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

Note: Spot gold markets shut due to lockdown in major states. Currency markets were closed on account of the annual closing of accounts *Indian basket as on March 19, 2020

SENSEX: 28,265.31 ▼1203.18 **NIFTY:** 8,253.80 ▼ 343.95 **NIKKEI:** 18,065.41 ▼ 851.60 **HANG SENG:** 23,085.79 ▼ 517.69 **FTSE:** 5,456.92 ▼ 215.04 **DAX:** 9,531.81 ▼ 404.03

*International market data till 1900 IST

SALES HIT DUE TO CORONAVIRUS PANDEMIC, NATIONWIDE LOCKDOWN

March auto sales plunge to almost half of 2019, Maruti registers a 10-year low

ENS ECONOMIC BUREAU
NEW DELHI, APRIL 1

MARUTI SUZUKI India Ltd (MSIL), the country's leading car manufacturer, on Wednesday announced a 47 per cent fall in its domestic passenger vehicle sales in March, a near 10-year low in terms of unit sales.

The company sold 76,240 units last month; the number from a year ago — March 2019 — was 1,45,031 units. Industry data show that MSIL sold 75,000-80,000 units every month on average in the second half of 2009-10, numbers that are comparable to those of March 2020.

The second largest passenger vehicle manufacturer, Hyundai Motor India, announced a 40.69 per cent decline in sales in March compared to the same period last year. The company sold 26,300 units this March as against 44,350 units last year.

Toyota Kirloskar Motors too announced a 45 per cent decline in sales. The company sold 7,023 units in the domestic market in March as against 12,818 units in March last year.

Car sales have been under pressure over the last 18 months on account of the slowdown in the economy and a decline in consumption. Sales took a sharp additional hit in March due to the outbreak of the novel coronavirus pandemic and the nationwide lockdown that followed.

Industry sources said they expected April to be worse, as the lockdown — currently for 21 days from March 25 — would continue for half of the month. Even after the lockdown is lifted, no one really knows how long it may take things to come back to normal, they said.

"Last month has been very challenging for us, both in terms of sales as well as production. With the spread of the COVID-19 threat in various parts of the country followed by the 21-day national lockdown, the company's priority was to ensure the safety and well-being of all stakeholders and, most importantly, our dealers and their staff....," Naveen Soni, Senior VP, sales and service, Toyota Kirloskar Motor said. "Our dealerships across the country were shut down beginning March 23, along with a temporary halt of production at our plant in Bidadi."

MSIL reported a decline in sales across all segments. The compact segment declined 51 per cent to 40,519 units; the utility vehicle segment saw a 53.4 per cent fall, and sales in the van segment fell 63.7 per cent.

With global trade crippled by the virus, MSIL's exports declined 55 per cent — the company exported only 4,712 units in March as against 10,463 units in the corresponding month in 2019.

On March 22, as several states announced lockdowns, carmakers including MSIL, Hyundai Motors, Toyota, Fiat Chrysler Automobiles together with Fiat India Automobiles, and Hero MotoCorp announced they were cutting output. Several firms announced they would stand by their staff — there would be no retrenchments at any plant, and workers would continue to receive salaries for the period of closure.

EXPLAINED

Virus the last straw in crisis

THE DECLINE in automobile sales started on account of a funding and liquidity squeeze in July-August 2018, and went on to become more of a sentiment issue, with individuals looking to postpone and cut down on consumption expenditure. The coronavirus pandemic was the last straw in the crisis.

INTERVIEW WITH NATIONAL INSTITUTE OF PUBLIC FINANCE & POLICY DIRECTOR

We are now repurposing from a business as usual economy to a warlike economy: NIPFP's Roy

RATHIN ROY, director, National Institute of Public Finance and Policy, was one of the members of a committee chaired by NK Singh that reviewed the FRBM Act. The committee's report formed the basis to the amendment of the Act two years ago. In an interview to P VAIDYANATHAN IYER, he strongly recommends wide ranging support that will cost far more than 1 per cent of GDP. Edited excerpts:

Rathin Roy. *File*

As a member of the FRBM review committee, based on which the Act was amended, do you think the situation today, given the coronavirus health pandemic, and the subsequent lockdown, warrants a substantial easing?

