OPINION, P6

JD RABINOWITZ & CR BARTMAN

Prevent high-dose corona exposure, the kind health workers face

EDITORIAL

Given how precarious state govt finances are, Centre must pay its dues ASAP, relax FRBM limits

COMPANIES, P4

HOSPITALITY HIT

OYO leadership team to take voluntary pay cuts

INTERNATIONAL, P8

DEAL ABANDONED

SoftBank drops $3-billion WeWork tender offer

NEW DELHI, FRIDAY, APRIL 3, 2020

FOLLOW US ON TWITTER & FACEBOOK. APP AVAILABLE ON APP STORE & PLAYSTORE WWW.FINANCIALEXPRESS.COM

FINANCIAL EXPRESS

VOL. XLVI NO. 28, 12 PAGES, ₹6.00 (PATNA ₹6.00, RAIPUR ₹7.00) PUBLISHED FROM: AHMEDABAD, BENGALURU, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI, NEW DELHI, PUNE

READ TO LEAD

SENSEX: 28,265.31 ▼ 1,203.18 NIFTY: 8,253.80 ▼ 343.95 NIKKEI 225: 17,818.72 ▼ 246.69 HANG SENG: 23,280.06 ▼ 194.27 ₹/$: 76.30 ▼ 0.02 ₹/€: 83.36 ▲ 0.13 BRENT: $26.95 ▲ $2.21 GOLD: ₹40,989 ↔ (As of April 1)

DOUBLE WHAMMY

Tax slump & central funds cut hit states

FY20 GST aid short by ₹30,000 crore; April GST receipts seen less by ₹50k cr; tax and scheme-related transfers by Centre hit as well

PRASANTA SAHU & SUMIT JHA
New Delhi, April 2

STATE GOVERNMENTS, WHICH are at the frontline of the war against Covid-19 pandemic, have stepped up pressure on the Centre for more generous financial support on a contingent basis, including greater leeway on established fiscal rules to borrow more.

Prime Minister Narendra Modi held a meeting with chief ministers via video conferencing on Thursday, in which most states are learnt to have demanded that the FRBM limit be raised for FY21, with some states even suggesting that fiscal deficit of up to 5% of state GDP be tolerated, against the mandated 3% ceiling.

The move comes as most states are acutely cash-starved, with many including Maharashtra, Telangana and Odisha being forced to defer even salary payments.

States' own tax revenues are seriously undermined due to the economic slump and delayed release, if not denial, of the monies due to them by the Centre under assorted heads has aggravated the situation (see chart above).

Continued on Page 2

₹30,000 cr
Shortfall in GST compensation kitty for states in FY20

₹50,000 cr
Likely state GST deficit against protected level in April, unless pandemic is contained, comparable shortfalls likely in May-June as well

These apart, schemes-related transfers to states have seen a severer cut than ₹13,000 crore effected in Budget

₹58,000 cr
Extra borrowing headroom sought by states in FY21 with FRBM forbearance against RBI facility

*14th Finance Commission (FY16-20) allowed a 0.5% of GDP extra fiscal headroom under FRBM for states with lower debt burden; states want this window for FY21 too

*Several states ask for higher fiscal deviations, even up to 5% of S-GDP in FY21

States' tax revenues

38% Share in central taxes

62% Own tax receipts

Of the own tax revenues (FY20)

43.5% SGST

10% other taxes

11% stamp duty & registration fees

12.5% state excise (mostly from alcohol)

23% sales tax (mostly petroleum)

As per FY20 state budgets

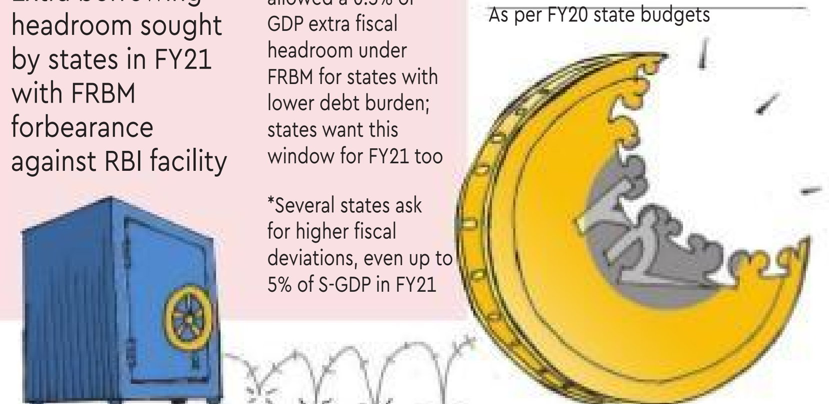


ILLUSTRATION: ROHNIT PHORE

CORONA COMBAT

PM plans staggered exit from lockdown

Asks state CMs to prioritise testing, tracing, quarantine

KRISHN KAUSHIK
New Delhi, April 2

UNDERLINING THAT "in the next few weeks, testing, tracing, isolation and quarantine should remain the areas of focus" in the country's war against the coronavirus threat, Prime Minister Narendra Modi on Thursday told all state chief ministers to "formulate a common exit strategy to ensure staggered re-emergence of the population once the lockdown ends" on April 14.

He, however, warned that the global situation remains "far from satisfactory" and that there was speculation of a "possible second wave of spread of the virus in some countries".

Interacting with the CMs via video-conference from New Delhi, Modi, according to an official statement, said: "Considering this is the time to harvest crops, the government has given some relaxation from lockdown, but it is necessary to continuously monitor and maintain social distancing as much as possible". He asked the states to "think of other platforms for procuring grains apart from APMC, and explore the possibility of creating pooling platforms for rural areas, like that in ride-sharing apps".

Continued on Page 2

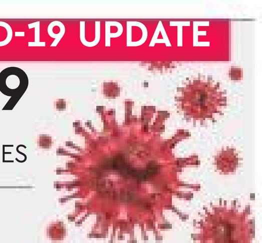
(Clockwise from above) Devotees perform a *havan* to mark Ram Navami in Mathura on Thursday; PM Narendra Modi interacts with CMs through a video-conference; people disinfect an area in Dharavi, Mumbai

COVID-19 UPDATE

2,069 TOTAL CASES

68 DEATHS SO FAR

433 NEW CASES



If more than 1% of Indians infected, we'll soon run out of hospital beds

SARTHAK RAY
New Delhi, April 2

THE LATEST MODELLING from the Center for Disease Dynamics, Economics and Policy (CDDEP) estimates that nearly 48 lakh people will need hospitalisation across 30 states and Union Territories (excluding Madhya Pradesh) in a scenario where 5% of the country's population is infected. This is roughly 4-5 times the number of hospital beds in the country, making it clear how critical it is to slow the spread; if the spread is slowed and patients don't all flock to the hospital at the same time, the capacity won't fall as short.

The model considers three scenarios of infection; one where 0.5% of the population is infected, another with 1% and a third with 5%.

Continued on Page 2

Hospital beds needed

(in lakh) Level of infection

State	0.5%	1.0%	5.0%
Andhra Pradesh	0.22	0.42	2.11
Bihar	0.47	0.94	4.71
Maharashtra	0.51	1.01	5.05
Rajasthan	0.31	0.62	3.08
Tamil Nadu	0.29	0.6	2.97
Uttar Pradesh	0.89	1.78	8.91
West Bengal	0.38	0.74	3.72
All-India	4.75	9.5	47.4

Source: Center for Disease Dynamics, Economics and Policy

China's Shenzhen bans eating of cats and dogs

REUTERS
Shenzhen, China, April 2

THE CHINESE CITY of Shenzhen has banned the eating of dogs and cats as part of a wider clampdown on the wildlife trade since the emergence of the new coronavirus.

Scientists suspect the coronavirus passed to humans from animals. Some of the earliest infections were found in people who had exposure to a wildlife market in the central city of Wuhan, where bats, snakes, civets and other animals were sold. The disease has infected more than 935,000 people around the world and killed some 47,000 of them.

Authorities in the southern Chinese technology hub said the ban on eating dogs and cats would come into force on May 1.

"Dogs and cats as pets have established a much closer relationship with humans than all other animals, and banning the consumption of dogs and cats and other pets is a common practice in developed countries and in Hong Kong and Taiwan," the city government said in an order posted on Wednesday.

"This ban also responds to the demand and spirit of human civilisation." China's top legislature said in late February it was banning the trade and consumption of wild animals.

Continued on Page 2

PM to share video message with country today

PRIME MINISTER Narendra Modi will share a video message with people on Friday. "At 9 am tomorrow morning, I'll share a small video message with my fellow Indians," the PM tweeted on Thursday.

India may allow int'l flights on case-to-case basis

CIVIL AVIATION minister Hardeep Singh Puri on Thursday said India may permit international flights to land on a case-to-case basis once the state-imposed lockdown is lifted. ■ Page 3

Govt identifies 20 existing, 22 potential hotspots

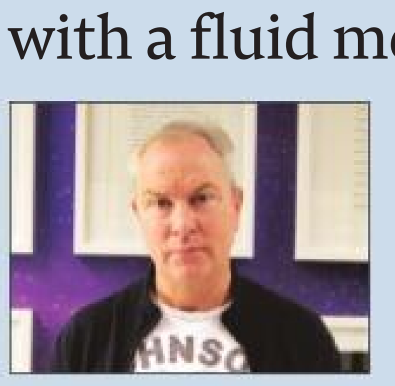
THE UNION health ministry on Thursday said it has identified 20 existing and 22 potential hotspots of Covid-19 and said containment measures will require large human resource. ■ Page 3

AI suspends contracts of around 200 employees

AIR INDIA on Thursday temporarily suspended the contracts of around 200 employees, including pilots, who were re-employed after retirement, a senior official said. It has already cut allowances of all staff, except cabin crew.

Special Features

'India is a dynamic market with a fluid media scene'



Nick Emery, Global CEO, Mindshare, on connecting media spends with sales, video measurement, and the unique challenges in India ■ BrandWagon, P9

Digital payments: Staying contactless in Covid-19 times

PayTM and bank websites now offer many options to transact online so that you can pay for your grocery purchases, utility bills, rent or insurance premiums easily ■ Personal Finance, P9

PANDEMIC WOES

Moody's changes outlook on Indian banks to negative

PRESS TRUST OF INDIA
New Delhi, April 2

MOODY'S INVESTORS SERVICE on Thursday changed the outlook for the Indian banking system to 'negative' from 'stable', as it expects deterioration in banks' asset quality due to disruption in economic activity from the coronavirus outbreak.

It said banks' asset quality will deteriorate across the corporate, small and medium enterprises and retail segments, leading to pressure on profitability and capital.

"We have changed the outlook for the Indian banking system to negative from stable. Disruptions to economic activity from the coronavirus outbreak will exacerbate a slowdown in India's economic growth," it said.

Stating that asset quality will deteriorate, Moody's said a sharp decline in economic activity and a rise in unemployment will lead to a deterioration of household and corporate finances, which in turn will result in increases in delinquencies.

"Growing solvency stress among non-bank financial institutions will increase risks to banks' asset quality because banks have large exposures to the sector," it added.

Continued on Page 2

UNDER STRESS

- Drop in economic activity, rise in unemployment to hit corporate and household finances
- Deteriorating profitability, loan growth to hurt capitalisation
- PSBs' funding and liquidity to remain stable
- Pressure to be high on small private lenders after Yes Bank default

QuickPicks

HDFC Group pledges ₹150-cr support to PM's corona fund

HDFC GROUP on Thursday said it has committed ₹150 crore to the PM-Cares Fund to support the government for its relief and rehabilitation measures for the Covid-19 pandemic, reports **PTI**. "The HDFC Group's support to the PM-Cares Fund is to commend the exemplary efforts of the Central & State governments, armed and paramilitary forces, local police, healthcare professionals and sanitation workers across the country," HDFC chairman Deepak Parekh said in a statement.

Jain Irrigation to submit revised proposal to lenders by next week

IN A last-ditch effort to save the company, Jain Irrigation is going to submit a revised proposal to lenders by next week for debt restructuring, sources told **Ankur Mishra** in **Mumbai**. Jain Irrigation was undergoing a debt-restructuring process, after banks signed inter-creditor agreement to resolve the company, as per June 7 circular of RBI. The firm is going to submit a proposal to restructure ₹4,000-crore debt, in which loan is likely to be split in sustainable and unsustainable portions. **PAGE 4**

New features added to e-NAM to boost supply chains

IN A move aimed at decongesting mandis and also maintaining the supply chains of fruits and vegetables, the Centre on Thursday added two new features on the electronic national agriculture market (e-NAM) platform so that farmers will be able to sell their produce at warehouses and collection centres set up by farmer producer organisations (FPOs), reports **fe Bureau** in **New Delhi**. Agriculture minister Narendra Singh Tomar launched the new features of e-NAM. **PAGE 2**

NO REGULATOR NOD

Novartis scraps $1-billion sale of assets, including Covid drug, to Aurobindo

REUTERS
Bengaluru, April 2

NOVARTIS ON THURSDAY scrapped the $1-billion sale of US generic pill and skin drug assets to Aurobindo Pharma as regulators balked, setting back the Swiss drugmaker's shift to more profitable medicines.

The cancellation leaves hydroxychloroquine, an older malaria drug that Novartis chief executive Vas Narasimhan is touting as a potential coronavirus treatment, in its Sandoz generic unit's portfolio.

Novartis is donating 130 million hydroxychloroquine doses to support efforts against the epidemic, though the European Union has so far said there is no proof it works.

Novartis said the Aurobindo deal's collapse was not coronavirus-related, from its perspective, but stemmed from the US Federal Trade Commission's not giving approval within expected timelines. The transaction was supposed to have been completed last year but was delayed repeatedly.

Narasimhan announced the transaction with India's Aurobindo in September 2018 as he hoped to shed generics assets in the US that have faced fierce price pressure and dragged down Sandoz's profitability.

In 2019, the US assets continued to weigh on Sandoz's performance, as the generics division's sales fell 1% to $9.7 billion as price erosion in the US cancelled growth elsewhere.

Sales in the oral solids and skin business fell to $1.1 billion in 2019 from $1.2 billion in 2018. Earlier this year, Novartis projected Sandoz's sales were expected to grow at a low-single-digit rate in 2020, excluding the US oral solids and dermatology businesses.

The company did not immediately update guidance now that Sandoz will continue to operate the assets within its US business.

Though a tiny part of Sandoz's and other drugmakers' portfolios, hydroxychloroquine has been subject of intense attention after US President Donald Trump touted it as a potential miracle cure against Covid-19.

The EU has sought to mute expectations, however, citing a lack of data on whether the drug works, but countries including India and Hungary have banned exports as trials are underway to assess its efficacy.

PMI

FE BUREAU

Manufacturing activity weakens in March

The manufacturing activity in March slowed to a four-month low as a nationwide lockdown owing to the Covid-19 pandemic threw economic activity out of gear, IHS Markit India data show. A record drop in new export orders contributed to the downward momentum, it said.

DOWNGRADES TO CONTINUE

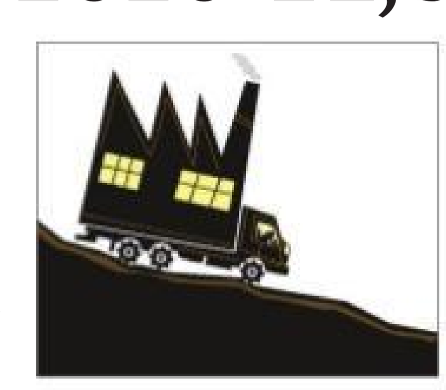
India Inc's credit ratio could worsen in 2020-21, says Crisil

FE BUREAU
New Delhi, April 2

DOWNGRADES WILL CONTINUE to outnumber upgrades in 2020-21, thanks to the economic impact of the Covid-19 pandemic, rating agency Crisil said on Thursday.

India Inc's credit ratio weakened to 0.77 times in H2-20 from 1.21 times in H1-20, in a slowing domestic economy, the worst performance since H2FY16.

Around 52% of the debt, under study, or ₹12 lakh crore is exposed to sectors expected to be moderately resilient and hence the ratings might see a downward bias. Around 4% of the exposure or ₹0.92 lakh crore, the agency said, is to sectors that are least resilient while the remaining ₹10 lakh crore or 44% of the loans have been given to players in sectors that are highly resilient.



The agency observed that post the lockdown, asset classes such as microfinance, unsecured loans, and SME borrowers — including the LAP segment — will see continuing pressures on asset quality due to weaker profiles of borrowers and expectation of only a gradual economic recovery.

"The lockdown restrictions will have a near-term impact on both collections and fresh loan disbursements," it noted.

Continued on Page 2

Economy

FRIDAY, APRIL 3, 2020

EXPERT VIEW

TV gets the entire family together and we have seen a lot of surge in the non-primetime viewing. I think the trend will continue as the lockdown continues, though there can be fatigue with news channels.

—Broadcast Audience Research Council

Quick View

Covid-19: Govt seeks assistance of IT majors

THE GOVERNMENT ON Thursday engaged with leading IT companies like Microsoft, Wipro and SAP for technologies to roll out training modules for health workers and ventilator operators for containing the Covid-19 pandemic. An empowered committee, headed by NITI Aayog CEO Amitabh Kant, also reached out to NGOs for management assistance for the pandemic.

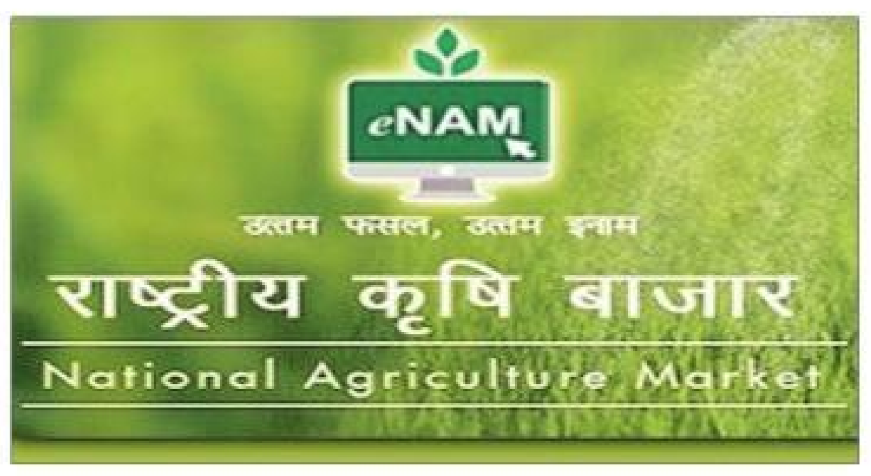
₹5,000 assistance to Delhi drivers

THE DELHI GOVERNMENT will provide a financial assistance of ₹5,000 to each of the drivers of public transport vehicles including autos, taxis and e-rickshaws in the city rendered idle due to the lockdown, chief minister Arvind Kejriwal said on Thursday.

