, the episode led to a virulent attack on the Muslims in the mainstream and virtual media, as well as by politicians.

Amid the Tablighi Jamaat row, Karnataka CM B S Yediyurappa warned against faith profiling, a stand contrary to that of his close aides

Shobha Karandlaje, Yediyurappa's political confidante and Udupi-Chikmagalur MP, led the anti-Muslim chorus. She was joined by BJP legislators MP Renukacharya, who is also Yediyurappa's political secretary, and Basanagouda Patil Yatnal. Together, they constructed a narrative that painted the pandemic as "corona jihad" and warned the Muslims of "death by bullet" if they evaded quarantine or misbehaved with doctors and paramedics at hospitals. It was a defining moment for the CM who had to either support or rebuff the BJP's minority baiters.

"There was a trend that all the southern CMs followed during the TJ fallout. Every one of them — K Chandrasekhar Rao, Y S Jaganmohan Reddy, E K Palaniswami and Pinarayi Vijayan — stressed the incident must not be communalised. They were joined by the Shiv Sena's Uddhav Thackeray (Maharashtra CM). In these circumstances, Yediyurappa demonstrated he was a leader," remarked a Bengaluru-based political observer. The CM called an all-party meeting and separately met Muslim leaders and MLAs. In his interaction with the latter, he exhorted the Muslims to pray at their homes and not mosques for some time and share details of TJ members who attended the Delhi event. "They are cooperating," Yediyurappa was quoted saying.

A BJP source explained: "If you don't demonise a religion or stigmatise a community and induce fear, people of all faiths will voluntarily come forward and share their histories. That's why Yediyurappa decided to go against the party's grain. It helped that other leaders later supported him."

BJP President J P Nadda, too, directed party leaders to refrain from giving a "communal colour" to the pandemic.

A day after his meeting with the Muslims, Yediyurappa told a Kannada news channel: "Nobody should speak a word against the Muslims. If anyone blames an entire community for an isolated incident, I will take action against them without a second thought."

"He was annoyed with Shobha and Renukacharya for going ballistic," a BJP source said.

However, Shobha and Renukacharya were unrepentant. Shobha claimed: "I spoke the truth... We (the government) are not going enough after the culprits."

Renukacharya claimed: "I am not blaming an entire community. Those who don't come for a test are anti-national."

A Yediyurappa aide maintained Shobha's stance was "provoked" by the "alienation" she increasingly felt in the Karnataka dispensation after "calling the shots" in the previous BJP regimes. "This is because Yediyurappa's younger son (B Y Vijayendra) has acquired a strong hold over his father," said the aide.

Yediyurappa's stand on the TJ controversy did provoke some backlash in the BJP — a section, which allegedly included "active" members of its IT cells, were upset and pushed the #WeLostHopeBSY trend on Twitter. Although the hashtag inspired a counter in #IStandWithBSY, BJP sources conceded there was "no way" Yediyurappa could ignore the dissent against his leadership. "He was under pressure to soften the line but he did not relent. He thinks the whole thing will blow over," the aide maintained.

Since he installed himself as CM by engineering a majority with the help of Congress and Janata Dal (Secular) defectors, Yediyurappa was hemmed in by problems. Although he withstood them, he awaits the big test in pacifying the BJP loyalists who were left out of his Cabinet. In the last expansion, he inducted 10 of the 12 MLAs who were re-elected in the by-elections and all of them were turncoats.

STORY IN NUMBERS

INDIA'S COVID RATE IS LOW

The World Health Organization director-general's plea on March 16 to countries to ramp up testing must remain central to India's Covid-19 strategy, experts said, as the country bought time with the lockdown. Indian states testing more patients are reporting higher Covid-19 cases. But for every 100 tests conducted, few tests in India are showing positive compared to other countries.

True, India remains among the countries with the lowest rates of testing per million patients. The country's tests per million figure stand at 66, as distinct from 29,591 for Bahrain, and 11,448 for Italy. The US is conducting 5,027 tests per million people.

But of the tests that are being conducted, India's Covid-19 positive rate is far lower. There seems to be no scientific or other explanation for this.

Between April 10 and April 11, 1,035 new Covid-19 cases were added, the highest single-day spike in India. By March 24, 22,694 samples from 21,804 individuals had been tested for Covid-19, according to the Indian Council of Medical Research. Close to 41.5% (9,409) of these tests were conducted between March 20 and 24 at an average of nearly 1,882 tests per day.