I do not think that in the present situation an analytical framework that talks about "easing" and "tightening" is relevant. As I have said before, we are now repurposing from a business as usual economy to a warlike economy. In these circumstances money needs to be directed to the purposes of fighting the pandemic and dealing with the consequences of fighting the pandemic. We first need to clearly identify what needs to be done and what it will cost. We then address the problem of how (not how much) finance will be mobilised.

What are the main pain points, which need immediate relief?

The first priority is to make sure we have the medical equipment and personnel to execute the measures needed to identify, diagnose, and treat those seeking medical attention. As the number of cases grow, we need a massive transitory increase in healthcare financing. We need more beds, quarantining facilities etc., but going forward, the binding constraint will be our healthcare workers. Each healthcare worker who falls sick, breaks down, or is unable to perform his/her job, retards our effort. You do not want a situation where, to use a war analogy, you have aircraft that are idle because there are no pilots or ground crew. So, we need to ensure that finance is not a constraint in increasing our spending on securing the health and lives of these personnel. I estimate we need to increase the CTC spending on these personnel by 350–400 per cent.

The second priority is to maintain supply chains such that people are able to get essential commodities and, going forward, other things needed to live a normal life. We need to spend on integrating unutilised supply chains and making sure these deliver from farm and factory to home. This is going to be expensive if social distancing is to be maintained. Third, we need to make sure all migrant workers are secure in decent surroundings and have access to counseling, communication facilities, and government services on a priority basis. This will be expensive because our migrant workers lived in crammed and insanitary conditions in the first place and we need to hence create this infrastructure.

The government announced a relief package, which was less than 1 per cent of GDP. What is your assessment of the fiscal relief requirement?

Again, "fiscal relief" is not an appropriate framework. In a warlike economy, government needs to do two things. One, protect national wealth and two, alleviate loss of national income as far as possible. This would encompass wage support, compensatory payments to those operating their own businesses and services (which is a significant chunk of the Indian workforce), and the temporary publicly financed coverage of costs associated with maintaining working and fixed capital including, but not limited to, interest relief. This will cost more than 1 per cent of GDP, so I am assuming a much larger publicly financed support package is in the offing. I hope it isn't further delayed. It has been forthcoming for some time now.

What are the avenues for fundraising?

It is important to understand that financing will have to be provided at an elevated scale and therefore "fundraising" through relief funds etc. will not do the job at the macro level. Several calibrated steps are possible.

First, the government has considerable unspent balances which should be mobilized. This will take time; therefore, it should immediately use its WMA (Ways and Means Advances) window with the RBI to mobilise these finances. The RBI has enhanced the WMA limits but it is desirable that fiscal prudence be secured by linking the extinguishing of WMAs to specific resource mobilisation by government. States are the frontline fighters of this epidemic.

The RBI should open a Rs 1 lakh crore zero interest WMA window for the states. The window should be for 11 months and its rollover can be reviewed in the ninth month. States could access this window according to some criteria. The simplest would be to use per capita population and then develop criteria according to need going forward.

Second, the government could design a specific purpose bond to raise debt resources. The current debt mobilisation system should be ring-fenced from this COVID-specific debt instrument. My preference will be for a consol- a bond that pays interest during its lifetime, has no date of expiry, and can be traded.

Full report on www.indianexpress.com

LOCKDOWN EFFECT
INTER-STATE MOVEMENT

Transporters raise concerns over potential penalties arising from expired e-way bills

PRANAV MUKUL & AANCHAL MAGAZINE
NEW DELHI, APRIL 1

WITH HUNDREDS of trucks stranded across the country since March 15 when states started to lock their borders down culminating into a national lockdown announced by the Centre, transporters have raised concerns over potential penalties arising from expired e-way bills. Having been stuck for the last two weeks, truckers have e-way bills for goods in transit or in godowns, which were getting expired and could not be renewed on due dates.