AIDING FARMERS

Two features added to eNAM to give supply chains a boost

FE BUREAU
New Delhi, April 2



IN A MOVE aimed at decongesting mandis and maintaining supply chains of fruits and vegetables, the Centre on Thursday added two new features on the electronic national agriculture market (e-NAM) platform to make it more convenient for farmers to sell their produce at warehouses and collection centres set up by farmer producer organisations (FPOs).

Agriculture minister Narendra Singh Tomar launched the new features of e-NAM which will strengthen agriculture marketing and reduce the need for farmers to physically come to mandis for selling their produce. The warehouse-based trading module in e-NAM software will facilitate trading from the premises of warehouses based on negotiable warehouse receipts in electronic form (e-NWR), while the other module will allow farmers get access to the e-NAM platform from collection centres of FPOs.

"There is a critical need to decongest mandis to effectively fight against Covid-19. These two software modules will provide additional options for farmers to sell their crops," an official said.

As many as 585 mandis in 16 states are already connected under e-NAM, which was launched by the government in 2014. Another 415 mandis will soon be brought under the platform, Tomar said. When any mandi is connected to e-NAM, it provides a trading platform within its premise as an additional medium to farmers, apart from the traditional commission agent system.

Only warehouses, accredited by the Warehousing Development and Regulatory Authority (WDRA) will be eligible to offer the trading services once the states notify them as deemed markets, the agriculture ministry said in a statement. So far, Telangana (14 warehouses) and Andhra Pradesh (23 warehouses) have declared designated warehouses as deemed markets.

"The additional option will definitely help farmers to access the e-NAM platform through warehouses as they can keep the produce and sell later when they think prices will be higher, since the storage cost is very low," said Kedar Deshpande, CEO of National E-Repository, which manages eNWRs in warehouses. Even small farmers can take loan against eNWRs, usually up to 75% of the value of crops, at concessional interest rate of 7% to meet their immediate needs, he said. The eNWR charge is normally around ₹25/tonne for a period not exceeding the normal shelf life of the crop.

The FPO trading module will help these organisations upload their produce from their premises or collection centres for bidding. They can upload the assaying report and picture of the produce and quality parameters to help bidders, even outside the state, to see the produce before bidding.

FPOs have the option for delivery of produce either from their premise or by bringing to mandi premise after successful bidding. This will not only decongest mandis but also reduce the logistics cost for FPOs.

Time given till Sept 30 to re-label new retail price on unsold stock

PRESS TRUST OF INDIA
New Delhi, April 2

IN THE WAKE of the revision in the GST, the Centre has allowed manufacturers, packers and importers to re-label new retail prices on their unsold pre-packaged products by September 30 this year. An order in this regard has been issued by the consumer affairs ministry.

The order allows stamping, putting stickers and online printing of new retail prices on unsold pre-packaged commodities manufactured, packed or imported prior to the revision in the GST.

Companies have been given time for re-labelling of new retail prices by September 30, or till such date the stock is exhausted, whichever is earlier, the order said.

The government has asked the companies to continue display of original retail price on unsold pre-packaged products and not overwrite the revised rate on it. They have also been asked to give two advertisements in newspapers in this regard besides circulating notices to dealers.

COAI writes to FM, seeks relief measures

FE BUREAU
New Delhi, April 2

It has sought reduction in licence fee and spectrum usage charges as well as access to low-cost funding

THE CELLULAR OPERATORS Association of India (COAI) has written another letter to the government seeking relief measures such as reduction in licence fee and spectrum usage charges (SUC) as well as access to low-cost funding.

The association said in the last few days, the load on telecom networks has seen an exponential surge due to the Covid-19 outbreak and people working from home.

"Telecom service providers (TSPs) have invested and will continue to invest significantly in the telecom infrastructure and it has enabled to meet the increased demand for telecom services," COAI director general Rajan Mathews said in a letter dated March 28 to finance minister Nirmala Sitharaman.

The COAI said given the current situation and adverse impact on the economy, the government should rationalise high burden of regulatory levies on the telcos.

"The effective rate of the SUC should be reduced by 3% for all TSPs and licence fee contribution should immediately be brought down from 8% to 3%," it said.

The association also said to provide liquidity and low-cost funding, refund of unutilised input tax credit should be made, or soft loan at MCLR should be given to companies using the GST input credit as collateral.

It also sought exemption of levy of the GST on licence fee, SUC and payment of spectrum acquired in auctions. "Exempt service tax on amount of licence fee/SUC payable by telecom operators in compliance with the Supreme Court order," the letter said.

The COAI said there has been a severe disruptive impact on the global supply chain, demand and supply elements and most importantly, on cash flows of companies due to slowing down economic activities. "This downturn will have an impact on all payments including those of employees, interest, loan repayments and taxes."

Kerala HC stays order on special passes for purchase of liquor

FE BUREAU
Kochi, April 2

THE KERALA HIGH Court on Thursday stayed the Kerala government's decision to allow people showing withdrawal symptoms due to non-availability of liquor to have alcohol through special passes.

"This is disturbing... This is a recipe for disaster," the court said in its oral observations. It also questioned the government if it could prove withdrawal symptoms can be treated by the use of alcohol.

The government had issued the order earlier this week despite objections from the doctors' association to supply liquor to people under prescription during the 21-day lockdown.

Staying the order for three weeks on a batch of petitions, including that of the Kerala Government Medical Officers Association, challenging the government decision, the Bench granted a week's time to the government to file its response. The court expressed concerns over the government order prescribing alcohol to persons suffering from alcohol-withdrawal syndrome and said such a remedy is not supported by any document in the medical literature.

NHAI's EPC awards overtake HAM in last 2 years

SHUBHRA TANDON
Mumbai, April 2

AWARDS GIVEN FOR building roads under the hybrid annuity model (HAM) have come down to a trickle, with engineering, procurement and construction (EPC) contracts yet again finding favour with the National Highways Authority of India (NHAI).

Delays in getting all right of ways, including land, to be able to award the projects have led to a sharp decline in HAM awards. NHAI data show while in FY18 there were 3,396 km of HAM projects awarded, it declined to 792 km in FY19 and fell further to 667 km till February 2020.

While there is a decline in EPC awards as well, which have nearly halved to 1,700 km in FY20, compared with FY18 (3,791 km), the number was higher from FY19 figure of 1,471 km, and much more than HAM awards during the same period.

The pace of overall awards declining comes at a time when there have been concerns raised around NHAI's financials and high debt figures. NHAI's cumulative debt mounted to Rs 1.78 lakh crore in FY19 from around ₹40,000 crore in FY14. The borrowing is expected to go up to ₹3.31 lakh crore by FY23, as it needs resources to fund construction of around 25,000 km highway projects in six years under the Bharatmala programme starting from 2017-18.

According to analysts, apart from not receiving appointed dates for projects due to unavailability of all ROWs and land, banks are reluctant to fund HAM projects, where promoters are still seen to have negligible skin in the game. Shubham Jain, senior vice-president at ICRA, told FE that promoters have only 15% equity contribution in the project, which too is funded through the operating profit by undertaking an EPC contract on the same.

"Equity contribution from sponsor is very less. The project is 40% funded by the NHAI and 60% by the developer. In that 60%, the developer takes loan to the extent of 45%, leaving his contribution at only 15%. However, this 15% too comes through operating profit earned via EPC contract," said Jain. He explained that in many of projects, the special purpose vehicle which is executing the HAM project awards the EPC contract to the sponsor itself, which, in turn, uses the profits earned through the contract to fund the already-low equity portion.

These issues were raised by bankers initially too, but were ironed out in due course and financial closures had happened for HAM projects. However, bankers which are still worried of lending to the infrastructure sector want to see those projects through before taking on newer ones or committing more funds.

Vishal Kotecha, associate director, India Ratings, said many of the projects that were awarded in 2018 had achieved financial closure, but appointed dates were not being received for a large number of them owing to issues regarding land. "Construction could not start on these projects. Private sector banks which had funded these projects also wanted to see those projects through before committing more funds for future projects. So, funding has come down.

Under HAM, since 40% is funded by the government and 60% by developer through a mix of his own equity and bank funding, it was felt that the stress on developer and banks will be less and the mode will find wider acceptance among stakeholders.

Ordering in 11 months of FY20 at over ₹1.85 lakh crore was down nearly 39% year-on-year, largely led by roads with around 7 percentage points decline, according to a report by Anand Rathi.

From the Front Page

Moody's changes outlook on Indian banks to negative

IT EXPECTS deteriorating profitability and loan growth to hurt capitalisation.

"Increases in loan loss charges and declines in revenue will hurt banks' profitability, which will lead to a deterioration of capitalisation. If the government makes more capital infusions into PSBs, as it has in the past few years, it will mitigate capital pressure for them," it added.

It said while funding and liquidity at public sector banks (PSBs) will be stable, growing risk aversion in the system following a default by a private sector bank (Yes Bank) will increase funding and liquidity pressure on small private sector lenders.

"Disruptions from the coronavirus outbreak will exacerbate India's economic slowdown. A deterioration of global economic conditions and a 21-day lockdown imposed by the Indian government in an effort to slow the spread of coronavirus will weigh on domestic demand and private investment," Moody's added.

Moody's rates 16 commercial banks in India, which together account for around 75% of deposits in the system.

India Inc's credit ratio could worsen in 2020-21: Crisil

"NBFCS COULD face challenges on liabilities side since they have a high share of capital market borrowings. That's because no moratorium has been announced so far for capital market borrowings -- such as bonds and commercial paper -- and repayments on these will have to be made on time, during a period when collections would be impacted significantly," the agency said.

While strong balance sheets or continuing demand during, and an anticipated sharp pick-up in demand after, the lockdown will support resilience of some sectors, collapsing discretionary demand or high leverage will likely constrain the others, the agency said in a presentation.

PM plans staggered exit from lockdown

UNDERSCORING THE importance of coordinated action and the need to avoid overlaps in efforts of stakeholders, Modi said there was need to form crisis management groups at the district level and appoint district surveillance officers. He said data must be taken from accredited laboratories for testing — this will ensure congruence in data of district, state and centre. He said it is "necessary to ensure staggered release of funds" to beneficiaries under the PM Garib Kalyan Yojana to avoid crowding at banks.

To increase the availability of doctors, he asked states to "tap into the resource pool of AYUSH doctors, organise online training and utilise para-medical staff, NCC and NSS volunteers".

He also told the chief ministers that "the common goal for the country is to ensure minimum loss of life" and "in the next few weeks, testing, tracing, isolation and quarantine should remain the areas of focus". He highlighted the need to maintain supply of essential medical products, availability of raw material for manufacture of medicines and medical equipment.

He said "it is imperative to work on war footing, identify hotspots of the virus, encircle them and ensure that the virus does not spread out". It is pertinent, her said, to maintain peace and law and order across the country. He said "Covid-19 has attacked our faith and belief and is threatening our way of life". He appealed to the leaders to reach out to community leaders and social welfare organisations at state, district, town and block levels to build up a united front based on community-approach in the battle against the pandemic.

The CMs, on their part, underlined the importance of mobilising resources, financial as well as medical, to mitigate the crisis.

According to the official statement, they "appreciated the Prime Minister for taking the bold and timely decision" on the lockdown to check the spread of the virus. "They mentioned their efforts of maintaining social distancing, tracking suspect cases, identifying and quarantining suspect cases arising from Nizamuddin Markaz, containing community transmission, boosting up of medical infrastructure, strengthening medical workforce, provision of tele-medicine, provision of mental health counselling, distribution of food and other essentials to those in need and taking care of migrant workers".

China's Shenzhen bans eating of cats and dogs

PROVINCIALAND city governments across the country have been moving to enforce the ruling but Shenzhen has been the most explicit about extending that ban to dogs and cats.

Dogs, in particular, are eaten in several parts of Asia.

Liu Jianping, an official with the Shenzhen Center for Disease Prevention and Control, said that the poultry, livestock and seafood available to consumers were sufficient.

"There is no evidence showing that wildlife is more nutritious than poultry and livestock," Liu was quoted as saying by the state-owned media Shenzhen Daily.

Shenzhen's initial rules, first proposed in late February, appeared to ban the consumption of turtles and frogs -- both common dishes in China's south.

But the city government acknowledged this week that this had been a "a hot point of controversy" and clarified that both could be eaten.

The city's campaign to stop the eating of wildlife has won praise from animal welfare groups.

"Shenzhen is the first city in the world to take the lessons learned from this pandemic seriously and make the changes needed to avoid another pandemic," said Teresa M. Telecky, the vice president of the wildlife department for Humane Society International.

"Shenzhen's bold steps to stop this trade and wildlife consumption is a model for governments around the world to emulate."

If more than 1% of Indians infected, we'll soon run out of hospital beds

THE ASSUMPTION, based on modelling of the disease, is that 16.39% of the infected in the 0-65 year age group are either asymptomatic or have mild symptoms; so they don't need hospitalisation. Only 6.04% of those in the 0-65 age group need to be hospitalised. In the 65+ age group, 28.17% of the infected need to be hospitalised.

Ramanan Laxminarayan, director, CDDEP, told FE, "We assumed these infection prevalence rates (for the study) based on the stage of the epidemic in other countries to be able to predict the number of hospital beds we would require. We are still working on resources currently available to each state and the gap between need and availability."

A March 24 release by CDDEP, featuring the findings of a study by researchers with affiliations to CDDEP, Johns Hopkins University and Princeton University, had estimated 19 crore infections at the peak of the outbreak in the country in the most likely scenario. In this release, 18 lakh persons needed to be hospitalised at the peak. Ramanan says CDDEP is working on the impact the 21-day national lockdown is likely to have on this estimate, though it is likely to be revised downwards significantly.

In the 0.5% infection prevalence scenario, the study estimates nearly 4.75 lakh cases requiring hospitalisation while, in the 1% scenario, nearly 9.5 lakh could require this. Given how, even in the mildest scenario, states are likely to face a lot of pressure on their healthcare systems — Uttar Pradesh alone could need nearly 90,000 hospital beds — there is an urgent requirement to create isolation/quarantining facilities, apart from temporary critical care facilities.

The assumptions of the age-wise proportion of asymptomatic cases are based on a joint study by researchers based in Japan, the US and the UK on the infected cases in Diamond Princess, the cruise ship that saw 712 of the 3,711 on board get diagnosed with SARS CoV-2 infection. The estimates of the proportion of age-wise population requiring hospitalisation draws from a study published in The Lancet, by Yang Liu and others.

Double whammy: Tax slump & central funds' cut hit states

TO BE sure, the GST compensation funds collected for states were short of the requirement (to meet the protected level of 14% annual growth) by as much as ₹30,000 crore in FY20; additionally, the states' other own tax receipts like sales tax on petroleum products and stamp duty on real estate transactions have taken a big hit.

Worse, even the mandatory tax transfers to the states are being delayed by the Centre which is struggling to make ends meet. Also, there have also been major cutbacks on fund transfers by the Centre to the states under various central-sector and centrally-sponsored schemes. The cut in non-tax (scheme-related) transfers to the states has been much sharper than what even the ₹13,000 crore or 4% reduction from the budget estimate (BE) to the revised estimate for FY20 indicates, anecdotal information from state government sources reveal.

On top of all this, states are bound to witness an unprecedented decline in tax revenue in April, the crucial month in the fight against the pandemic. As against the protected monthly state GST revenue of ₹63,700 crore for FY21, April receipts (for March transactions) might turn out to be ₹10,000 crore or thereabouts due to the current nationwide lockdown, as per a ballpark estimate. May is unlikely to be any better either.

Clearly, unless the states get considerable additional borrowing freedom and/or the Centre accelerates release of funds to them in the short term, Covid-19 fight could weaken, with potentially disastrous consequences for the country and, ipso facto, the economy. There is a pressing need to give relief to the people with various cash transfers and the stepping up of the health-care and other welfare infrastructure on a war footing to address the unprecedented crisis. However, the feasibility of this effort is contingent upon the funds availability with the states and local governments.

According to information gathered by FE from official sources at the Centre and with a few state governments, the low growth in their own tax revenue (OTR) has dented the states' coffers. The problem has been compounded as they no longer enjoy the 14% annual growth in state GST (SGST) receipts due to a shrunk GST compensation kitty.

A major state like West Bengal, for instance, claims that the Centre as on date owes ₹35,000-40,000 crore to it as its obligatory contributions to various schemes, which are either fully or partly centrally funded. Additionally, unpaid GST compensations to the state have risen from ₹1,700 crore as at January end to over ₹3,000 crore now. What has come as a marginal relief to the state, however, is an enhanced limit for ways and means advances from ₹1,800 crore to ₹2,400 crore. An official from the state government told FE that the expected big decline in GST collections in April would hit the state hard.

(On Tuesday, the Reserve Bank of India has raised the Ways and Means Advances (WMA) limit by 30% for all states and Union Territories to enable them to tide over the crisis caused by the Covid-19 outbreak. The revised limit is effective immediately and till September 30).

Bihar deputy chief minister and finance minister Sushil Kumar Modi told FE that his state received ₹63,406 crore as share in central taxes in FY20 compared with ₹73,603 crore in the previous year, whereas budgeted amount RE for FY20 was ₹89,121 crore. However, he said, the Centre had paid ₹5,600 crore in excess of Bihar's tax entitlement in FY19 and while it said that this amount shall be adjusted against FY20 shortfall, an equivalent extra fiscal room is available to the states with FRBM forbearance.