CONFIRMED CASES PER 100 TESTED

United Kingdom	22
United States	19
Italy	17
Austria	10
India	4
South Korea	2
Taiwan	1

Data as on April 9, 2020
Source: IndiaSpend

Lockdown opens all battle lines

T E NARASIMHAN

Kalu, along with others, finished his brief stretching exercise, and sat on one of the benches placed in rows on the cement ground. Their physical instructor came down from the podium and a white screen and projector were placed for the next routine activity of watching a movie. In the meanwhile, a few of his fellow villagers from Odisha started reciting poems in their language through a microphone.

His life has taken a different turn with industry came to a grinding halt with the pandemic-induced lockdown and he is left with no income to support even himself.

STATE SCAN
TAMIL NADU

Some migrant workers were able to board a train to their hometown just before the lockdown. He, however, was stuck in Guindy, a neighbourhood of Chennai, and food and daily expenses became a big question. Officials of the Chennai Corporation took them to the premises of a college about five days ago and they were given rooms to stay in, food and refreshments, and a movie before dinner.

He, along with another 376 migrant labourers, mostly from Ganjam district in Odisha, are staying at the college for the past couple of weeks.

"Here we are well taken care of. We have no complaints, but the only worry is how we can go back to our hometown," he said.

Manjit Singh Nayar, general secretary and correspondent of Guru Nanak College and a member of the State Minorities Commission, said: "We are arranging for their food and other necessary things such as soap, handwash, and towels. We are getting supplies from many kind people."

As the number of positive coronavirus cases is increasing, the Tamil Nadu government has started taking hard measures to control the spread of the virus, while ensuring all the basic essentials are available.

On March 11, Tamil Nadu Health Minister C Vijayabaskar declared the state "coronavirus free" as the lone patient in Chennai was recovering fast. A month later, on April 12 with 106 new cases on a single day, the number of positive cases has hit 1,075. The deaths in the state stand at 11 as of April 12.

The state has created facilities, including 23 (14 government) testing centres. The government has decided to bear the cost of testing in both public and private labs. Tamil Nadu has around 29,074 isolation beds and 3,371 ventilators ready.

Twenty-one government hospitals and 155 private hospitals have been notified to provide treatment for the infected people. The state government has ordered 400,000 rapid test kits from China, which could give results in 30 minutes, said Chief Minister Edappadi K Palaniswami. However, the delivery of this is delayed as the consignment was diverted to the US, said senior officials. The State has, as of April 12, around 24,000 PCR test kits.

The state is following surveillance, containment, increasing testing facilities, and ensuring essentials at people's doorstep, among other strategies.

To keep surveillance, the state has invoked the Public Health and the Disaster Management Laws and Section 144 of the Criminal Procedure Code. Twelve teams headed by senior officers have been set up to implement and monitor all the activities related to the pandemic. All points of entry and exit in all the districts are sealed. Even within the districts, cities, towns and villages, gates made of iron sheets have been built to stem the movements of people.

While in many places, the police, with folded hands, appealed to people not to venture out unnecessarily. They have made a unique "Corona" helmet to dissuade commuters from coming out on the streets during the nationwide lockdown. In some places, however, they had to use the baton.

More than 45,000 volunteers, who include 1,100 doctors and 3,500 paramedical staff, have registered so far.

The chief minister has also announced incentives, a guaranteed offtake of anti-malarial, anti-viral drugs, invasive ventilators, intensive care unit (ICU) monitors, masks and personal protective equipment (PPE). Incentives for manufacturing them include 30 per cent investment subsidy of up to ₹20 crore, spread equally over five years.

The state had 1,075 Covid cases as of Sunday

PHOTO: PTI

STEPS SO FAR

- Loan of **₹10 lakh** to agencies for procuring fruit and vegetables directly from farmers
- Horticulture department has started e-commerce door-delivery platform
- **153 camps**, where 11,957 migrant workers can stay, set up
- Relief package of **₹3,280 crore** sanctioned to help the poor
- Monthly allowance of **₹1,000** for all unorganised-sector labourers along with free ration
- State requested **₹9,000 crore** from the Centre to fight Covid-19

2 million stores for essentials on cards

Suraksha Stores initiative would convert the neighbourhood *kiranas* into sanitized retail outlets selling daily essentials

PRESS TRUST OF INDIA
New Delhi, 12 April

Ahead of extending restrictions on the mobility of goods and persons, the government plans to set up a chain of 2 million retail shops called 'Suraksha Stores' across India, which will provide daily essentials to citizens while maintaining stringent safety norms.