According to notified e-way bill rules, every registered supplier requires prior online registration on the e-way bill portal for the movement of these goods. The rules also specify that the permits for conventional cargo (other than over-dimensional carve) are valid for one day for the movement of goods for 100 km, and in the same proportion for following days. Tax officials have the power to scrutinise the e-way bill at any point during transit to check tax evasion.

In general, validity of the e-way bill cannot be extended but a commissioner may extend the validity period only through issuing notification for certain categories of goods. If goods are moved without generating a valid e-way bill, a fine of Rs 10,000 or amount of tax sought to be evaded, whichever is higher, may be imposed by tax authorities. In such a situation, goods, and the vehicle transporting them, can be detained or seized.

Over the last one week, there have been reports from numerous state check points of trucks laden with cargo being held up at various points. On their part, government officials said no such issue about problems in electronic way bill, or e-way bill, has been raised by states' commercial tax authorities as of now, though they acknowledge if the e-way bills expire then regenerating them might be an issue for the transporter. "An e-way bill can be regenerated by the transporter before expiry, but yes, a problem may arise if the e-way bill has expired since the system won't allow regeneration linked to the same invoice," a government official explained.

In a petition to Finance Minister Nirmala Sitharaman Wednesday, a group of truckers pointed out that the e-way bills could not be extended by the transporters on account of closure of offices, godowns and unavailability of staff.

"We request you to issue immediate directions/guidelines to GST Commissioners (all States/UTs) for considering this unfolding situation empathetically and allow the vehicles in transit and goods not delivered to be exempted from any scrutiny or penal provisions to reach their destination smoothly, even if e-way bill is expired," Kultaran Singh Atwal, President, All India Motor Transport Congress (AIMTC), wrote in the letter.

An electronic way bill or 'e-way bill' system offers the technological framework to track intra-state as well as inter-state movements of goods of value exceeding Rs 50,000, for sales beyond 10 km in the Goods and Services Tax (GST) regime.

Speaking to *The Indian Express*, AIMTC's Secretary General Naveen Gupta said while currently there were no flying squads on ground that reprimand truckers for expired e-way bills, there was a fear that once the lockdown is over, transporters may be penalised by taxmen. "There are no clear guidelines or SOPs currently for tax officials to deal with such a situation," he added.

Falling interest rates to enhance liquidity, help beat slowdown

The Centre on Tuesday decided to cut small savings interest rates by 70-140 basis points for June quarter

What happened in 2008-09?

The RBI cut the key policy rate gradually from 9 per cent in September 2008 to 4.75 per cent in April 2009

Rate cut transmission

Banks have often cited the high small-savings rates as an impediment to effective rate cut transmission

Source: Govt data

Instruments	Rate of Interest from 01.01.20 to 31.03.20	Rate of Interest from 01.04.20 to 30.06.20	Compounding Frequency
Savings Deposit	4.0	4.0	Annually
1 Year Time Deposit	6.9	5.5	Quarterly
2 Year Time Deposit	6.9	5.5	Quarterly
3 Year Time Deposit	6.9	5.5	Quarterly
5 Year Time Deposit	7.7	6.7	Quarterly
5 Year Time Deposit	7.2	5.8	Quarterly
Senior Citizen Savings Scheme	8.6	7.4	Quarterly and paid
Monthly Income Account	7.6	6.6	Monthly and paid
National Savings Certificate	7.9	6.8	Annually
Public Provident Fund Scheme	7.9	7.1	Annually
Kisan Vikas Patra	7.6 (will mature in 113 months)	6.9 (will mature in 124 months)	Annually
Sukanya Samriddhi Account Scheme	8.4	7.6	Annually

RBI allows export proceeds to be kept abroad for 15 mths, hikes WMA limit of state govts by 30%

ENS ECONOMIC BUREAU
MUMBAI, APRIL 1

CLOSE ON the heels of the repo rate cut and moratorium on term loans, the Reserve Bank of India (RBI) on Wednesday allowed exporters to keep their proceeds outside India for 15 months and hiked the Ways and Means Advances (WMA) limit of state governments by 30 per cent to cushion the impact of the coronavirus pandemic and lockdown. The central bank has provided relief to the banking sector's capital requirements.