Sources say that such fiscal leeway for all states could be to the tune of ₹58,000 crore.

"We had asked finance minister Nirmala Sitharaman to not adjust the excess amount this year due to unforeseen circumstance or if adjustment has to be made, it should be in instalments. However, while the amount has been set-off in FY 20 devolution, the central bank has provided a special dispensation to states to raise a loan of equivalent to this amount outside the FRBM limit," Modi said. According to him, Bihar received ₹24,651 crore as Central grants in FY20 (till March 31), while the budgeted amount was Rs 26,705 crore.

The interim report of 15th Finance Commission for FY21 doesn't provide for extra headroom over and above the mandated fiscal deficit ceiling of 3% of respective state GDP. The 14th finance commission allowed a 0.5% of GDP extra fiscal headroom under FRBM for states with lower debt burden; however this window is closed for FY21.

The states' protected SGST revenue per month in FY20 was Rs 55,900 crore; there was however a shortfall. With 14% annual growth assured, the protected SGST revenue for FY21 is ₹63,700 crore and assuming that April collections are below ₹15,000 crore, they are staring at a monthly SGST shortfall of a whopping ₹50,000 crore.

AFTER LOCKDOWN

India may allow select int'l flights

FE BUREAU
Mumbai, April 2

MINISTER OF CIVIL aviation Hardeep Singh Puri on Thursday said that India may permit international flights to land on a case-to-case basis once the state-imposed lockdown is lifted.

"We have a lockdown for the next 15 days, and any incoming flights to bring Indians back home will have to await the lifting of the lockdown. We can start considering the resumption of (international) flights, on a case by case basis, dependent on where they are coming from after that," Puri said.

On March 23, the government had banned all international flights from landing in India, in order to limit the spread of the highly contagious novel coronavirus. Some days later, domestic passenger flights were also suspended when the country went into lockdown. International planes, flying over India, reduced by 60% since the restrictions were put in place. As of now, the country is under lockdown till April 14. Private airlines

have been taking bookings from April 15 onwards.

"We are proceeding as a ministry on the understanding that the lockdown is till mid-April. Now, what the airlines do as a part of their contingency planning and to prepare for their future is entirely up to the airline, there is no directive from us. But, as an eternal optimist, I am hoping that on April 15, flights can at least start, if not everything, then in a calibrated manner but that is a decision that we still need to take," Puri said.

Meanwhile, state-owned Air India will operate 18 international commercial flights to Germany, Canada, France and Ireland at the request of these countries. The flights will ferry citizens of these four nations to their respective countries and return empty, chairman and managing director of Air India, Rajiv Bansal said on Thursday. Air India has so far operated evacuation flights for around 1,500 Indians stranded in Japan, Wuhan, Iran and Italy. The state-owned carrier has also received permission to operate special medical cargo flights between Delhi and Shanghai on April 4 and 5. Further cargo operations between India and China are pending approval.

Special flights for movement of essential goods have been operating during the lockdown. The Directorate General of Civil Aviation (DGCA) on Wednesday allowed passenger aircrafts to carry cargo during the lockdown period. So far, private airlines, including SpiceJet, have been doing so at the government's behest for free. Going forward, they can carry cargo for private entities at commercial rates, a ministry official said.

Health ministry identifies 20 existing, 22 potential hotspots

PRESS TRUST OF INDIA
New Delhi, April 2

THE UNION HEALTH ministry on Thursday said it has identified 20 existing and 22 potential hotspots of Covid-19 in the country and asserted that although there is no evidence of widespread community transmission, containment measures will require large human resource.

The ministry said this in an advisory on human resource management of Covid-19 to provide guidance to the states on manpower that can be mobilized for the management of the disease along with possible role assignments and their training requirements.

"Although there is no evidence to widespread community transmission, 20 existing and 22 potential hotspots have been identified. The containment measures to break the cycle of transmission and clinical management of those affected would require large human resource," it said in the document.

The advisory stressed on capacity building, saying identified human resource

needs to be trained online using online training programmes developed by the ministry.

The training for different target groups shall cover areas like field surveillance, contact tracing, sampling, packaging and shipment of specimen, hospital infection prevention and control, including use of appropriate PPEs and biomedical waste management, clinical case management including ventilator management, training on managing quarantine and isolation facilities and community based training in pyscho social care, the document said.

The ministry advised states to identify and designate a nodal officer for training who will coordinate all these activities.

For Covid-19 management, it advised the district administration to pool-in the requisite human resources who would stay in the containment zone till such operations are over.

"For isolation areas, in addition to training, all hospital staff, dentists and AYUSH practitioners available should also be trained. Retired doctors and other healthcare professionals should be identified to work in non-Covid areas in hospitals in case of emergencies," the advisory stated.

For surveillance activities, the ministry said one Covid Warrior per 250 people may be identified and trained.

It stated quarantine facilities are meant to house asymptomatic cases and the number identified and trained manpower should be equal to the number of Covid Warriors.

The advisory highlights major areas where enhanced deployment of human resource is required such as surveillance activities at grass root level, supervisory management of containment operations, laboratory testing and clinical management of suspect/confirmed cases in isolation wards.

It also listed out critical care management of Severe Acute Respiratory Infection (SARI) cases in ICUs, patient transportation and referral, cleaning, disinfection and waste management, management of quarantine, isolation facilities and pyschosocial care as some of the important areas.

App to assess, alert people about Covid patients

PRESS TRUST OF INDIA
New Delhi, April 2

THE GOVERNMENT ON Thursday launched a mobile app to help people assess themselves the risk of catching coronavirus infection and alert authorities if they have come in close contact with a person infected with the deadly virus.

According to a ministry official, the app will detect only fresh cases and will send out alerts to only those who have been nearby the infected person.

"The App, called 'AarogyaSetu' joins Digital India for the health and well-being of every Indian. It will enable people to assess themselves the risk of catching the coronavirus infection. It will calculate this based on their interaction with others, using cutting edge bluetooth technology, algorithms and artificial intelligence," an official statement said.

If a person is clinically tested positive with coronavirus infection, the mobile number of the infected person is included in the register maintained by the health ministry and will be updated on the app as well, an IT ministry official explained.

"Once installed in a smartphone through an easy and user-friendly process, the app detects other devices with AarogyaSetu installed that come in the proximity of that phone. The app can then calculate the risk of infection based on sophisticated parameters if any of these contacts are tested positive," the statement said.

The government has announced a 21 lockdown starting March 24 and appealed to everyone to maintain social distancing to avoid the risk of getting infected with the deadly virus which has killed over 40,000 people globally and 50 in India.

ONGC to lose ₹4k cr on new gas price, seeks freeing up of prices

PRESS TRUST OF INDIA
New Delhi, April 2

STATE-OWNED OIL AND Natural Gas (ONGC) will lose about ₹4,000 crore in revenue and start making cash losses after the government slashed the natural gas prices by a steep 26% by benchmarking it against rates prevalent in gas-surplus nations.

Prices of natural gas, which is used to produce fertiliser, generate electricity and gets converted into CNG for use in automobiles and piped natural gas for household cooking, was from April 1 cut to $2.39 per million British thermal unit - a rate about 37% lower than the cost of production.

"These rates are unsustainable for us. We have already told the government that the gas pricing should be freed. There should be complete pricing and marketing freedom," ONGC chairman and managing director Shashi Shanker said here.

The BJP-led government had in October 2014 evolved a new pricing formula using rates prevalent in gas surplus nations like the US, Canada, and Russia to determine the price in a net importing country. Prices using this formula are calculated semi-annually.

Oil minister Dharmendra Pradhan, in a written reply to a question in the Lok Sabha on March 20, 2017, had stated that the cost of production of natural gas in the prolific Krishna Godavari basin is between $4.99 -7.30 per mmBtu. The

same for other basins is in the range of $3.80 -6.59 per mmBtu, he had said.

For ONGC, which produces most of its 64 million standard cubic meters per day of gas from western offshore, the breakeven price is around $3.8.

"The rates are now way below cost," Shanker said.

For every $1 dollar change, the company's revenues are impacted by ₹4,400-4,500 crore annually.

On April 1, the gas price was reduced from $3.23 per mmBtu to $2.39 — an 84 cent reduction which translates into annual ₹4,000 crore of revenue loss.

Another company official explained that gas makes up for roughly half of the company's bottomline and if the business makes losses, the company may soon start generating cash losses.

The reduction on April 1 was the second in six months and took rates to the lowest since the new pricing formula came into being in 2014. The price of gas produced from difficult fields such as deepsea too has been cut to $5.61 from $8.43 per mmBtu. This would just about breakeven ONGC's new production from KG Basin.

The government had in October 2014 adopted a formula that takes into account the volume-weighted annual average of the prices prevailing in Henry Hub (US), National Balancing Point (UK), Alberta (Canada) and Russia with a lag of one-quarter. Prices are set every six months — on April 1 and October 1 each year.

This formula was adopted soon after the expiry of the $4.2 per mmBtu rate fixed for Reliance's KG-D6 gas for five years.

The rates at the first revision, using the new formula, came to $5.05 but in the subsequent six-monthly reviews kept falling till they touched $2.48 for April 2017 to September 2017 period. Subsequently, they rose to $3.69 in April 2019 to September 2019 before being cut by 12.5% in October 2019 to $3.23.

Sources said the government realised that the pricing arrived at using the formula was way too low to make the production of gas from difficult fields such as deepsea viable.

So the government in April 2016, gave a ceiling for the gas from such fields. The ceiling in April 2016 was $6.61 which rose to $9.32 in April 2019 before being cut to $8.43 in October and now to $5.61. But this applies only for future gas production and existing deepsea finds get the lower $2.39 price.

ONGC is India's largest integrated oil and gas company, accounting for 75% of crude oil and natural gas production by volume, and 17% of domestic refining capacity.

EPFO scheme for govt contribution for employer, employee: Notification likely today

FE BUREAU
New Delhi, April 2

THE EMPLOYEES PROVIDENT Fund Organisation (EPFO) is likely to issue a notification on April 3 regarding the scheme under which government promised to bear the entire contribution of both the employer and the employees, totalling 24%, towards the Employees Provident Fund (EPF) for three months.

"Messages have been sent to all. Eligible ones have been identified. The notification may be issued tomorrow," central provident fund commissioner (CPFC) Sunil Barthwal told *FE*.

The scheme is aimed at incentivising organised sector organisations to continue with their employees on their payroll despite disruptions arisen out of the Covid-19 pandemic, and thus saving jobs for the low-wage earners.

Establishments having less than 100 employees and with

90% of such employees earning less than ₹15,000 a month are eligible to avail of the benefit of the scheme.

A total of 80 lakh employees involved in four lakh establishments are likely to be benefited, the finance ministry had earlier said. The implementation of the scheme is likely to cost around ₹5,000 crore to the exchequer.

The EPFO has already notified the other scheme, announced by the finance minister on March 26 under the Pradhan Mantri Garib Kalyan Yojana. Under this scheme, subscribers were allowed to avail non-refundable advance of 75% of the accumulated amount or three months of wages, whichever is lower, from their accounts.

US hails Indian engineers for low-cost ventilators

LALIT K JHA
Washington, April 2

CHEERING THE INDIAN engineers for building a low-cost ventilator, the US hopes that this invention succeeds and can eventually be mass produced as the critical medical equipment can save many lives from the deadly coronavirus that has killed over 5,000 people in America and 40,000 others globally.

The United States, which as per latest projections is expecting between 100,000 and 200,000 deaths due to the coronavirus, requires thousands of ventilators in the next few weeks. It has roped in 11 private sector companies, including car manufacturers and plane makers to build ventilators.

"We are cheering on these Indian engineers as they race to build a low-cost ventilator — a potential game-changer for Covid-19," acting assistant secretary of state for South and Central Asia Alice G Wells tweeted.

With support from the Massachusetts Institute of Technology engineers and production advice from a US-based company 'we hope this invention succeeds & can eventually be produced at scale," Wells wrote.

According to the MIT, in the US alone, the Covid-19 pandemic may cause ventilator shortages of 300,000-700,000 units. An increase in conventional ventilator production is very likely to fall short and with significant associated costs.

Mass production of low-cost ventilators by a group of Indian engineers with the support from the MIT engineers and production advice from a US-based company, the US officials hope it would come as a big help to mankind which is racing against time in this fight against the deadly coronavirus.

Taranjit Singh Sandhu, India's Ambassador to the US, described this as an important step in the fight against Covid-19.

"Important steps in combating the Covid-19," the ambassador said in a tweet.

"Young engineers, with help from doctors and entrepreneurs in India and the US, are developing a low cost ventilator that could save thousands of lives. Here's wishing them success!" Sandhu said.

While the average cost of current ventilators in the US is around $30,000, the MIT said that a rapidly assembled volunteer team of engineers, physicians, computer scientists, and others, centered at the MIT, is working to implement a safe, inexpensive alternative for emergency use, which could be built quickly around the world.

The team called MIT E-Vent (for emergency ventilator), was formed on March 12 in response to the rapid spread of the Covid-19 pandemic. Its members were brought together by the exhortations of doctors, friends, and a sudden flood of mail referencing a project done a decade ago in the MIT class 2.75 (Medical Device Design).

Students and faculty working in consultation with the local physicians designed a simple ventilator device that could be built with about $100 worth of parts, although in the years since prices have gone up and the device would now cost $400-500 in materials, the MIT said.

The key to the simple, inexpensive ventilator alternative is a hand-operated plastic pouch called a bag-valve resuscitator or Ambu bag, which hospitals already have on hand in large quantities, it said.

The MIT said that these are designed to be operated by hand, by a medical professional or emergency technician, to provide breaths to a patient in situations like cardiac arrest.

As the deadly coronavirus crisis accelerates, a number of countries, including the US and India, are trying to procure ventilators needed for hospitals to deal with the demand caused by the virus outbreak. — PTI

Companies

FRIDAY, APRIL 3, 2020

DATA DEMAND DURING LOCKDOWN

Gopal Vittal, CEO, Airtel

"Our network operating centres and data centres continue to be operational to ensure smooth functioning of the network. Our field staff continue to be on the road to ensure speedy provisioning of new connections and timely fixing of faults. Further, we have advanced investments and have added capacities to meet the surge in data demand"

Quick View

Medical supplies: AI gets nod for flights to Shanghai, Hong Kong

AIR INDIA has got approvals from Indian and Chinese authorities to operate cargo flights to Shanghai and Hong Kong to get medical supplies, its CMD Rajiv Bansal said on Thursday. "We have applied to Chinese authorities to commence freighter operations to two destinations — Shanghai and Hong Kong — from Delhi. There have been a few regulatory challenges from the Chinese side," the CMD of the national carrier said. Bansal added that the cargo coming from China would be medical supplies.

AI to conduct London flights for stranded foreigners

AIR INDIA is planning to conduct multiple special flights to London between April 4 and April 7 to fly out foreigners stranded in the country amid the lockdown to combat the spread of coronavirus, said senior officials on Thursday. India is under a 21-day lockdown till April 14 and all domestic and international commercial passenger flights have been suspended for this time period.

Swiggy plans to serve 5L meals daily to the needy

FOOD DELIVERY platform Swiggy on Thursday said it has tied up with commercial kitchens, NGOs and state governments to provide daily meals to thousands of underprivileged, daily wagers and stranded migrant labourers during the 21-day lockdown. Swiggy is in the process of crowdsourcing funds from corporates and individuals in order to scale the initiative. The goal is to serve 5 lakh meals daily, the company said.

Fighting Covid: Vedanta doubles contribution

VEDANTA ON Thursday said it has doubled its contribution to ₹201 crore to fight the coronavirus pandemic. "Vedanta has contributed ₹101 crores to the Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM-CARES) Fund. It will fund up to ₹200 crores in providing relief measures to communities at large across the country," the company said in a statement.

Reliance Industries to raise ₹25,000 cr via NCDs

RELIANCE INDUSTRIES on Thursday said it will raise ₹25,000 crore through non-convertible debentures to fund its operations. The company did not give the purpose of the fundraising.

Cyient provides drone-based tech to Telangana police

GLOBAL ENGINEERING and technology solutions company Cyient is providing Telangana's police with drone-based surveillance technology to help implement the lockdown over Covid-19 in Hyderabad. The technology enables the police to make lockdown-related announcements and organise their ground forces to monitor the situation in the congested areas of the city.

Coronavirus: NHIDCL donates ₹67,25,000

THE MANAGEMENT and staff of National Highways & Infrastructure Development Corporation, a Government of India enterprise under the ministry of road transport & highways, have made a contribution of ₹67,25,000, which includes one day's salary of its employees, to the PM- CARES fund, to support the fight against coronavirus.

TAFE announces free tractor rental scheme

IN AN attempt to mitigate the impact of the coronavirus threat on small and marginal farmers of Tamil Nadu and to support the farming community during a crucial cropping season, TAFE, India's second largest tractor maker, under its CSR initiative, announced a free tractor rental scheme through its JFarm Services platform on the Uzhavan App, for a duration of 90 days starting April 1.

DEBT RESTRUCTURING

Jain Irrigation to submit revised proposal to lenders by next week

ANKUR MISHRA
Mumbai, April 2

IN A LAST-DITCH effort to save the company, Jain Irrigation is going to submit a revised proposal to lenders by next week for debt restructuring, sources close to development told *FE*. Jain Irrigation was undergoing a debt-restructuring process after banks signed an inter-creditor agreement (ICA) to resolve the company, as per a June 7 circular of the Reserve Bank of India.

The company is going to submit a proposal to restructure ₹4,000 crore of debt, in which the loan is likely to be split into sustainable and unsustainable portions, the source said. The company plans to pay the entire ₹4,000 crore over a time period, the source further added. The leader of the banks' consortium, State Bank of India (SBI), is likely to convene a meeting of lenders by the end of April to take a call on the resolution plan.

Global ratings firm S&P had earlier downgraded Jain Irrigation Systems to 'D' (default grade) on missing interest payment due on February 1, 2020, on securities issued by its subsidiary. S&P also said the resolution plan might take longer than expected and the company's operations will continue to suffer due to a lack of sufficient liquidity to manage its debt servicing and working capital requirements.