The Suraksha Stores initiative will convert the neighbourhood *kiranas* into sanitized retail outlets selling daily essentials while adhering to safety norms such as social distancing and sanitisation to control the spread of the novel coronavirus, sources with direct knowledge of the development said.

CORONAVIRUS PANDEMIC

The government will rope in private firms to implement this plan, which seeks to ensure that proper protocol is followed in the entire supply chain, right from manufacturing units to retail outlets, to combat Covid-19.

Consumer Affairs Secretary Pawan Kumar Agarwal has held at least one round of discussions with the top FMCG companies to implement this ambitious plan through public private partnership, the sources said. The government is targeting to earmark 2 million retail outlets as 'Suraksha Stores' over the next 45 days. Each FMCG company might be given one or two states to execute this plan in an effective manner and enable every store to fight coronavirus. When contacted, Agarwal said the government was "working" on the 'Suraksha Store' plan but declined to share any detail.

To become a Suraksha Store, a retail store will have to comply with a health and safety checklist, which includes social distancing of 1.5 metres outside the shop as well as billing counters, use of sanitiser or handwash by consumers before entering shops, provision of masks to all staff and sanitization of high touch areas twice a day.

The 'Suraksha Store' will not only be for groceries but also consumer durables, apparel and salons. A top official at a leading FMCG firm confirmed the development.

"The government is planning to create Suraksha Store and Suraksha Circle to ensure hygiene and safety norms across the supply chain. More than 50 top FMCG companies have been approached. We are with the government and we have already given our approval to actively participate in this exercise," said the official, who wished not to be identified.

FMCG companies will be asked to provide training and mobilise health kits (masks, gloves and sanitisers) to enable retail outlets to become 'Suraksha Stores', the official said, adding that big industries would similarly help wholesalers and other smaller units. As per the plan, each retail outlet will have to prominently display that it is a 'Suraksha Store' to customers. Educational posters related to hygiene and safety should also be displayed in the store.

Similarly, the Consumer Affairs Ministry is working on creating 'Suraksha Circle' where lead manufacturing plants will help their business partners and smaller factories in their vicinity in order to ensure a safe environment across the product supply chain. Each lead manufacturing plant is expected to adopt 10 SMEs (small and medium enterprises) and one village in order to achieve the target to bring 50,000 SMEs and 5,000 communities under Suraksha Circle.

6 Taj hotel employees test positive for coronavirus

The condition of the employees of the Taj Mahal Palace and Towers hotel, who tested positive for coronavirus, is stable and they may be discharged soon, hotel officials said on Sunday. Indian Hotels Company, which runs the Taj Hotel chain, had confirmed late on Saturday that some employees of the iconic hotel were found positive for the virus, but did not specify the number. Doctors said six staffers at the property overlooking the Gateway of India monument in South Mumbai had tested positive. The company has been hosting, at its hotels in the city, doctors and health workers from various state-run hospitals treating coronavirus cases and also those rendering other emergency services. Apart from Taj Palace at Colaba, it also runs Taj Lands End at Bandra, Vivanta President at Cuffe Parade, and Taj Santacruz. Without specifying the number of infected employees, the company said in a statement that most of them were "asymptomatic showing absolutely no signs of illness" and that the employees were tested proactively. PHOTO: PTI

AT A GLANCE

INDIA

- **Maharashtra case count nears 2,000-mark.** Tamil Nadu becomes third state to cross 1,000-mark in infections. Cases in Delhi mount to 1,154
- **Humans can't contract coronavirus** from pets, says AIIMS director
- **HCQ consignment** from India reaches US
- **UAE ready to fly stranded Indians** if they test negative for coronavirus
- **Liquor shops, bottling plants, and breweries in Assam** to open for limited hours
- **Coronavirus not to affect S-400 deliveries** to India, says India's top diplomat in Moscow
- **'Stay where you are':** Ambassador Sandhu tells stranded Indian students in the US
- **RBI should implement** 'Helicopter Money' to counter economic crisis, says Telangana CM
- **Drive-through Covid-19** testing centres launched in Mumbai on Sunday
- **Covid-infected woman gives birth** to 'healthy' baby boy in Tamil Nadu
- **Uttarakhand reports no** new case for the fourth day in a row
- **Delhi now has 43 coronavirus hotspots,** up from Saturday's 33
- **16 of 18 active coronavirus cases** linked to Jamaat event, say Himachal Pradesh officials
- **Mumbai's Dharavi** reports 15 new cases
- **20,000 train coaches across India** to be converted into isolation wards. In the first phase, 5,000 being converted