The RBI said the time period for realisation and repatriation of export proceeds made up to or on July 31, 2020 has been extended to 15 months from the date of export. "The measure will enable the exporters to realise their receipts, especially from COVID-19 affected countries within the extended period and also provide greater flexibility to the exporters to negotiate future export contracts with buyers abroad," the RBI said.

Currently, the value of the goods or software exports made by the exporters is required to be realised fully and repatriated to the country within a period of nine months from the date of exports. Export activities have been disrupted in the wake of the pandemic and lockdown in many countries.

Further, the RBI has decided to increase the Ways and Means Advances (WMA) limit by 30 per cent from the existing limit for all states and Union Territories to enable the state governments to tide over the situation arising from the pandemic. The revised limits will come into force with effect from April 1, 2020 and will be valid till September 30, 2020, the RBI said.

The hike in WMA limit is pending submission of the final recommendation of an Advisory Committee, headed by Sudhir Shrivastava, set up by the RBI to review the WMA limits for state governments and Union Territories. WMA is a temporary short-term loan from the RBI to address the mismatch in revenue and expenditure. The central government on Tuesday increased the ceiling on its WMA facility by 60 per cent.

In another relief to the banking sector, the RBI has decided that it is not necessary to activate countercyclical capital buffer (CCyB) for a period of one year or earlier, as may be necessary. The framework on CCyB was put in place by the RBI in terms of guidelines issued on February 15, 2015, wherein it was advised that the CCyB would be activated as and when the circumstances warranted, and that the decision would normally be pre-announced.

SBI extends OTS timeline

Mumbai: State Bank of India (SBI) has extended the timeline for payment of one-time settlement amount by three months. Now customers on-boarded under settlement scheme SBI OTS 2019, Rin Samadhan 19-20 and general compromise can meet payment obligation by June 30. **ENS**

GST mop-up slips below ₹1 lakh cr after 4 mths: Mar collection at ₹97,597 crore

ENS ECONOMIC BUREAU
NEW DELHI, APRIL 1

AFTER FOUR months, gross Goods and Services Tax (GST) collections fell below the Rs 1 lakh crore-mark, declining by 8.4 per cent over last year to Rs 97,597 crore for March (for sales in February). A drop of 7.8 per cent in returns filing over last month, 4 per cent fall over last year in domestic revenue, and a sharp 23 per cent contraction in revenue from imports led to the fall, with the Centre missing its RE for 2019-20 by Rs 22,204 crore at Rs 5.90 lakh crore.

Experts expect GST revenue to fall further when the impact of COVID-19 will be reflected more in April collections (for sales in March), amid the prevailing overall economic slowdown.

With this, the total gross GST revenue now stands at Rs 12.22 lakh crore for 2019-20. States' GST (SGST), not taking into account the compensation from the Centre, are estimated to have fallen short of the aggregate protected level by around Rs 1.5 lakh crore in FY20. The government was able to raise compensation cess of only Rs 95,768 crore against the total protected revenue for states, which is calculated assuming 14 per cent growth on base year of 2015-16.

Compensation to states has already been delayed due to shortfall of cess collections.

Tax experts raised concerns about the low level of collections, ascribing it to liquidity issues being faced by small and medium businesses. PwC India partner & leader, indirect tax, Pratik Jain said, "While there could be some impact of slowdown that got triggered during to the onset of COVID-19 situation (though the impact of lockdown will be reflected in April 20 numbers), there is around 7 per cent reduction in filing of GSTR 3B over last month. It seems that many businesses may not have been able to pay GST because of liquidity issues being faced after the lock down. As the second half of March '20 has been significantly impacted due to COVID 19 outbreak, the collections in April are likely to be substantially lower... The impact on the fiscal deficit for FY 19-20 will now have to be seen."