The company is going to submit a proposal to restructure ₹4,000 crore of debt

Lenders were hopeful to resolve Jain Irrigation by the March quarter; however, they fear that the ongoing situation due to Covid-19 may impact the resolution of Jain irrigation. "We may consider to refer Jain Irrigation to the National Law Company Tribunal (NCLT), if it does not get resolved in the June quarter," a senior banker told *FE*. Many lenders have already made provisioning of 15% in the December quarter as Jain Irrigation slipped to become a non-performing asset (NPA). Similar provisioning needed to be done in the March quarter by the banks, as the account is still unresolved.

Jain Irrigation is involved in the manufacture of plastics-based micro-irrigation piping and plumbing systems. The company also has a growing food processing business, which mainly produces fruit pulp, dehydrated onions and spices. Jain irrigation posted a consolidated net loss of ₹2,838 crore during the quarter ended December 31, 2019.

Housing sales to decline 25-35% y-o-y in 2020, says Anarock report

RISHI RANJAN KALA
New Delhi, April 2

THE NOVEL CORONAVIRUS (Covid-19) outbreak has exacerbated the sad state of affairs in residential real estate, which in the last few years has not just seen lukewarm sales, but also a liquidity crunch. Analysts project that the segment could further witness sales declining by as much as one-third during the current calendar year (CY) compared to 2019.

According to a report by Anarock Property Consultants, the current predicament in the segment on account of the Covid-19 outbreak and the ensuing lockdown will hit housing sales by 25-35% y-o-y during 2020. Apartment sales would be in the range of 1.70-1.96 lakh units. This is against a sale of around 2.61 lakh units in 2019, an annual growth of 5% over 2018.

The residential sector has been grappling with subdued demand for the past few years. In an attempt to stay afloat, developers explored avenues like restricting supply, focussing on execution, reducing unit sizes and developing affordable housing projects. However, the liquidity crisis initiated by the IL&FS fiasco and subsequent fallouts of various financial institutions further impacted the segment, the report explains.

Amid these changing dynamics, private equity (PE) players shifted their attention totally towards commercial assets. As per Anarock Research, residential PE investments' share of the overall inflows declined from 53% in 2015 to a mere 8% in 2019. The segment attracted inflows of $395 million in 2019 against $265 million in 2018.

"Covid-19 has severely hit residential real estate business and the sector has come to a standstill. With a screeching halt to site visits, discussions, documentation and closures, the early indicators depict that we are likely to face a tough time for the next few quarters and the sector's recovery has been pushed further away by at least a couple of years," Anarock chairman, Anuj Puri said.

Besides sales, new launches too would be impacted. "New launches may also witness a 25-30% decline during the same period — from 2.37 lakh units in 2019 to anywhere between 1.66-1.78 lakh units," Anarock said.

Unsold inventory in 2020 will largely remain stable, with single-digit annual decline of around 1-3%. The unsold inventory at the end of 2019 stood at around 6.40 lakh units.

The real estate consultancy wanted that the nationwide lockdown has completely halted construction activity and project delays could run into several months for well-funded projects and a couple of years for others. Nearly 4.66 lakh units across the top seven cities earlier slated for completion in 2020 now face a high risk of delays.

India: Residential real estate snapshot

	CY 2020 (lakh units)	Annual growth (%)
Sales	1.70-1.96	25-35
Launches	1.66-1.78	25-30
Unsold Inventory	6.34-6.21	1-3

Source: Anarock Property Consultants

Oyo leadership team to take voluntary pay cuts

PRESS TRUST OF INDIA
New Delhi, April 2

OYO HOTELS AND Homes on Thursday said its founder and group CEO Ritesh Agarwal will forego his salary for the rest of the year and its executive leadership team will take voluntary pay cuts as the hospitality industry reels under the Covid-19 pandemic.

This would be effective from April 2020 and the entire company is standing together to tide over these times, Oyo said in a statement. The company's entire executive leadership team has taken a voluntary pay cut starting at 25%, with many opting for an additional uncapped amount, and some going up to 50% to enable building the runway for the company, it said.

Group CEO Ritesh Agarwal will forego his salary for the rest of the year

"Given the current business situation, which is unprecedented for our industry globally, I am foregoing 100% of my salary for the rest of the year. I am grateful to my leadership team, that have also taken pay cuts and support the company during these tough times," Agarwal said.

The company has assured that all employees in India, including over 10,000 people on payrolls and tens of thousands of Oyo-managed assets' staff will continue to receive their salaries and benefits without any interruptions during this unprecedented period of a countrywide 21-days lockdown, the statement added.

Fitch downgrades Future Retail, puts co on rating watch list

FE BUREAU
Mumbai, April 2

The downgrade reflects the heightened risk to Future Retail's liquidity position due to a sharp fall in its share price

FITCH RATINGS ON Thursday downgraded Future Retail's expected long-term issuer default rating (IDR) to 'B-(EXP)', from 'BB(EXP)', and the expected rating on its $500-million 5.6% senior secured notes due in 2025 to 'B-(EXP)' with a recovery rating of 'RR4' from 'BB(EXP)'. The rating agency has simultaneously placed the ratings on Rating Watch Negative (RWN). Data from Bloomberg showed that total debt of Future Retail stood at ₹3,841 crore as on December 2019.

The downgrade reflects the heightened risk to Future Retail's liquidity position due to a sharp fall in its share price, which has prompted lenders at its promoter shareholder — Future Corporate Resources (FCRPL) — to demand more of Future Retail's shares as collateral. "The sustained fall in Future Retail's share price has lowered FCRPL's flexibility to submit more shares as collateral. Nearly all of FCRPL 41.1% stake in Future Retail has been pledged to lenders and certain lenders are attempting to invoke pledges on shares that amount to an 8% stake in Future Retail following a breach of the collateral coverage requirement," said Fitch Ratings.

All these issues have raised the risk of a reduction in the stake held by permitted holders, primarily the promoters — Amazon and related entities — which together hold around a 49% stake in Future Retail, to below 26%, a threshold that could trigger a change of control redemption on Future Retail's dollar bond.

According to the rating agency, RWN reflects the high and immediate risk to the promoter group's efforts to reduce share pledges and restore financial flexibility at FCRPL in a timely manner, particularly in the current challenging environment, which has seen a continuous drop in Future Retail's share price amid the coronavirus pandemic.

Future Retail's liquidity position is vulnerable to a prolonged pandemic and a failure to resolve the debt situation at FCRPL could damage Future Retail's relationships with lenders, compounding the overall liquidity risk. In the last six months, the share prices of Future Retail are down by 80.4%.

Uber to deliver household essentials to consumers, ties up with BigBasket

PRESS TRUST OF INDIA
New Delhi, April 2

RIDE-HAILING PLATFORM UBER will now deliver household essentials to customers and has partnered with BigBasket for the service amid the ongoing country-wide lockdown.

Uber, which is in discussions with other supermarkets and pharmacies for offering similar delivery services, said two-wheelers (UberMoto) and four-wheelers (UberGo and UberXL) and a network of driver-partners will help support delivery of essential supplies safely to consumers' doorsteps.

"This last-mile delivery service provides multiple wins. It supports authorities in containing Covid-19, delivers essential supplies in a timely manner to customers and creates earning opportunities for drivers. We will not charge any commission for our efforts," Uber India and South Asia director-operations and head of cities Prabhjeet Singh told PTI.

He added that the partnership with grocery delivery platform BigBasket is the first in this direction.

With the implementation of the 21-day lockdown, the government has allowed only people in essential services like healthcare, banking and the media to commute. With no cabs being allowed to ply, driver-partners of ride-hailing apps have been left with no source of income.

Uber said its association with BigBasket will comply with all hygiene and traffic regulations.

The new service will enable BigBasket to serve customers in Bengaluru, Hyderabad, Chandigarh and Noida. The e-passes required by the delivery partners as well as their training will be handled by BigBasket.

"The ongoing pan-India lockdown has led to a disruption in the supply of essential goods, primarily led by a shortage of personnel and delivery vehicles. We are very happy to partner with Uber India for this initiative and we will be utilising a portion of their huge fleet of cars, bikes as well as personnel to help with our deliveries to fulfill customer orders," BigBasket national process head-last mile Lalita Aggarwal said.

All drivers associated with this service have been provided masks, gloves, sanitisers and specialised safety training.

E-commerce companies have been struggling to deliver orders after the 21-day lockdown to contain the spread of the deadly coronavirus came into effect from March 25.

Even though the government allowed delivery of essential goods including food, pharmaceuticals and medical equipment through e-commerce platform, players have complained of their delivery staff being hassled by police.

With local authorities shutting down warehouses and stopping trucks from crossing state borders, e-commerce players have seen their operations getting disrupted. Another challenge facing the industry is the availability of limited staff for warehouses and logistics.

While these companies have gradually resumed services across various cities they operate in, it will still be a few days before they can clear the pending orders, according to industry watchers. Many of these firms have even stopped taking fresh orders to clear the pending orders.

Domino's Pizza, ITC Foods partner to make home delivery of essentials

PRESS TRUST OF INDIA
Bengaluru, April 2

DOMINO'S PIZZA, IN partnership with ITC Foods, on Thursday announced the launch of Domino's Essentials to deliver essential items at home in view of the lockdown imposed due to the spread of coronavirus.

"The delivery infrastructure of Domino's would be leveraged to help customers order everyday grocery essentials," a joint statement said.

A combo pack of Aashirvaad Atta and spices including chilli, coriander and turmeric powder would be available on the Domino's app starting Thursday, it said.

The service would be available for consumers first in Bengaluru and then in the cities of Noida, Mumbai, Kolkata, Chennai and Hyderabad.

To avail of this service, customers need to use the latest version of the Domino's app and click on the Domino's Essentials section.

Customers would then be able to select the combo pack and use the digital payment mode to complete the order.

Dominos Safe Delivery Expert would follow the Zero Contact Delivery practice to deliver the package.

This service method would ensure that customers receive their order without coming in contact with the safe delivery expert, the statement added.

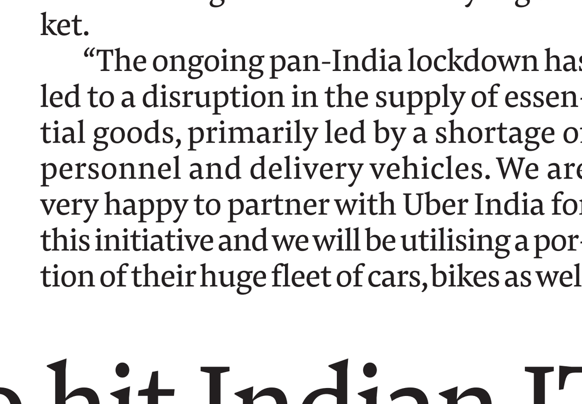
H-1B visa: Covid-19 set to hit Indian IT professionals' US dream

KIRAN RATHEE
New Delhi, April 2

IT SEEMS THAT the Covid-19 pandemic is going to hurt the American dream of various IT professionals in India, as companies may not file their H-1B visa petitions despite their selection by the US Citizenship and Immigration Services (USCIS).

The USCIS has completed its selection of H-1B candidates for FY2021. It has received 275,000 unique online registrations, 67.7% of which were for Indian nationals. Indian IT companies indicate that about 30% of their online registrations have been selected. Companies can file H-1B petitions for these selected candidates within 90 days from April 1, 2020. But companies may not now need the entire number of candidates selected due to the slowdown in the US and several contracts being cancelled, as a result of the Covid-19 situation.

Certain companies have indicated that they may not file petitions for about 40% of their selected candidates in view of the reduced demand for H-1B workers. The H-1B is a non-immigrant visa that allows US companies to employ foreign workers in speciality occupations. Technology firms, Indian as well as global, use the visa to send highly-skilled employees to the US. As mandated by the US Congress, the USCIS can every year issue a maximum of 65,000 H-1B work visas to highly-skilled foreign workers. It can also issue an additional 20,000 H-1B visas to those workers who have obtained a masters or higher degree from an educational institution in the US.



The slowdown and cancellations of contracts, though, has reduced the demand for H-1B visas. As per estimates, an Indian company needs to spend around $7,000 per H-1B petition and given the fact that the employee may no longer be required in the US, the firms may not file the petitions for many of the selected employees.

However, Poorvi Chothani, managing partner of LawQuest, an immigration law firm headquartered in Mumbai, warns that companies should prepare to file H-1B petitions for all their selected candidates as failure to do so could result in penalties and sanctions. "So far, the US government has neither announced any extension of the filing deadline nor any relief measures in case companies wish to change their H-1B requirements in view of the Covid-19 situation," she added.

As per a statement by the USCIS, the H-1B electronic registration process was well-received by users, who provided a high satisfaction score with the system. Nearly 275,000 unique registrations were submitted during the initial registration period and roughly 46% of all registrations were for prospective beneficiaries with US advanced degrees. Prior to the launch of the electronic registration system, the USCIS conducted robust public outreach to ensure users were equipped to effectively use the new system.

PLUMMETING TO RECORD LEVEL

Profit falls to 20 cents/barrel for private crude producers

ANUPAM CHATTERJEE
April 2, New Delhi

WITH CRUDE OIL prices plummeting to record lows, the profit of private domestic crude oil producers from production sharing contract (PSC) fields have dwindled to as low as 20 cents per barrel, analysts said. When crude ruled at $60 per barrel in January, these producers used to make a profit of around $6/barrel.

Indigenous crude oil production caters to about only 15% of the country's requirements, keeping the dependency on imports high. According to sources, the industry has requested the government to defer and reduce the royalty, cess and profit petroleum it receives from domestic crude oil producers under the PSC regime. They also want production sharing contracts, slated to be renewed in September, to be extended till FY21-end.

The price of Indian basket of crude fell 69% to $22/barrel on March 31 since the January 8 peak of $69.95/barrel it touched in 2020, dragging down the profit share of contractors.

Apart from Cairn Oil and Gas, other private firms engaged in domestic crude production include, Selan Oil, Hindustan Oil Exploration Company and Sun Petrochemicals. "The government continues to take away about 98% share of revenue though cess, royalty and profit petroleum even in low crude price regime," an industry veteran told *FE* on conditions of anonymity.

The Union government, in February 2019, reformed the oil exploration and licensing policy to enhance exploration activities, attract domestic and foreign investment and accelerate domestic production of oil and gas from existing fields. However, domestic production has been falling with the ageing of existing fields and muted response from the industry to take up new projects, mainly due to lack of adequate incentives.

INDUSTRY DEMANDS

- The industry has requested the govt to defer and reduce the royalty, cess and profit petroleum it receives from domestic crude oil producers under the PSC regime
- They also want production sharing contracts, slated to be renewed in September, to be extended till FY21-end
- The Centre, in February 2019, reformed the OELP to enhance exploration activities, attract domestic and foreign investment and accelerate domestic production

Start-up funding sees a decline; VC investments hit a five-year low

FE BUREAU
Mumbai, April 2

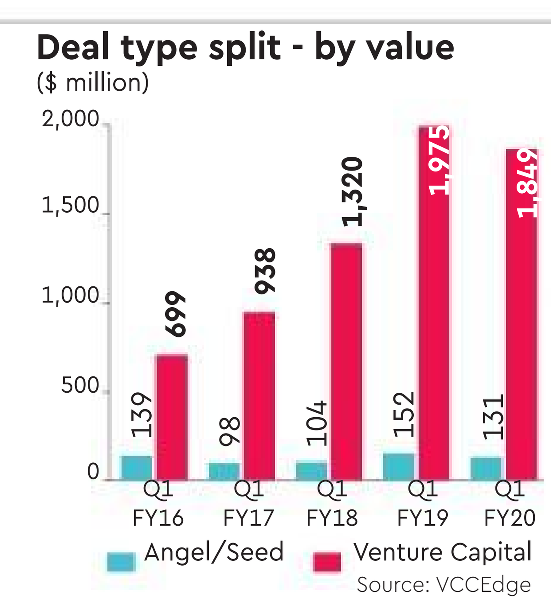
START-UP FUNDING IN India witnessed a decline in the quantum of funds in the month of March due to Covid-19 outbreak, with venture capital funding touching a five-year low.

Start-up activity started on a weak note in the three months of January to March 2020. Angel and seed funding saw 136 deals worth $131.22 million and venture capital 93 deals worth $1.85 billion. This is a five-year low in venture capital funding, according to VCC Edge. The quantum of deals across angel, seed, and venture capital has dropped by 8.4%, whereas in terms of value, it has decreased by 6.91% in comparison with Q1 2019.

"Venture Capital investors are now holding back their plan of start-up funding due to the fallout of economies in coping with the crisis," the research firm said.

Calling out uncertainty as a big challenge at present, Sahar Kumar, head research, VCCEdge, said, "International travelling restrictions has put a halt on fundraising activities as China is one of the biggest sources of funds for the Indian start-up ecosystem".

In March 2020, the first half recorded 32 angel and seed deals, which has fallen to 15 deals in the second half of the month. Reducing risk appetite has further slowed down funding activity in April. According to VCCEdge, the largest early-stage deal witnessed in Q1 2020 is by InterviewBit. The startup raised $20 million from a group of investors, including Sequoia Capital, Tiger Global, and GFC Global Founders Capital GmbH. The largest early-stage deal in the month of March 2020 is by Artificial Intelligence (AI) powered sales assistance platform Salesken, operated by IStar Skill Development, which has raised $8 million from Sequoia Capital in its VC (Series A) round.



Supply of essentials remains far from smooth

ASMITA DEY
New Delhi, April 2

ALMOST A WEEK after the government stepped in to ensure smooth provision of essentials to consumers during the lockdown, supply remains choked due to restricted movement of goods and lack of coordination on the ground.

Praveen Khandelwal, secretary general at the Confederation of All India Traders (CAIT), told *FE* that of the 1.25 crore (kirana) stores of essential commodities across the country, only about 25 to 30 lakh are operating. A considerable proportion of vehicles (including trucks, three-wheelers) are off the road due to non-issuance of passes by local authorities. Wholesalers are facing trouble delivering shipments to retailers for the same reason. Khandelwal said traders and delivery personnel are finding it difficult to get passes issued by local authorities in New Delhi, Maharashtra, West Bengal, Odisha, Jharkhand, Telangana and Andhra Pradesh.