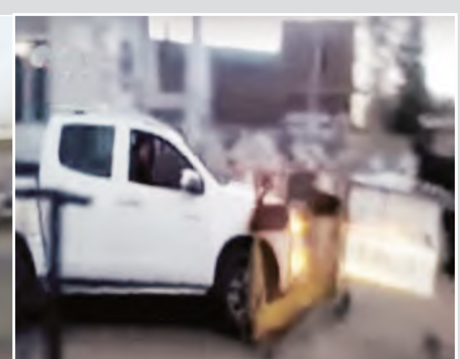
"MAY THIS EASTER GIVE US ADDED STRENGTH TO SUCCESSFULLY OVERCOME COVID-19"
PM Modi

WORLD

- **China reports nearly 100 new coronavirus cases** in one day, highest in recent weeks
- **New York sees sixth straight day** with more than 700 deaths
- **Number of deaths in the UK** passes 10,000
- **Spain cases keep slowing,** deaths approach 17,000
- **Canada passes $52-billion** bill to help companies pay employee salaries
- **15-year-old boy from isolated Amazon tribe** in Brazil dies of Covid-19
- **Another 103 sailors** from US aircraft carrier Theodore Roosevelt test positive
- **Coronavirus cases** in Japan top 7,000
- **UAE plans curbs on countries refusing** to accept their nationals
- **UK Parliament to resume from April 21,** possibly in virtual capacity
- **Saudi Arabia** extends Covid-19 curfew indefinitely
- **China toughens restrictions** on border with Russia as imported coronavirus cases hit record
- **Bangladesh PM Sheikh Hasina** announces relief package of $1.7 billion for farmers
- **UK pleges 200 million pounds** in aid to help stop second coronavirus wave
- **Thailand reports** 33 new cases, three deaths
- **Russia reports 2,186 new cases** in 24 hours, up from 1,667 new cases the day before

"OWE THEM MY LIFE"
Boris Johnson, out of ICU, praises hospital staff

Cop's hand chopped off in attack, 7 holed up in gurdwara arrested



An officer's hand was chopped off with a sword, and two other Punjab policemen were injured on Sunday when a group of Nihangs attacked them after being asked to show curfew passes at a vegetable market in Patiala district, police said. Seven people, including five attackers, were arrested hours later in Sanaur town

PHOTOS: VIDEO GRABS FROM NEWS CHANNELS

We're extra prepared if cases rise exponentially, says ministry

Over 900 coronavirus cases have been reported in the past 24 hours, taking the total number of such cases to 8,447 in the country, the Union Health Ministry said on Sunday, while asserting that the government is 'extra prepared' if there is an exponential rise in the number of coronavirus patients.

Health Ministry's Joint Secretary Lav Agarwal said the government was expanding the Covid-19 testing capacity in state-run as well as private medical colleges.

"We are working on an urgent basis to expand the capacity for Covid-19 testing in government and private medical colleges across the country. Fourteen mentor institutes, including the AIIMS and NIMHANS, have been identified to mentor the medical colleges and expand the coronavirus testing capacity," Agarwal added.

According to ICMR officials, a total of 186,906 samples have so far been tested across the country, of which 7,953 have been found positive for Covid-19.

"In the last five days, on an average, 15,747 samples were tested per day and 584 of those were found to be positive per day," an Indian Council of Medical Research (ICMR) official said at the press briefing. Responding to a question about development of vaccines, he said, "There are 40 plus candidate vaccines that are under development but none of them has reached the next stage." **PTI**

Lockdown indecision: To sell or not to sell tickets?

Lack of circular sends airline dept in a tizzy; Railways yet to take decision on resuming passenger services

SHINE JACOB & ARINDAM MAJUMDER
New Delhi, 12 April

The uncertainty over extending the 21-day lockdown, supposed to end on April 14, seems to be creating confusion among policymakers in the railways and aviation.

Officials in the civil aviation ministry said while there was little chance that air transport would be allowed to resume on April 15, lack of an official circular kept the commercial departments of airlines in a tizzy. The result is that all airlines except Air India are still selling tickets for flights from April 15.

"The government should be more proactive regarding such decisions. If we don't book tickets anticipating a ban we will lose out on revenue. If we sell and then have to cancel flights, we will face passenger ire. Bureaucrats should have some sensitivity to how businesses are done," an airline executive said.