BRIEFLY

ArcelorMittal plea against Essar dismissed

New Delhi: A UK court has refused to issue a worldwide freezing order against the parent company of Essar Steel and members of promoter family — Ravi and Prashant Ruia. The order came as ArcelorMittal looked to enforce a $1.5 billion arbitral award stemming from a soured supply agreement. **PTI**

No extra spectrum needed: COAI

New Delhi: Telecom operators believe that there is no requirement of additional spectrum to maintain stability and quality of networks amid the 21-day lockdown imposed to combat the spread of coronavirus, COAI said on Wednesday. **PTI**

Power Grid commits ₹200 crore

New Delhi: Power Grid has contributed Rs 130 crore to Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM-CARES) Fund to support India's fight against the outbreak, as per a release.

Wipro, Premji Foundation commit ₹1,125 cr

New Delhi: Wipro, Wipro Enterprises and Azim Premji Foundation said they have committed Rs 1,125 crore towards tackling the "unprecedented health and humanitarian crisis" arising from the pandemic. **ENS**

Govt notifies details of 3 electronic manufacturing schemes worth over ₹48,000 cr

New Delhi: The Centre Wednesday notified the details of the three electronic manufacturing schemes aimed at boosting domestic production of mobile handsets, silicon chip sets, and other semiconductors. The Union Cabinet, on March 20, approved these schemes worth over Rs 48,000 crore. The first scheme is to promote large-scale domestic manufacturing. The outlay for the scheme has been kept at Rs 41,000 crore over five years, and will give incentives for manufacturing of mobiles and certain other specified electronic components. **ENS**

Sensex kicks off FY21 with 1,203-pt drop

ENS ECONOMIC BUREAU
MUMBAI, APRIL 1

VOLATILE STOCK markets continued their downward journey on Wednesday with key indices plummeting by four per cent on weak global cues and capital outflows. The Sensex fell 1,203 points to 28,265.31 and the NSE Nifty Index lost 343.95 points to close at 8,253.80 in the selling avalanche.

Foreign investors pulled out Rs 61,973 crore from the equity market in March. With FPIs withdrawing another Rs 60,376 crore from the debt market, the total outflows were around Rs 1.2 lakh crore. "Today's trade witnessed sustained selling across pivotal sectors, led primarily by technology and private sector banks as foreign wealth funds created cash by selling equities," said S Ranganathan, head of research at LKP Securities.

The first day of the financial year started off on a negative note, impacted by the negative global markets and domestic uncertainties on banks' stressed assets and auto numbers. "FPIs have net sold around Rs 62,000 crore in equity in March and with virus infections increasing, markets are anticipating a worsening of the situation," said Vinod Nair, Head of research, Geojit Financial Services.

Wall Street sinks on weak macro data, oil prices head towards $25

REUTERS
NEW YORK/LONDON, APRIL 1

THE DOW Jones tumbled more than 700 points on Wednesday as investors fled to safe-haven assets after new orders for US-made goods plunged to an 11-year low and private payrolls fell for the first time since 2017.

At 9:56 a.m. ET the Dow Jones Industrial Average was down 658.21 points at 21,258.95 and the S&P 500 was down 82.63 points at 2,501.96. Brent crude fell while US futures dipped before recovering Wednesday. Brent crude fell $1.11, or 4.2 per cent, to $25.24 a barrel. WTI traded at a session low of $19.90 a barrel.

A robot helping in treatment of patients in Italy. *Reuters*

Loan moratorium: Most pvt banks go for 'opt-in' option

PRESS TRUST OF INDIA
NEW DELHI, APRIL 1

MOST PRIVATE sector lenders have decided to go for the "opt-in" option on loan repayment moratorium, putting the onus on the customer to take the initiative of informing the bank of their choice to go for the three-month breather offered by the RBI.

HDFC Bank said it would encourage customers with adequate funds to continue repayments to avoid the extra interest charges and tenor extension of the loan.

Kotak Mahindra Bank asked customers to write to an email ID for "opting in" for the moratorium.

ICICI Bank decided to make the moratorium as "opt-in" for the loans generally availed by salaried customers.

ICICI Bank cuts rate on savings account

New Delhi: ICICI Bank on Wednesday cut interest rates on savings accounts by 25 basis points for deposits up to Rs 2 crore. The new rates will be effective from April 8, ICICI Bank said in a regulatory filing. **PTI**