Prashant Tandon, founder and CEO at 1mg Technologies, said a member associated with the firm's delivery team was beaten up in Delhi's Samaypur Badli on Wednesday. Although operations are gradually scaling up across the country, a few states are shutting down further, posing new challenges, Tandon said.

Kumar Rajagopalan, CEO at Retailers Association of India (RAI), said some consumers are resorting to panic-buying which may eventually lead to 'rationing' by stores. "Goods are flying off the shelves faster than they are getting stocked up. Issuing passes is still a problem," Rajagopalan said.

Some consumers are resorting to panic-buying which may eventually lead to 'rationing' by stores, according to Kumar Rajagopalan, CEO at Retailers Association of India

B2B start-up Jumbotail that provides storefront delivery of food and staples to kirana stores said the twin problems of factories, processing plants operating well below capacity and labour shortage across the supply chain, are crippling supplies. Availability of products like hand sanitisers, masks, drinking water cans (20 litres), eggs and dairy items are limited at retail stores due to delay in deliveries. "The perishable products get wasted if the delivery staff don't turn up. We are working with non-essential service providers to utilise their workforce and ramp up delivery capacity," co-founder and COO Ashish Jhina told *FE*.

Grofers said the company's warehouses are operational with 60% staff and to meet the surge in demand, the firm is hiring an additional 2,000 temporary warehouse and delivery staff across the country. Grofers has also opened the app for new orders, said Rohit Sharma, head, supply chain at the firm.

A spokesperson at Star Bazaar (Trent Hypermarket) said it is working closely with suppliers to "ensure shelves are stocked up". The company said it is operating all stores based on guidelines from the government and local authorities.

Amrinder Singh, director at Bonn Group of Industries that manufactures bakery products, said intra-state and inter-state movement of trucks is still a challenge and it is facing hurdles in moving raw materials as well.

Domino's Pizza has said it has launched Domino's Essentials in partnership with ITC Foods to ensure supply of essentials to consumers. The service will allow customers to access grocery products offered by ITC Foods on the Domino's app and the products will be delivered to them by the Pizza brand's delivery partners. The service will be introduced first in Bengaluru, followed by Noida, Mumbai, Kolkata, Chennai and Hyderabad, Domino's Pizza said on Thursday.

Integral Coach Factory floats EoI for tie-up to make ventilators

SAJAN C KUMAR
Chennai, April 2

CHENNAI-BASED INTEGRAL COACH Factory (ICF), a production unit under ministry of railways for manufacturing mainline coaches and self-propelled coaches, is exploring possibility to collaborate with established ventilator manufacturers by offering its component manufacturing and assembly capacity.

In view of the Covid-19 pandemic, ICF's objective is to help ramp up manufacturing of ventilators in the country and to increase its availability to deal with the crisis. ICF has floated an invitation for expression of interest seeking participation from ventilator makers by April 5, according to ICF sources.

ICF has so far produced more than 62,000 coaches of more than 500 variants. The unit, with in-house design capability has been manufacturing various variants of coaches catering to the needs of Indian Railways.

ICF has a strong workforce, which includes qualified engineers from mechanical, electrical, and electronics background with hands-on experience in designing and manufacturing various sub-systems for railway coaches.

In 2018-19, ICF took a giant leap by rolling out India's first semi high speed train set, Train 18 (Vande Bharat Express) that was flagged off from New Delhi to Varanasi.

The second rake of Vande Bharat Express was also turned out by ICF during May, 2019. The semi-high speed trainset with 80% indigenous inputs manufactured by ICF under "Make in India" project, consists of 16 coaches and is designed for maximum operating speed of 160 kmph.

Mylab gets Serum Institute investment, to scale up production of testing kits

GEETA NAIR
Pune, April 2

AS THE COUNTRY intensifies its course for testing positive cases of coronavirus and faces a dearth of the testing kit for the disease, Pune-based molecular diagnostics company Mylab Discovery Solutions has signed a deal with Serum Institute of India and AP Globale to ramp up production of COVID-19 testing kits and to expand its molecular diagnostic solutions.

The new partners will provide financial support to Mylab which claims the company will be able to increase its capacity to 20 lakh test kits from the current 1.5 lakh in just 10 days.

WHO, too, advocates widespread testing. Containment is possible only with more and more testing and that is how a country like South Korea has been able to contain the spread of Covid-19, points out Hasmukh Raval, managing director of Mylab Discovery Solutions.

Mylab is the first Indian company to get commercial approval for its Mylab PathoDetect Covid-19 qualitative PCR kit. Testing is the first line of defence and the company are racing to deliver as many kits and at a faster pace using robotics and automation at its facility in Pune, said Raval. For the ramp-up, Mylab will now will also have support from the Serum Institute of India and AP Globale, which are investing an undisclosed sum in the diagnostics company.

Mylab has released multiple batches of the Covid-19 test kits to the government and private labs across the country. It currently has capacity to deliver 1.5 lakh kits per week and is ramping up deliver 20 lakh kits in the next 10 days, Raval said. There are two South Korean and one German company supplying these kits to India.

The shortage of testing kits will come to an end in a month or two as we ramp up production of the Covid-19 testing kits from 1.5 lakh to 20 lakh tests a week, Adar Poonawalla, CEO and ED of Serum Institute said.

"The investment towards Mylab will enable them to build their infrastructure and expand their capabilities further," Poonawalla said.

Mylabs and their team have shown exceptionally innovative capabilities when they were able to develop a time-saving testing kit within six weeks of its outbreak and the company has a variety of similar innovation-driven projects which will help bring drastic improvements in the health care sector, Poonawalla added.

Coronavirus pandemic cast a shadow on Hero MotoCorp, TVS Motor March sales

FE BUREAU
Chennai, April 2

AFTER PASSENGER VEHICLES and commercial vehicles, two-wheeler manufacturers have reported declining sales in March amidst the lockdown in the latter part of the month.

Leading two-wheeler makers — Hero MotoCorp and TVS Motor Company — saw a steep fall in their sales during the month. While Hero MotoCorp reported a decline of 42.42%, TVS Motor saw sales plummeting by 55.5%.

The Federation of Automobile Dealers Associations (FADA) recently expressed its serious concern over the dwindling retail sales of two-wheelers as compared to other segments.

Analysts, who held conference calls with dealers, claimed that there were nearly 500,000 units of BS IV two-wheelers still in their possesion. Even the recent Supreme Court order relaxing the sale of 10% of the total inventory for 10 days after the lockdown, which is expected to be around April 15, will not bring any cheer to the two-wheeler makers.

Two-wheeler industry has been under sales pressure over the past few months due to high insurance cost, poor consumer sentiment, particularly in the tier-II, III cities.

Hero MotoCorp said that its March sales declined sharply 42.42% to 334,647 units. On the other hand, TVS Motor's March sales plummeted 55.5% to 144,739 units.

Similarly, for the fiscal ended March 2020, Hero MotoCorp reported a 11.5% decline in its total sales to 64,09,719 units, while TVS Motor's sales declined 21% to 32.45 lakh units.

Hero MotoCorp said that during March 2020, the auto industry and the entire global economy faced with an unprecedented disruption, owing to the novel coronavirus. The Covid-19 has resulted in interrupted supply chains, halted production and lockdown, leading to no retails.

With Covid-19 situation escalating through March, Hero MotoCorp set up a Business Continuity Task Force and proactively rolled out a slew of measures to ensure health and safety of its employees and business partners. On March 22, the company proactively suspended production at all its manufacturing facilities – including in India, Colombia, Bangladesh and Global Parts Centre (GPC) at Neemrana until April 14, 2020.

TVS Motor said that there had been a huge impact on the production and sales in March 2020 because of Covid-19 lockdown across the country. The company launched attractive and feature rich BS VI versions of its entire portfolio. These have been well received and there are adequate stocks already in the market when it reopens.

International market demand was also good for both two-wheeler and three-wheeler categories. However, due to the lockdown, there was a significant setback in production, and also vehicle stock in the factory for both domestic and international markets, which could not be dispatched.

According to the company, it started the transition to BS VI in Q3 of FY19-20 and this effective planning helped in complete readiness of BS VI vehicle supplies in Q4. The company, including its dealers, has almost entirely retailed all BS IV vehicles and the company is fully geared up for its BS VI range once the market opens.

SECURITY CONCERNS

Zoom app vulnerable to cyber attacks, says CERT-India; issues advisory

PRESS TRUST OF INDIA
Mumbai, April 2

SECURITY CONCERNS WITH popular video conferencing app, Zoom, came to light during a media briefing by television body BARC on Thursday.

The Broadcast Audience Research Council (BARC), which was hosting a virtual conference to inform people about TV and smartphone consumption trends amid the lockdown, was forced to stop the briefing midway because of the "hacking" episode.

Lockdowns across the world due to the Covid-19 pandemic, which have forced professionals in the service sector across the world to work from home, have resulted in the app being the most popular way of conducting meetings.

Zoom has seen a spike in downloads and usage, but experts have been repeatedly pointing out to security risks with the app.

The Computer Emergency Response Team of India (CERT-In), the national agency to combat cyberattacks and guarding the cyberspace, said the unguarded usage of the digital application could be vulnerable to cyberattacks, including leakage of sensitive information to cyber criminals.

"The Zoom meeting platform got hacked and as a result, we had to end the meeting urgently," said an e-mail from the organisers.

According to reports, there were 600 users on the conference when the incident happened.

The hackers are likely to have had taken over the controls resting with the hosts, defaced the slides which were being shown and played various videos, according to the reports.

In its advisory, CERT-In has suggested some measures for enhancing the security of Zoom meetings including keeping the Zoom software patched and up-to-date and always set strong, difficult-to-guess and unique passwords for all meetings and webinars. The BARC conference has been rescheduled for a later time in the evening.

Quick View

Bione launches rapid testing kit for Covid-19

GENETIC AND MICROBIOME testing firm Bione on Thursday said it had launched a rapid Covid-19 at-home screening test kit that displays accurate results within minutes. The kit is approved by the Indian Council of Medical Research and will be deployed in the market after proper quality checks and assurance, Bione said. The product has been sourced from the company's worldwide CE and FDA approved partners and will be brought to market after stringent quality controls have been ensured.

Adani Ports cargo volume up 7% at 223 MT in FY20

ADANI PORTS AND Special Economic Zone (APSEZ) on Thursday said it achieved a throughput of 223 million tonnes (MT) during the financial year 2019-20, registering a growth of 7 per cent in cargo volume over the previous financial year. Gautam Adani-led APSEZ is the largest commercial port operator in India. "Adani Ports and Special Economic Zone for the 12-month period ended 31st March, 2020, achieved a throughput of 223 MT (million tonne) across its nine operating ports in India, thus registering 7% cargo volume growth on a year-on-year basis," it said.

TV viewership up to record levels amid lockdown

TELEVISION VIEWERSHIP JUMPED by 37% to record levels for the week to March 27, led by more watching by males and greater consumption of news and infotainment genres, industry body BARC said on Thursday. The growth in consumption is in line with similar trends world over, where television viewing has increased because of the Covid-19 related lockdowns, the Broadcast Audience Research Council (BARC) said.

Ramayan garners 170 m viewers in four shows

RAMAYAN, THE OVER THREE-DECADE-OLD TV series based on Hindu mythology, garnered 170 million viewers in four shows over the last weekend in its new avatar, the BARC said on Thursday. This catapult-ed the Ramanand Sagar production as the highest watched "serial" in the Hindi general entertainment space ever, the Broadcast Audience Research Council said. BARC's CEO Sunil Lulla said the numbers notched up by the series was a bit surprising and called the move as a "brilliant" one by the Prasar Bharti.

Google to shut down Neighbourly app

TECH GIANT GOOGLE will shut down its 'Neighbourly' app - which was designed to help people source local information from their neighbours - as it failed to scale up. The app was launched in May 2018 in Mumbai and then scaled to other cities like Ahmedabad, Coimbatore and Mysore. A few months later, it was made available pan-India.

HMSI sales rises 5% in March to 2.61 lakh units

HONDA MOTORCYCLE AND Scooter India (HMSI) on Thursday reported a 5 per cent increase in total sales at 2,61,699 units in March. The firm had sold 2,49,136 units in the same month last year, HMSI said. Domestic sales during the month stood at 2,45,699 units, a 11% increase from 2,22,325 units in March last year. HMSI closed 2019-20 fiscal with total sales of 50,31,297 two-wheelers, which includes domestic sales of 47,06,572 units and exports of 3,24,725 units.

Strides ceases distribution of ranitidine tablets in US

DRUG FIRM STRIDES Pharma Science on Thursday said it has ceased distribution of its ranitidine tablets in the American market as the US health regulator has asked all manufacturers to withdraw the drugs from the market immediately. On Wednesday, the US FDA published a statement and issued letters to all manufacturers of ranitidine across dosage forms requesting withdrawal of all prescription and over-the-counter ranitidine drugs from the market immediately, Strides said.

Opinion

FRIDAY, APRIL 3, 2020

BEST INTERESTS IN MIND?
Congress leader P Chidambaram

While reducing the interest rate on PPF and small savings may be technically correct, it is absolutely the wrong time to do so. In times of acute distress... people depend on the interest income on their savings

States bleeding, pay dues ASAP, relax FRBM levels etc

Centre must at least pay its dues to states immediately, and then find ways to help, including relaxing FRBM limits

IT IS NOT clear if the state chief ministers, with whom the prime minister spoke on Thursday—on ensuring there wasn't a rush of people on the streets once the lockdown ended on April 15—got to discuss their finances with him, but they are desperate. And, while most have argued that the Centre needs to increase its expenditure dramatically to prevent a recession, state governments collectively spend more than the Centre does; this makes their finances critical. Thanks to a massive shortfall in central tax collections, the states got around ₹2-2.25 lakh crore less of tax devolutions than what was budgeted for FY20. This shortage will continue into FY21 since real GDP growth is expected to be around 0.5-2.5%. Right now, states are budgeted to get ₹7.8 lakh crore of tax devolutions, or an increase of ₹1.2 lakh crore over FY20, but there is little chance of this target being achieved. Of the likely FY21 shortage, GST losses will be huge in the next 2-3 months, to the tune of around Rs 20,000-25,000 crore per month at least.

This is the Centre's fault since few predicted such an economic collapse, though a 10% projected nominal GDP growth for FY21 was optimistic, even in February. Given the situation we are in, it is clear the central government needs to do something; several states have already started deferring salaries and, as time goes by, they may even have to cut them. And, to the extent that there is limited room to do this, the axe will fall on other expenditure, which includes critical capex.

Ideally, the Centre needs to do two things. To begin with, it must pay all its dues immediately. Going by the letter the West Bengal CM wrote to the prime minister, the Centre owes the state ₹35,000-40,000 crore as its share of various central and other schemes; details for other states are not immediately available. In addition, GST compensation dues till now are around ₹30,000 crore; of course, if the cess doesn't generate such funds, it is difficult to argue that the Centre needs to dip into its coffers to pay this. Since the Centre can't possibly compensate the states for the fall in their share of tax devolutions, the best solution is for it to apply to the states the same yardstick it is applying to itself. The Centre finds it easy to breach the fiscal deficit and, this time around, there is even talk of going back to the decades-old automatic monetisation of the deficit by the Reserve Bank of India (RBI); it needs to allow a similar facility for the states by raising the FRBM limit for them. Perhaps, RBI should consider participating in some part of the state government bond issues as well. Apart from the fact that the states need money if they are to meet their obligations, it is unfair that a large part of the corona burden, by way of setting up hospital/isolation facilities and even taking care of out-of-work people vis food, kitchens, etc, will have to be borne by the states while little is being done to augment their revenues.

Extend the lockdown

That is the only way India can deal with the virus impact

WHILE THE PRIME MINISTER and the chief ministers discussed the need to ensure that people didn't throng the streets once the ongoing 21-day Covid-19 lockdown ends on April 15, the findings of a new study by researchers at the Center for Disease Dynamics, Economics and Policy (CDDEP) and Princeton University would strongly suggest the need for an extended lockdown, or, at the very least, intermittent lockdowns. The CDDEP-Princeton researchers estimate that nearly 4.75 lakh Covid-19 cases will need hospitalisation in India, if the prevalence of the disease in the current outbreak is as low as 0.5% of the population. If the prevalence rises to 5% of the population, there will be nearly 48 lakh cases requiring hospitalisation. It is difficult to estimate, at this stage, what the eventual spread in the country will likely be, but some models for developed nations project relatively higher spread.

The CDDEP number is instructive in imagining the likely immense pressure on the country's health system—India's hospital bed capacity is estimated to be around 20-25% of what the 5% scenario demands. Anything that delays the onset of the disease—or flattening the curve, in jargon—will mean those who need more attention will not need to be hospitalised together. In other words, the hospital bed shortage will be less acute. And, keep in mind, that the health system needs to cater for other diseases too. An analysis by Prachi Singh, Shamika Ravi, and Sikim Chakraborty of Brookings India shows that 12 states—Bihar, Jharkhand, Gujarat, Uttar Pradesh, Andhra Pradesh, Chhattisgarh, Madhya Pradesh, Haryana, Maharashtra, Odisha, Assam, and Manipur—lie below the national level of 5.5 government hospital beds per 10,000 population while accounting for 70% of the country's population. Worse, critical care infrastructure, healthcare personnel strength, etc, will also be far short of the demand.

Many states are identifying hospitals that can be turned into dedicated Covid-19 treatment facilities, while some are turning stadiums into isolation facilities. Some private players in the hospitality sector, like the Mahindra Group, have volunteered resorts etc for serving as corona-care facilities. Whether the health system is overwhelmed or not will depend on how well India is able to flatten the curve of transmission. The government considering, as per a report in *The Indian Express*, prioritising Covid 19 cases for hospitalisation based on the severity of the case seems rather prudent, but only if accompanying steps are taken to successfully quarantine mild cases. This can ease the pressure on the health system, particularly on healthcare workers, who are quite vulnerable due to their long, regular exposure to the virus. But, this has to be accompanied with intensive awareness efforts, and serious monitoring—from tracking through phones to at-home monitoring by local healthcare workers. It will also need the states and the Centre to identify more facilities, from school buildings to hotels and guest-houses, to isolate mild cases where home isolation enhances the risk of transmission—for instance, in slums and rural areas, where there is no space to isolate a patient. But, given how there are enough reports of people violating quarantines, it is perhaps best to keep lockdown as a primary weapon in India's anti-Covid-19 arsenal.