With airlines having decided to offer no refund on tickets for cancelled flights, lack of an official decision means that passengers who had booked tickets are kept wondering about whether they will fly.

According to the Indian Railways, no decision has been taken on starting passenger services again, though it resumed ticket booking for journeys from April 15.

From April 1 to 11 this year, 670,295 tickets were booked, down 93.5 per cent from more than 1.03 million during the same time last year.

Despite the uncertainty, 45 per cent of these tickets were booked in the past seven days.

"We have not lined up any concrete plans so far on resuming passenger services," said a senior railways official.

As the deadline nears, railways officials are in a quandary over whether they will have to start services at a time when social distancing too has to be maintained.

For the first 11 days of the current fiscal year, there was a 94.38 per cent decline in passenger bookings over the equivalent period last financial year.

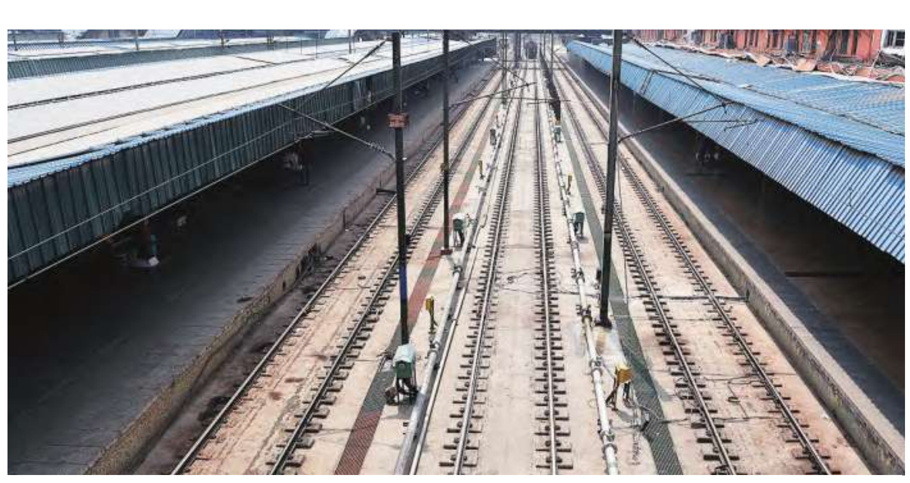
Executives of airlines said forward bookings had been abysmally poor, with customers holding on to their travel until a decision came. "In the past four days, only 14 tickets have been sold over the network. I don't expect things to improve in six months," an executive said.

Distancing norms like keeping middle seats empty mean airlines will be able to operate at a capacity of 60 per cent.

Revenue through the passenger reservation system (PRS) declined to ₹78.86 crore, down 93.2 per cent from ₹1,159.57 crore during the April 1-11 period in 2019-20.

A huge loss was reported in the sleeper class and third AC. In the sleeper class, revenue dropped from ₹429 crore to ₹35 crore, while in the third AC, it dropped from ₹453 crore to ₹24 crore.

Though the Indian Railway Catering and Tourism Corporation (IRCTC) had cancelled two Tejas trains and the Kashi Mahakal Express till April 30, operated by the company, bookings for the remaining trains were continuing.



For the first 11 days, passenger bookings for trains saw a 94.38 per cent decline over the same period last fiscal year

MEANWHILE...

Oil price war ends with Opec+ deal to cut output

The slash is about 10% of global supply

The world's top oil producers pulled off a historic deal to cut global crude output and put an end to a devastating price war.

After a week-long marathon of bilateral talks and four days of video conferences with government ministers from around the world, an agreement finally emerged to tackle the impact of the global pandemic on demand.

The talks almost fell apart because of resistance from Mexico, but came back from the brink after a weekend of urgent diplomacy — with the clock ticking down to the market open.

Opec+ will cut 9.7 million barrels a day — just below the initial plan of 10 million. This comprises around 10 per cent of the global supply. Mexico appeared to have won a diplomatic victory as it will only be required to cut 100,000 barrels — less than its pro-rated share.

With the virus paralysing air and ground travel, demand for gasoline is collapsing and crude prices have plunged to 18-year lows. That threatened the future of the US shale industry and the stability of oil-dependent states, while piling more challenges onto central banks fighting the fallout from the pandemic.

The question now for the oil market is whether the cuts will be enough to throw a floor under prices as demand for energy craters. With countries around the world extending their lockdowns, the death toll mounting in New York, and unemployment exploding in the US, the oil market is far more worried about consumption than supply. **AGENCIES**