FlightPLAN

Given drones can execute critical functions in times of social distancing, policy must facilitate this

A CHENNAI-BASED START-UP, Garuda, used drones to sanitise the area around a hospital. Now, *PTI* reports IIT Guwahati is following the Chennai model and creating a drone of its own. Meanwhile, Garuda has been contacted by states like Odisha and Uttar Pradesh to develop drones for them. The drone, in this case, uses Google Maps to sanitise an area; it can cover 1.2 hectares (ha) in one flight, and up to 60 ha in one day, all within a signal range of 3km. Technology can aid social distancing even as it ensures that critical functions that otherwise required human involvement are not stalled.

While drones have been used by states in Maharashtra for delivery of essential medicines, and across the country for assessment of crop damage, the DGCA's policy for drones has been restrictive. It first imposed a ban on drones, and only in 2018 did it release the Civil Aviation Regulations (CAR) 1.0. These stipulated that companies incorporate no-permission-no-takeoff device in their drones so that no drone could fly without permission from DGCA. While the process was made simpler with the release of the Digital Sky app, it was still not perfect as it did not allow autonomous operations, or flight beyond visual line of sight. The government did come out with new draft regulations in January last year that allowed this, but still hasn't notified these. With many firms like Garuda ready to provide critical services, there is a need for policy changes that enables this. The government can take the help of such start-ups to enable delivery of essentials to reach more people. The government showed admirable intent to adapt when it passed the telemedicine guidelines after nearly a decade. Now, it it should do this for drones.

VIRAL LOAD

AS WITH ANY OTHER POISON, VIRUSES ARE USUALLY DEADLIER IN LARGER AMOUNTS. GLOBALLY, POLICY FOCUS MUST BE ON PREVENTING HIGH-DOSE INFECTIONS

The most dangerous coronavirus exposures

JOSHUA D RABINOWITZ & CAROLINE R BARTMAN

NYT

LI WENLIANG, THE doctor in China who raised early awareness of the new coronavirus, died of the virus in February at 34. His death was shocking not only because of his role in publicising the developing epidemic but also—given that young people do not have a high risk of dying from Covid-19—because of his age.

Is it possible that Dr Li died because as a doctor who spent a lot of time around severely ill Covid-19 patients, he was infected with such a high dose? After all, though he was one of the first young healthcare workers to die after being exposed up close and frequently to the virus, he was unfortunately not the last.

The importance of viral dose is being overlooked in discussions of the coronavirus. As with any other poison, viruses are usually more dangerous in larger amounts. Small initial exposures tend to lead to mild or asymptomatic infections, while larger doses can be lethal.

From a policy perspective, we need to consider that not all exposures to the coronavirus may be the same. Stepping into an office building that once had someone with the coronavirus in it is not as dangerous as sitting next to that infected person for an hourlong train commute.

This may seem obvious, but many people are not making this distinction. We need to focus more on preventing high-dose infection.

Both small and large amounts of virus can replicate within our cells and cause severe disease in vulnerable individuals such as the immunocompromised. In healthy people, however, immune systems respond as soon as they sense a virus growing inside. Recovery depends on which wins the race: viral spread or immune activation.

Virus experts know that viral dose affects illness severity. In the lab, mice receiving a low dose of virus clear it and recover, while the same virus at a higher dose kills them. Dose sensitivity has been observed for every common acute viral infection that has been studied in lab animals, including coronaviruses.

Humans also exhibit sensitivity to viral dose. Volunteers have allowed themselves to be exposed to low or high doses of relatively benign viruses causing colds or diarrhoea. Those receiving the low doses have rarely developed visible signs of infection, while high doses have typically led to infections and more severe symptoms.

It would be unethical to experimentally manipulate viral dose in humans for a pathogen as serious as the coronavirus, but there is evidence that dose also matters for the human coronavirus. During the 2003 SARS coronavirus outbreak in Hong Kong, for instance, one patient infected many others living in the same complex of apartment buildings, resulting in 19 dead. The spread of infection is thought to have been caused by airborne viral particles that were blown throughout the complex from the initial patient's apartment unit. As a result of greater viral exposure, neighbours who lived in the same building were not only more frequently infected but also more likely to die. By contrast, more distant neighbours, even when infected, suffered less.

Low-dose infections can even engender immunity, protecting against high-dose exposures in the future. Before the invention of vaccines, doctors often intentionally infected healthy individuals with fluid from smallpox pustules. The resulting low-dose infections were unpleasant but generally survivable, and they prevented worse incidents of disease when those individuals were later exposed to smallpox in uncontrolled amounts.

Despite the evidence for the importance of viral dose, many of the epidemiological models being used to inform policy during this pandemic ignore it. This is a mistake.

> **In-person interactions are more dangerous in enclosed spaces and at short distances, with dose escalating with exposure time**

People should take particular care against high-dose exposures, which are most likely to occur in close in-person interactions—such as coffee meetings, crowded bars and quiet time in a room with Grandma—and from touching our faces after getting substantial amounts of virus on our hands. In-person interactions are more dangerous in enclosed spaces and at short distances, with dose escalating with exposure time. For transient interactions that violate the rule of maintaining six feet between you and others, such as paying a cashier at the grocery store, keep them brief—aim for "within six feet, only six seconds."

Because dose matters, medical personnel face an extreme risk, since they deal with the sickest, highest-viral-load patients. We must prioritise protective gear for them.

For everyone else, the importance of social distancing, mask-wearing and good hygiene is only greater, since these practices not only decrease infectious spread but also tend to decrease dose and thus the lethalness of infections that do occur. While preventing viral spread is a societal good, avoiding high-dose infections is a personal imperative, even for young healthy people.

At the same time, we need to avoid a panicked overreaction to low-dose exposures. Clothing and food packaging that have been exposed to someone with the virus seem to present a low risk. Healthy people who are together in the grocery store or workplace experience a tolerable risk—so long as they take precautions like wearing surgical masks and spacing themselves out.

A complete lockdown of society is the most effective way to stop spread of the virus, but it is costly both economically and psychologically. When society eventually reopens, risk-reduction measures like maintaining personal space and practicing proper hand-washing will be essential to reducing high-dose infections. High-risk sites for high-dose exposure, like stadiums and convention venues, should remain shuttered. Risky but essential services like public transportation should be allowed to operate—but people must follow safety measures such as wearing masks, maintaining physical spacing and never commuting with a fever.

Now is the time to stay home. But hopefully this time will be brief. When we do begin to leave our homes again, let's do it wisely, in light of the importance of viral dose.

Airports are no longer attractive assets

With air travel having come to a halt due to the corona pandemic, airports find themselves in the eye of a thunderstorm

SATYENDRA PANDEY

Former head of strategy, GoAir. *Views are personal*

INVESTOR INTEREST IN Indian airports has seen peaks and valleys. From heightened interest, and several privatisations between 1997 and 2006, there was a lull from 2007 through 2014. The sector once again attracted interest from 2015 onwards, including from airport operators, sovereign wealth funds, and pension funds keen to gain a foothold in the sector. This interest was driven by a host of factors, including market returns, liquidity, market potential, market access, and privatisation parameters.

Most investors in India's airports have come via equity positions in the country's two large airport operators, namely GMR, and GVK. Overall, these investors have fared well, the returns have been great. Consider these statistics: Malaysia Airports sold its 10% stake in Delhi Airport for a 2x multiple; Bidvest sold its 23.5% stake in Mumbai airport for a 7.7x multiple; Zurich Airport sold its 12% stake in Bengaluru airport for a 10.5x multiple; and Siemens sold its 6% stake in Bengaluru airport for a 19.1x multiple.

Over the last 20 years, investor interest in airports has only grown stronger. Fairfax group paid around $466 mn to gradually increase its stake to 54% ownership of Bengaluru International Airport Limited. Earlier in the year, Zurich Airports (Flughafen Zürich AG) won the bid to build and develop the greenfield airport at Jewar (the project's estimated value is north of $3.1 bn); and, very recently, Groupe ADP (a French conglomerate) bought a 49% stake in GMR airports for $1.5 bn.

Until recently, airports, as an asset class, were on a stable ascent path. One might ask why this was so.

Airports' success as an asset class is linked to several factors, the primary being the explosive traffic growth. This, when coupled with the monopoly status often enshrined in the master agreements, long-term concession periods, low competition risk, favourable till-structures, stable cash-flows, commercial property development rights, a captive consumer base, and guaranteed return on large portions of the asset base (currently PPP airports are guaranteed a return on the regulated asset base of up to 16%), is the perfect recipe for strong and growing cash-flows. Thus, while gestation periods are long, for investors looking at long-term assets, the elements align and make for a compelling case for investment. Consequently, airports carry immense market power. Coupled with the Indian market's growth in double digits, the profit potential, until very recently, *was* immense.

Cochin airport was the first PPP airport without a defined concession period, and where the revenue share was in the form of a dividend to the government. Hyderabad and Bengaluru terms stipulated a 60-year concession, with a 4% annual concession fee. For Delhi and Mumbai, the revenue share was 46.99% and 38.7%, respectively, and the concession terms 30 + 30 years and 30 + 10 years, respectively. Later airports such as Goa had a 40 + 20 year concession period, with a revenue share of 36.99%, but a five-year revenue share holiday. Most recently, the six airports won by Adani Airports have 50-year concession periods, and per passenger payments to the government, instead of the earlier revenue share agreement.

Recent policy measures also attempted to create a friendlier investment environment. Whether it was the revenue share (which is now taken on a per passenger basis rather than a top-line of the revenue basis) or the hybrid till-model (which is beneficial for airport operators, but not so much for other stakeholders, including the flying public), or the fast-tracking of various projects, the government was clear in its intent to privatise.

Needless to say, after a stunning take-off, airports were on a steady climb. The elements were aligned and investors had already tasted success. With over ₹35,000 crore invested in India's airports (approximately $5.5 bn, adjusted for exchange rates), this amount was to double over the next decade. This, toward capturing market potential because with a 300 million-strong middle class, low air travel penetration, and an increasing propensity to spend, India was targeting 500 million passenger trips in the next 20 years. Airports would be key to facilitating this movement. But, then the novel coronavirus hit—a global pandemic, the likes of which have not been seen in a century. With major cities in lockdown globally and airlines grounded, airports have flown right into the eye of a thunderstorm.

The impact—decimation of demand and a change in the way we think about travel. Together, these make for paradigm shifts, and traffic volumes may take years to rebound. With public health emerging as a key concern post the pandemic, the airport experience may include an element of health risk, in addition to that of security risk. The airline industry will emerge with fewer airlines, smaller fleets, and lower traffic volumes. And, the future traveller will pay more in airport charges, further impacting demand. For travellers, there will be increased hassles and costs, and for demand, this will act as a natural suppressant.

That is not all, new risks are also emerging. Chief amongst these is the increase in aircraft ranges and a rush to smaller aircraft types, which may make the hub-concept obsolete. Similarly, revenue streams will be strained by the push for opening new low-cost airports, increased airport competition via dual airport systems (as will be seen in Goa, Delhi, and Mumbai in a few years), the talent crunch, new geopolitical risks and changing sentiment towards air-travel.

Airports are well aware of this fact, and on March 31, the industry body Airports Council International sent a letter to the prime minister asking for a range of measures. Ironically, in these the passenger was overlooked. Examined closely, the proposal indicates that airport revenues should not be impacted in any way, while there should be maximum relaxation on costs and funding. Much of these revenues stem from passenger flows. Yet, it seems that the "passenger" is the element missing from the private-public partnership model.

The beginning of the year saw approximately 48 % of domestic capacity under PPP airports. This number is now 60%, after the successful bids by Adani Airports for six airports. Another six airports were to be bid out, bringing the total airport capacity under PPP models to 65%. But, with airports no longer being as attractive to investors, the future remains uncertain.

LETTERS TO THE EDITOR

Caring for agriculture

Appropos of "Farm health in times of corona" (April 2), it is rightly asserted that the government has to ensure smooth functioning of the agriculture supply chain. The impact of the damage on the agricultural economy is beginning to be seen. If the farmers are not able to harvest their ready, ripened crop through human resource and mechanical measures, there is a possibility of delay in the grain markets. The central and state governments should make arrangements for farmers to get their produce income in advance in a proportionate manner. Essential medicines, foodstuffs, and seeds face a threat from the coronavirus. As agriculture is the backbone of our economy, so good quality seeds and fertilisers play an important role in agriculture. The ban on the movement of seeds and fertilisers can diturb the supply chain of seed production. Unloading and lifting of agricultural produce at ports has also been disrupted. Coronavirus may harm the economic health of agriculture. Now the government has to take special care of the economic health of farmers, and the yield they give. It is, for instance, appreciated that the government has waived restrictions on intra-state movement of agriculture-related machinery and produce during the lockdown.
— Yugal Kishore Sharma, Faridabad

Media and fake news

Appropos of "Media is not the problem, it is part of the solution" (April 2), there is no doubt that social media has exacerbated the spread fake news that creates panic or results in exaggerated reactions. But, calling the media a problem is absurd, at the least. It is up to educated citizens to wait for fact-checks rather than over-reacting to any piece of 'information' we see. As we deal with the mammoth crisis that is the corona pandemic, it is all the more critical for all members of society to behave rationally. The media is not called the fourth pillar of democracy for nothing.
— Bal Govind, Noida

●Write to us at feletters@expressindia.com

Regd. No: DL -21048/03-05. R.N.I. No.26750/74. Printed and Published by R.C. Malhotra on behalf of The Indian Express (P) Limited and printed at The Indian Express (P) Limited Press, A-8, Sector-7, Noida - 201301 and published at The Indian Express (P) Limited, Mezzanine Floor, Express Building, 9 & 10, Bahadur Shah Zafar Marg, New Delhi-110002. Phone: 0120-6651500, Fax: 0120-4367933. (Cover price: Patna: Mon-Fri ₹6, Sat ₹9, Sun ₹11; Raipur: Mon-Fri ₹7, Sat ₹10, Sun ₹10)
Chairman of the Board: Viveck Goenka, Managing Editor: Sunil Jain, Deputy Managing Editor : Shobhana Subramanian* (*Responsible for selection of News under the PRB Act)

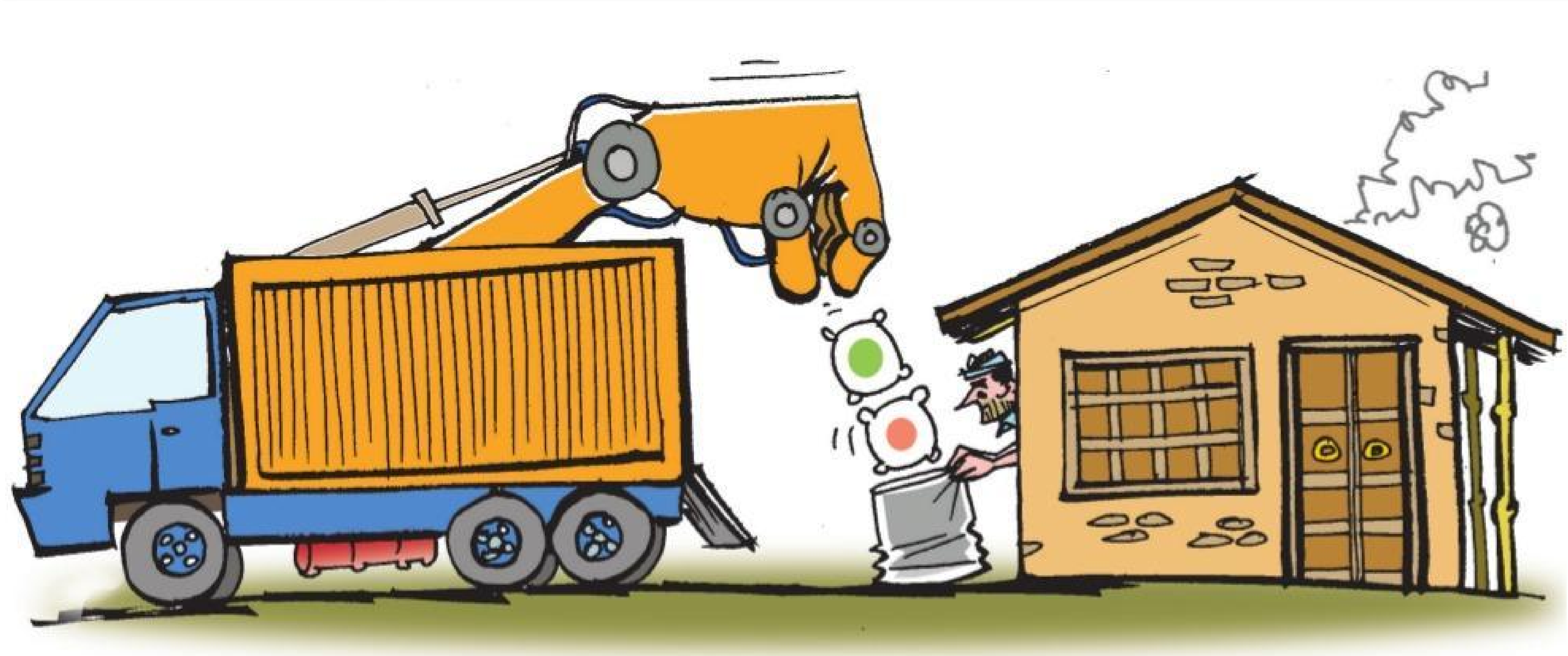


ILLUSTRATION: ROHNIT PHORE

MAMATA PRADHAN & DEVESH ROY

Pradhan is research collaborator and Roy a senior research fellow, IFPRI. Views are personal

COVID-19

Functioning food markets key to corona welfare package

In a rush to provide for the emergency, maintaining quality is needed. Hence, the effect could be counterproductive. This is akin to the sorry state of quarantine facilities which act as a significant disincentive for the people acceding to the quarantine

PAUL KRUGMAN, WHILE writing on Covid-19 pandemic in the New York Times, suggested three principles in economic policy. First, focus on hardship, not GDP. Second, stop worrying about incentives to work. Third, do not trust Trump. The last one is probably not applicable to us, but the first two have substantive implications for coping strategies with this pandemic.

The nature of Covid-19 is peculiar. Some unemployment will be desirable to flatten the curve of disease progression. Malls, restaurants and other business establishments by not operating can help. Yet, sooner or later the economy will go into a free fall. Laid-off workers particularly the daily wage workers comprising many seasonal migrants (9 million annually—139 million total based on census 2011; Ahmedabad, a city of 6 million has nearly 1.7 million seasonal migrants) will struggle to find employment. The coronavirus-related layoffs will disproportionately hit service workers in typically lower-paying jobs in fields like retail, hospitality. These workers lack adequate savings and are likely to not know where to go as restaurants, malls, cafes and shops across the country shut their doors indefinitely. A bigger problem is that no one knows how long it will last, creating uncertainty. The preface for social protection is right here. The response needs to strike a balance between minimising damage to people through social protection and to the economy through whatever stimulus possible. Yet, in this crisis, the biggest safety net is a functioning market for food.

Social protection aims to help the poor and vulnerable during the times of calamity, disaster and crisis. Covid-19 is a calamity, that too of unprecedented nature. This article focuses on food-based social safety nets engendered in response to Covid-19by both the central and the state governments. The central government decided on free distribution of 5kg rice or wheat per person and 1kg pulses/household under PM Garib Kalyan Ann Yojana for the next three months to 80 crore National food security Act (NFSA) beneficiaries. Under NFSA, households usually get 5kg food grains per person at subsidised rates (wheat at ₹2/kg, rice at ₹3/kg and coarse cereals at ₹1/kg. To palliate the hardship under Covid-19, beneficiaries will also get supplementary free ration beyond their monthly quota, which has been increased to 7 Kg/month for the next three months. Kerala, Punjab and Delhi are coming up with modified packages. One change that is proposed is distributing ration for six months in one go. Delhi announced a 50% increase in PDS rations for 7 million people. In Odisha, three months of PDS ration would be provided to nearly 5 million beneficiaries. The PDS rations will be delivered to the doorstep for the elderly.

Critical as these measures are as a safety net, at the end of the day, they cannot supersede the market. Only when the markets are running, the safety nets would be useful. PDS has low uptake in urban areas catering to only 50% of the population. These households would have to rely on markets. Further, the food demand comprises more than rice and wheat and contains a variety of essential food products such as edible oil where markets need to deliver. Reports show that wheat provided to the PDS beneficiaries is of little use since the local flour miller (chakki) shops are not operating because of the lockdown. Similarly, import-oriented essential commodities such as edible oils will likely face supply constraints leading to price spikes.

The design of the social safety net should also be a function of the pandemic itself. The country sits on a mountain of food grain stocks and disbursing aggregately would reallocate public stocks into private stocks, aggregate disbursement is also favourable from a social distancing perspective. Similarly, doorstep delivery, particularly for high-risk demographic groups, will also help minimise exposure for the elderly. Yet, questions remain: Could direct benefit transfer (DBT) or a food stamp that could be utilised both in PDS and elsewhere deliver better than the PDS? In the context of PDS, Covid-19brings out the timeliness of some changes that are in the pipeline. One Nation One Ration Card (ONORC), if it were operational, would have been a great help, particularly when augmented with divisibility in addition to portability.

Should India just transfer cash, when it can also stimulate the economy by ensuring food security? Should the Kejriwal model of delivery at home be followed?

So, the government should make efforts to keep the markets functional. Moreover, extra grains pumped into the system are likely to depress prices and in the long run affect small farmers and small businesses too. It is, thereby, imperative that after the emergency response, all these measures need to be carefully assessed.

Also, in a rush to provide for the emergency, maintaining quality is needed. Hence, the effect could be counterproductive. This is akin to the sorry state of quarantine facilities which act as a significant disincentive for the people acceding to the quarantine. Alike, do we have the supply chain to deal with the transportation of grains of such large volumes and scale? Moreover, India is presently in Stage-2 of local transmission, with experience suggesting that the number is only going to rise, there is a need for a contingency plan on how much, and for what length of time will we be able to keep up with the current design of social safety net? Should India just transfer cash, when it could also stimulate the economy by ensuring food security? Should the Kejriwal model of delivery at home be deemed prophetic given the social distance requirement? Food for thought as we jointly respond to the Covid-19 crises.

Will India escape the fury of Covid-19?

PANKAJ CHATURVEDI

Deputy director, Center for Cancer Epidemiology, Tata Memorial Center

Let's not get swayed and do our best to stop the spread

THE RECENT CORONAVIRUS (Covid-19) pandemic has brought the world to a standstill. Irrespective of the geographical location or the economic might of a country, all have been impacted without discrimination. In just a few months, worldwide over 900,000 people have been infected and over 48,000 people have lost their lives to this virus.

India, due to overcrowding, poverty, ignorance, illiteracy, low standards of personal hygiene, poor health infrastructure and poor public sanitation, is considered as the hotbed for any type of infectious disease. However, as of today, the intensity of the impact witnessed by other countries has not been the same in India. It had just over 2,000 positive cases, with about 58 deaths as of April 1. It is alleged that India has not been testing enough like the western world. In that case, the severity of the infection would be judged by the fatalities, which without a doubt have been surprisingly low.

Even with previous viral epidemics, like bird flu, ebola, MERS, etc, India had not faced the brunt as faced by other countries. This brings us to a very pertinent question—re people living in India truly resistant to viral epidemics? We will try to address this in three headings as per the epidemiological triad—gent (virus), host (people living in India) and environment (of Indian Subcontinent).

Agent: Researchers have found mi-RNA which could target the viral genome. One is specific to the Indian strain, making it different from that in the US or Europe. Chinese researchers have identified two strains of Covid-19: L- and S-type, with the latter being more prevalent and aggressive. Information about the dominant strain in India is currently unknown.

Host: Smokers/vapers are predisposed not only to coronavirus infection but also subsequent mortality. The smoking rate in China, Italy and the US is 21%, 14% and 15%, respectively, whereas in India it is 9%. Smoking is associated with other co-morbidities like hypertension, coronary artery disease, pulmonary disease, etc, which have been found to be associated with higher deaths in these patients.

It is alleged that India has not been testing enough. In that case, the severity of the infection would be judged by the fatalities, which without a doubt have been surprisingly low

Indian *namaste* is a healthy alternative. BCG vaccine against tuberculosis is a part of the national immunisation schedule and a majority of Indians have received it already. It has been found that it may have immune-modulatory effects and may provide protection from other pathogens too. Researchers in Australia and the Netherlands are currently studying this.

The apparent lack of cases (at least initially) in the malaria-endemic regions brought out a thought process that probably people staying in these regions may be resistant to coronavirus. Few hypotheses included—heightened immunity in such individuals, genetic/molecular changes which predispose to malaria may increase resistance to Covid-19. Such theories have not been proven yet. Exposure to a multitude of infectious diseases since childhood results in the development of innate immunity which may help ward of diseases like Covid-19

Environment: Coronaviruses are enveloped by a fatty coat studded with protein spikes giving the appearance of a crown or "corona" in Latin. Due to this heat-sensitive fatty envelop, the virus cannot survive outside the body in hot weather for a long time. Therefore its transmission is reduced in hot weather. In fact, affected countries have been attempting to delay the peak of the disease to summer!

The virus is susceptible to UV rays, and these will be easily available due to clear skies and bright sun. High relative humidity has been found to affect virus survival. Further, dry ambient air reduces protective mucous production in the respiratory passages. Though the possibilities discussed above may indicate that Indians may escape Covid-19's fury, the actual impact will be clear in the next few weeks. At this point, let's not get swayed by these theories and do our best to stop the spread.

This is mainly a hypothesis-generating scientific review. The only proven and effective way to stop the corona epidemic is to follow the orders and advises being periodically released by the government such as lockdown, social distancing, hand washing, isolation etc. Let there be no complacency in that.

India's Covid 19 crisis response

Challenges are greater, getting money to individuals and firms is not as easy

NIRVIKAR SINGH

Professor of economics, University of California, Santa Cruz

INDIA IS ONLY now beginning to fully recognise and respond to the coronavirus crisis. It has the advantage of learning from the mistakes of other countries, where the health crisis exploded earlier. Here are some thoughts on what India is doing and the challenges it faces, bearing in mind that viewing the crisis and commenting from afar may have limitations.

First, almost every country has been slow to act to control the spread of the virus. Even China did not respond as quickly as it should have. Though it had the disadvantage of being the first country to get affected, it also had on-the-ground knowledge that should have triggered a faster response. One problem for every government is taking responsibility, and suffering political fallout from overreacting.

But, by now, it seems that the dangers of being slow are much greater than those of overreacting, even allowing for the costs of economic disruption. India went for the national lockdown, not a day too soon. However, it remains to be seen if has implemented this lockdown in a way that will prevent panic and shortages. The messaging and the planning—again, observed from far away—seem to be less than optimal. If supplies of food and other basic commodities are disrupted, it will lead to chaos and other kinds of health problems.

Second, there has been a wide variation of the speed with which different countries have ramped up testing. Testing is important to guide individuals and public authorities in targeting social isolation and allocation of health supplies. As the head of the World Health Organisation said, responding to the virus without adequate testing is like fighting a fire blindfolded. Most accounts suggest that India has been way behind the curve in scaling up testing. If testing is not increased rapidly, the lockdown could be longer, more widespread and worse than it needs to be.

Third, ramping up the production of health supplies that are needed to treat coronavirus patients is critical, as the number of identified cases starts to jump—New York City is an example. One of the richest cities in one of the richest nations in the world is already finding it difficult to treat just over 20,000 patients.

It is not entirely clear if the Indian government is doing enough on the front of manufacturing the health supplies the country may need over the next few weeks. And, this is in a situation where India is not as well-endowed with doctors and other medical professionals as are richer economies.

Fourth, the health crisis comes on top of a continuing, slow-burning financial crisis. For several years, the government and RBI have been chasing the expanding difficulties of the financial system, without getting them under control. Whereas the US financial system is in relatively good shape compared to 2008 (for example, far fewer problematic mortgages, and financial firms that are better capitalised), India is in much worse shape than when the global crisis erupted in 2008.

So far, the response of the Indian government and RBI to the added strains of the health crisis appears to have been slow and timid. The US Fed has already launched massive attempts to provide liquidity to financial and non-financial firms, and the national government, after a few days' delay produced by its polarised politics, is poised for an enormous fiscal stimulus, meant to shore up both supply and demand. By contrast, India is in danger of doing too little too slowly. The challenges in India are greater, since getting money to individuals and firms is not as easy when so much economic activity is in the "informal" sector.

Finally, the thinness of talent at the top (for example, the number of IAS officers relative to the population has not improved since colonial days, despite increased complexity and demands of governance, and vacancy rates are high), the geographic over-centralisation of decision-making, and the tendency to rely on relatively few loyalists for decision-making, make it difficult to marshal expertise for responding to the crisis, whether it is designing a lockdown that minimises suffering and economic harm to the extent possible, figuring out monetary and fiscal policy responses, or organising the health sector to control the core problem of treating the illness. India is a poor country, it is deficient in human capital, and it does not use its human capital effectively.

The prime minister has emphasised the costs of not responding adequately to the coronavirus crisis, saying it could otherwise set the country back by decades. But his focus was on the lockdown only. How will people be kept alive and healthy with the economy at a standstill, how will testing be rapidly scaled up, how will health services be organised for treatment of the ill, and how will the government and the central bank make sure that demand, supply and credit are not disrupted to the extent that the economy collapses even as the virus is controlled? For this observer, the answers are not yet clear.

International

FRIDAY, APRIL 3, 2020

EAST VS WEST

Bill Winters, Standard Chartered CEO

I find it interesting to listen to the debate now that we in the West, or in the UK, or in the US, couldn't have done what the Chinese did because we don't have that kind of society. Well, we are doing what the Chinese did; we're just doing it too late

CORONA CRISIS

Boeing offers voluntary layoffs to 161k employees

Airline initiates plan that allows eligible employees who want to exit the company to do so with a pay and benefits package

AGENCIES
April 2

BOEING OFFERED VOLUNTARY buyouts to eligible employees, in a bid to quickly shed costs and adjust its work force of 161,000 to a coronavirus crisis that's quickly undermined the outlook for aircraft sales.

Boeing was initiating a voluntary layoff plan that allows eligible employees who want to exit the company to do so with a pay and benefits package, one of the people said.

"When the world emerges from the pandemic, the size of the commercial market and the types of products and services our customers want and need will likely be different," chief executive officer David Calhoun said in a message to employees Thursday. "It's important we start adjusting to our new reality now."

The move will preserve much-needed cash at Boeing, which is facing a sharp contraction in demand along with its European archrival Airbus. Airline customers around the world have slashed schedules, with some parking their entire fleets as the coronavirus pandemic guts travel. About 44% of aircraft across the globe are in storage, according to an estimate by Cirium, and with virus cases approaching 1 million worldwide, there's no telling when carriers will return to normal schedules, no less buying planes.

"With no cash coming in, you have to cut your fixed costs quickly," said Nick Cunningham, an analyst at Agency Partners based in London, adding that salaries make up the biggest portion of the company's fixed costs. "As painful as it is going to be, Boeing needs to reduce workers. If you don't, you'll destroy the company."

Boeing was already reeling from a prolonged grounding of its 737 Max when the coronavirus pandemic hit, with revenue and cash flow depleted. The disease has slowed work on recertifying the single-aisle workhorse, while clouding the outlook for sales once it returns.

The company is also facing a falloff in demand for twin-aisle aircraft like its 787 Dreamliner and the coming 777X, as long-distance travel has been hit harder than shorter hops. Wide-body jetliner production could tumble by 60% over the next three years, Jefferies analyst Sheila Kahyaoglu predicted in a March 31 report.

The need to downsize has created a dilemma for CEO Calhoun. Forced layoffs would give the company more control over where and how it cuts costs.

MAPPING THE VIRUS

Total cases
9,52,000

Dead
48,000

- LA urges city to mask up; NY, NJ deaths double in three days
- EU:Each month of lockdown causes 3% annual GDP slump
- Germany expects economy to shrink over 5% on virus hit
- UK's Johnson still has mild symptoms
- Israel's Netanyahu back in isolation

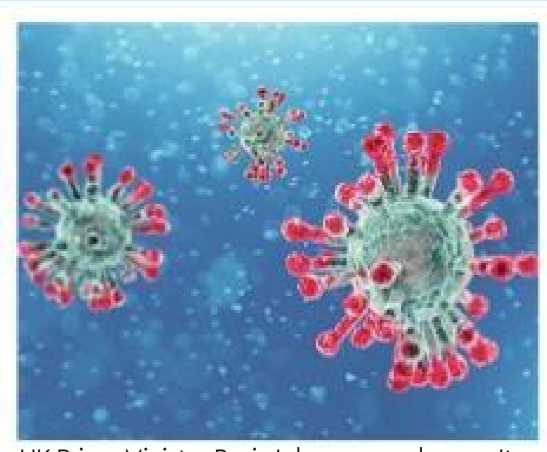
WHO officials are concerned the rapid escalation and global spread of the outbreak, saying global infections will eclipse 1 million with 50,000 deaths in a few days

Iran reported 2,875 new cases and 124 new deaths in the past day, bringing the total to more than 50,000 cases and 3,100 fatalities

Spain reported 950 new coronavirus fatalities on Thursday, the largest toll in a single day and taking the total number of deaths past 10,000. Total deaths rose to 10,003 in the past 24 hours, from 9,053

Russia reported 771 new cases overnight, bringing the total number of infected to 3,548, Interfax reported, citing Russian consumer health watchdog Rospotrebnadzor. Moscow accounts for 595 out of the new cases.

President Donald Trump said his administration is weighing whether to halt flights from some of the cities hardest hit by the coronavirus outbreak – including New York and Miami – but is wary of further harming the airline industry



UK Prime Minister Boris Johnson says he won't delay Britain's final parting with the European Union at the end of the year. Empty meeting rooms across Whitehall suggest delay is all but inevitable

World food prices fell 4.3% from the prior month to 172.2 points in March, the United Nations' Food & Agriculture Organization said. The drop to the lowest level since October was driven by demand contractions because of the pandemic

SoftBank pulls $3-billion tender offer for WeWork

REUTERS
April 2

SOFTBANK SAID IT has terminated a $3 billion tender offer for additional WeWork shares agreed last year with shareholders, drawing threats of legal action and plunging the floundering office space company further into crisis.

The tech investment giant said in statement that given its duty to its shareholders it could no longer proceed with the deal, citing criminal and civil probes into the startup, WeWork's failure to restructure a joint venture in China and the impact of the coronavirus pandemic.

A special committee of WeWork's board said it was disappointed and is considering "all of its legal options, including litigation." SoftBank's decision to rescind the offer means the Japanese firm is no longer obligated to proceed with a further $1.1 billion in debt financing for WeWork. It also underscores the depth of the disarray at WeWork, which is undergoing a drastic restructuring and whose earnings are at risk as many countries impose orders to stay at home due to the pandemic.

"WeWork is in real trouble and SoftBank's withdrawal from the share purchase worsens the situation materially," Richard Windsor, an independent analyst, wrote in a note.

The startup, which lost $1.25 billion in the third quarter, told investors last week that it had $4.4 billion in cash and cash commitments and would be able to weather the economic downturn.

The tender offer, which would have mostly benefited a select group of shareholders including ousted co-founder Adam Neumann, had been agreed in October as part of bailout plan by SoftBank after WeWork's IPO plans flopped.

NO SPACE FOR CALM

- Masayoshi Son-led SoftBank no longer obligated to $1.1 bn in debt financing for WeWork
- The tech invetment giant cited its duty to its shareholders as the reason for the move
- The startup told investors last week that it had $4.4 billion in cash and cash commitments

China rejects US claim it hid virus numbers

BLOOMBERG
Beijing, April 2

CHINA REJECTED THE American intelligence community's conclusion that Beijing concealed the extent of the coronavirus epidemic, and accused the US of seeking to shift the blame for its own handling of the outbreak.

Foreign Ministry spokeswoman Hua Chunying on Thursday defended as "open and transparent" China's response to the virus first identified in December in the central Chinese city of Wuhan.

She was responding to a *Bloomberg News* report saying that the US intelligence community had concluded in a classified report to the White House that Beijing under-reported both total cases and deaths from the disease.

"Some US officials just want to shift the blame," Hua told a regular briefing in Beijing.

"Actually we don't want to fall into an argument with them, but faced with such repeated moral slander by them, I feel compelled to take some time and clarify the truth again."

Hua questioned the speed of the US's response to the virus after banning arrivals from China on February 2. "Can anyone tell us what the US has done in the following two months?" she said.

Trump resists national shutdown

ASSOCIATED PRESS
Washington, April 2

PRESIDENT DONALD TRUMP is resisting calls to issue a national stay-at-home order to stem the spread of the new coronavirus despite his administration's projections that tens of thousands of Americans are likely to be killed by the disease. One by one, though, states are increasingly pushing shutdown orders of their own.

Trump said Wednesday he wants to give governors' "flexibility" on whether a stay-at-home policy is the best option for their constituents but acknowledged that he's looking at limiting air and rail travel between hot spots within the United States. The Republican president remains hesitant to press a unified policy even after the White House released "sobering" new projections on Tuesday that 100,000 to 240,000 Americans will likely succumb to the coronavirus even if current social distancing guidelines are maintained.

Surgeon General Jerome Adams said

Wednesday the nation's federalist system leaves much of the authority on how to properly respond to catastrophes to state governors and local officials.

"We trust the governors and the mayors to understand their people and understand whether or not they feel like they can trust the people in their states to make the right decisions," Adams said on *ABC's* "Good Morning America."

US jobless claims total 10 m over last two weeks

ANOTHER 6.65 MILLION US workers filed for unemployment benefits last week, the most ever recorded, as the coronavirus forces businesses to shut down nationwide, the Labor Department reported Thursday.

The number of first-time applications for jobless benefits for the week ended March 28 was double the amount registered in the previous week, which was revised up by 24,000 to 3.3 million — the previous record, according to the data.

"Nearly every state providing comments cited the Covid-19 virus," the report said. —AGENCIES

Quick View

US trade deficit in Feb narrows to three-year low

The US trade deficit shrank in February to the smallest in more than three years as imports declined more than exports ahead of the hit to global commerce from the expanding pandemic. The overall gap in goods and services trade declined to $39.9 billion from a revised $45.5 billion in January, according to Commerce Department data released Thursday.

Netflix leads rivals on downloads in March

NETFLIX LED RIVALS YouTube, Amazon Prime and Disney+ with over 59 million installs in the first quarter of 2020, but more time was spent on YouTube's Kids service as usage boomed following the shutdown of thousands of schools in March. YouTube, owned by Alphabet's Google, collected $110 million in in-app spending during the same time period.

'YouTube won't have to snitch in piracy cases'

GOOGLE'S YOUTUBE CAN'T be forced to reveal to authorities detailed private contact details of people posting copyright-infringing films on its platform, an adviser to the European Union's top court said.

Lockdowns propel Zoom's daily users to 200 million

REUTERS
April 2

ZOOM'S DAILY USERS ballooned to more than 200 million in March from a previous maximum total of 10 million, the video conferencing app's boss Eric Yuan said on Wednesday, as it fought to dispel concerns over privacy and "Zoombombing".

The use of Zoom and other digital communications have soared with political parties, corporate offices, school districts, organizations and millions across the world working from home after lockdowns were enforced to slow the spread of the coronavirus.

"To put this growth in context, as of the end of December last year, the maximum number of daily meeting participants, both free and paid, conducted on Zoom was approximately 10 million," founder and CEO Eric Yuan wrote in a letter to Zoom users on Wednesday.

Yuan said that Zoom usage has taken off over the last few weeks, with more than 90,000 schools across 20 countries, using its video conferencing services to conduct classes remotely. However, the huge influx of users on its platform has raised a lot of issues for the company - mainly privacy.

"We recognise that we have fallen short of the community's – and our own – privacy and security expectations," Yuan said. "For that, I am deeply sorry."

On Monday, the Federal Bureau of Investigation's Boston office issued a warning about Zoom, telling users not to make meetings on the site public or share links widely after it received two reports of unidentified individuals invading school sessions, a phenomenon known as "zoombombing."

A couple of days later, billionaire Elon Musk's rocket company SpaceX banned its employees from using the Zoom app in a memo, saying the app had "significant privacy and security concerns."

Saudis deploy clerics to say fighting virus isn't anti-Islamic

BLOOMBERG
Riyadh, April 2

ON A SHOW that dispenses religious edicts on state-run Saudi television, Sheikh Abdullah al-Mutlaq told a woman she had every right to kick her husband out of bed if he doesn't comply with social-distancing rules to tackle coronavirus.

Another woman wanted to know if she could cede her conjugal rights to her husband's second wife if she's concerned about being infected. She could, said the cleric, who is a royal court adviser, with a smile.

As countries across the world try to keep people apart to stop the spread of the Covid-19, the birthplace of Islam is deploying its religious establishment to fight the pandemic and giving preachers that support its measures more prominence. Crown Prince Mohammed bin Salman had sidelined many of them over the past few years as he introduced reforms that reversed decades-old edicts against gender mixing, music and entertainment.

US antitrust body sues to nix Altria's $12.8 billion Juul bet

BLOOMBERG
Washington/ New York, April 2

US ANTITRUST OFFICIALS sued to reverse Altria's troubled $12.8 billion deal to take a stake in vaping company Juul Labs., saying the companies are competitors who shouldn't be in business together.

The move further chips away at a much-heralded late 2018 deal that was supposed to combine the marketing might of Marlboro maker Altria with the savvy cool of Silicon Valley startup Juul. Instead, Altria has written down the investment twice, slashing the 35% stake's value to $4.2 billion in January as health concerns about e-cigarettes led to a regulatory crackdown. Nonetheless, Altria vowed Wednesday to defend the deal.

The Federal Trade Commission's complaint argues that Altria and Juul were aggressive rivals until Altria decided to end the competition by shutting down its own e-cigarette brands, MarkTen and Green Smoke, before acquiring its stake in Juul.

"Altria and Juul turned from competitors to collaborators by eliminating competition and sharing in Juul's profits," Ian Conner, director of the FTC's Bureau of Competition, said in a statement.

The complaint is the latest hurdle for the deal, which gave the largest US cigarette maker a piece of the nation's largest e-cigarette maker and was criticised from the start.

The move chips away at a much-heralded late 2018 deal that was supposed to combine the marketing might of Marlboro maker Altria with the savvy cool of Silicon Valley startup Juul

SELECTIONS FROM

The Economist

FINANCE AND ECONOMICS
THE ZOOM ACCORD

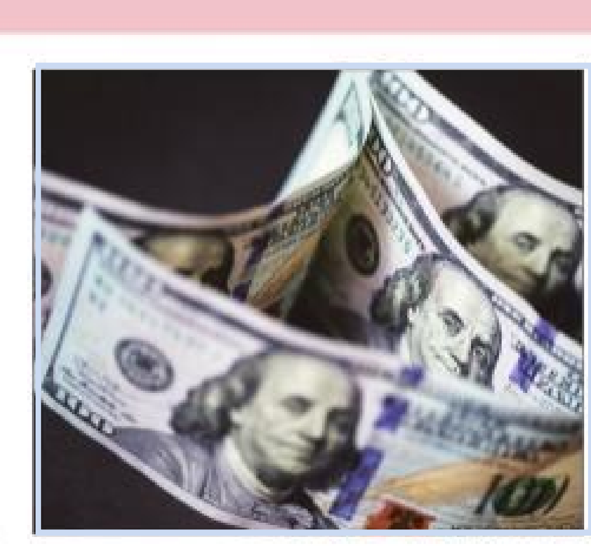
America's central bank is not the only one doling out greenbacks

Central banks in emerging markets are conducting auctions

WHEN AMERICA AND its allies wanted to cheapen the dollar in 1985, their officials met in the Plaza Hotel in New York. When they sought to stabilise the currency two years later, they gathered in the Louvre Palace in Paris, conversing over turbot soufflé cardinale washed down with Puligny Montrachet, according to Funabashi Yoichi, a former journalist. The dollar is again a cause of international concern, strengthening from March 9th to 20th, as companies, banks and countries scrambled for the world's dominant currency, before falling a little this week. But if the world's policymakers wish to tame it again, where will they meet? In a time of lockdowns, any successor to the Plaza and Louvre accords will have a less resonant name.

America's Federal Reserve has already tried to alleviate dollar scarcity by reviving a network of swap lines, which allow other central banks to borrow dollars in exchange for the equivalent amount in their own currencies, swapping them back again up to three months later. The Fed eased the terms of its existing lines with Britain, Canada, the euro area, Japan and Switzerland. It then reintroduced lines with nine other central banks, including those of Australia, Brazil, Mexico, New Zealand, Singapore and South Korea.

Many of these central banks are now busily furnishing dollars to banks at home. The Bank of Japan has offered over $156bn since March 17th. Its counterparts in the euro area, Britain and Switzerland have lent over $182bn combined. On March 18th Brazil's central bank began offering dollar loans to financial institutions that could provide Brazilian government bonds, issued in global markets, as collateral. The Bank of Mexico said it would begin dollar auctions. Earlier this month, the Reserve Bank of India (RBI), which does not have a Fed swap line, but does have almost $482bn of its own foreign-exchange reserves, offered $2bn to its banks. It received bids worth over $4.6bn, prompting it to offer another $2bn auction on March 23rd.



Could the Fed extend these lines further? It has no appetite for assessing which countries warrant its help, or bearing the risk that it might not get its dollars back. Some have therefore suggested it should team up with the IMF. In 2015 Randall Henning of the American University in Washington, dc, proposed that the fund could decide confidentially which of its members has the "very strong" policies and institutions required to qualify for its own precautionary, strings-free loans. These countries would then also become eligible for a Fed swap line. If ever they could not repay, the fund would lend them the money to do so. Henning calculated that, in addition to Mexico and South Korea, another seven emerging markets might qualify, including Chile and Malaysia.

If the dollar resumes its upward march, America's Treasury could also help weaken it by buying other currencies, points out Zach Pandl of Goldman Sachs. But what to buy? The traditional choices would be the euro and the yen. But both Japan and the euro area fear the deflationary impact of a stronger currency. A better bet, Mr Pandl argues, might be Mexico's peso or Brazil's real. It's just a pity officials cannot share a meal and a bottle of fine wine before they tuck in to each other's currencies.

BrandWagon

FRIDAY, APRIL 3, 2020

NUMEROLOGY

Time spent on audio streaming apps in March up by **42%**
Time spent by listeners in 18-24 age group up by **50%**
Time spent by listeners in 25-34 age group up by **30%**
— Kantar–VTION report

INTERVIEW: NICK EMERY

Global CEO, Mindshare

'India is a dynamic market with a fluid media scene'

Under its new leadership, Mindshare India is working on a planning approach that connects media spends with sales. **Nick Emery** *speaks to* **Venkata Susmita Biswas** *about how media agencies are expanding their sphere of influence on CEOs and CMOs, why India is a key market despite its sluggish growth, and more. Edited excerpts:*

Mindshare rejigged its leadership last year. Why was that necessary and what has the new team brought to the table?
Together with MA Parthasarathy, CEO, Mindshare, South Asia, we are working on bringing to India all the changes in structure that we are implementing globally. For this, we have identified three big things in the marketing sphere that we, as an organisation, need to respond to. This will involve talking to the CEOs or CMOs about their structure, their silos, third-party data strategy, the right e-commerce strategy, and how they go to market. That's something that we can do almost more effectively in India than in any other market, because of our level of relationships with media organisations and clients.

What are the three areas that you have identified?
There has been a pressing desire for all clients to have some response to what they call a digital transformation. In large part, a lot of people wanted it, but didn't know what that meant. The second opportunity is activation. This is an area where consultancy companies can't deliver because they don't have the go-to-market ability that we have. We have brutally efficient accuracy at the outcome level. What's crucial is the integration of media spends with the business outcomes. Our new product called 'Acceleration' addresses this challenge for clients. The ambition is that agencies like ours will get paid based on the outcome of the project, rather than a commission.

Why is India a promising market for Mindshare despite the slow growth here?
We always have new versions of marketing challenges, and India has always had its unique challenges: 22 languages, 29 states, massive value for penetration. Now there is the growth of digital, mobile, voice, data and the ability to deliver so much more. Not only is India a disruptive market, but it also has the ability to deliver on that disruption. In the past, India has been a speedily growing, dynamic market, but it has always also been a very traditional media market due to the dominance of TV and print. However, India is now a very dynamic market with a very fluid media scene.

What are the growth areas for Mindshare beyond just media planning and buying?
That depends on how one integrates all elements of marketing. Spends on media is the biggest on most clients' balance sheets; but if media is limited to traditional channels, it becomes a procurement and a confined exercise.

If 'media' encompasses everything in the journey to converting sales on websites, go-to-market strategy, e-commerce and activation, then every message is a medium. That's how you become the spine of the client's organisation. It is almost what full-service agencies used to be, but redefined with the inclusion of media buying and planning.

There is probably three or four times as much growth to be derived from offering these solutions as compared to the traditional media business.

Do you have plans to build competencies through acquisitions?
We are always looking, particularly in the areas of data, activation and e-commerce. The question always is: can they help you change the organisation faster than you could do yourself? Now that WPP is more fluid and agile, it's much easier to change our organisation compared to earlier.

India is yet to have a unified third-party video measurement system. What can India learn from other markets?
There are some solutions, but they are not consistent or ideal. The desire for a third-party measurement system across digital channels is a universal problem. In its absence, Mindshare and GroupM have implemented their own tools that are better than the industry standards, and we use our own competitive advantage to give our clients better insights than they could get through an industry model. But, I agree that it is incumbent upon us, especially with the 40% market share, to drive that law. That is on our agenda.

BLOGGER'S PARK

Good isn't good enough

How can brands make customer experiences awesome?


Prasad Shejale

LIKE A HELMSMAN ensuring a smooth ride for its passengers, brands strive to offer a great and seamless experience to their customers. But it's difficult to sustain it for a longer time. How can brands provide not just 'good' but an 'awesome' experience to customers, get their undivided attention and keep them hooked to their brand?

Beyond 'share of voice'

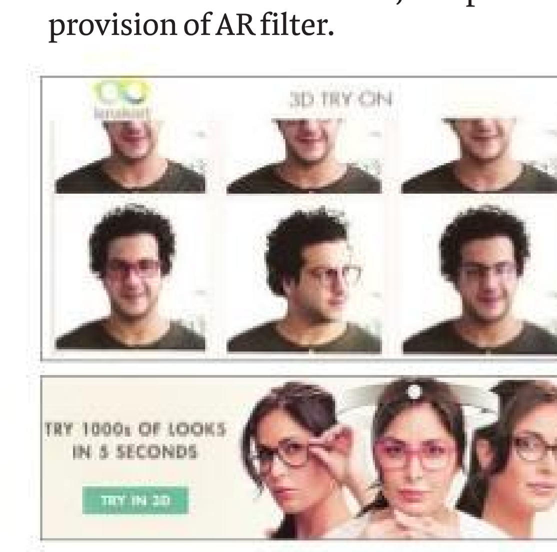
Things are no longer about share of voice. Given the rapid changes in technologies, systems and processes, consumers and their expectations are changing, too. 'Share of experience' is the new norm, and you need to consistently make efforts towards it to survive in the modern age.

Also, consumers come across multiple touchpoints and expect a personalised experience at every touchpoint; that too, an awesome one. Throughout the purchase journey, there are multiple thoughts and considerations going on in the customer's mind. There could be stages where his journey might have some interruptions or 'friction'. If there is a lot of friction in the journey/ process, the customer may drop out and move to a competitor.

That's why brands need to create systems that can understand their users' journey, predict places where they could drop out and provide the necessary assistance to move to the next level. Delivering a smooth, seamless or frictionless experience to users is imperative, considering the evolving nature of your consumers and their expectations. The modern consumer journey often starts and ends on mobile. Hence, brands also need to be particular about designing mobile experiences the right way.

Adding 'awesomeness'

Ask yourself: what is that extra 1-2% that you can add to make the overall experience a great one? Consider how Lenskart introduced an AR feature on its website providing a frictionless experience of selecting the eye power, choosing frames from multiple options and quickly adding the product to the cart, and completing the purchase. The 'awesomeness' part here is the brand's understanding that people often want to see how the glasses look on them and hence, the proactive provision of AR filter.



A brand needs to understand the consumers' psyche at every point and figure out ways to enhance their experience without them actually having to say it out loud. This can be achieved by purely behaving like a consumer and experiencing the journey — understanding how a customer feels at every stage of the purchase journey, thoughts and doubts about whether the brand is right for him, before acting on the purchase. This is the typical 'Feel, Think, Act' model followed globally.

Now, to add that 'awesomeness' you surely need to tweak this model and add something extra to it. You need to add something during the 'feel' and 'think' stage. If you can take care of his feelings and doubts, and provide an apt solution, that's where you build a great experience. So, the new model that we could possibly follow is 'Feel, Think, Create Experiences, Act'.

Brands can use technologies and analytics to figure out where people are dropping out, the reason behind it and act on it. 'Frictionless' is all about tools, techniques, speed, A/B testing, funnel analysis, goal analysis, checking and rechecking your hypotheses, testing continually to ensure everything is in place, the right way. However, for you to uplift the experience and make it 'wow' or 'awesome', your understanding of the consumers, predicting the pain points and proactively making efforts to resolve them beforehand is the key.

The author is founder & CEO, Logicserve Digital

AFTER HOURS

GAURAV DUA
EXECUTIVE DIRECTOR, RELAXO

The Job

CREATING A BUSINESS out of an idea is what keeps me motivated. I like to be a part of decision making to keep the organisation on the right growth path. As a team, we create, innovate and make positive changes. Change is the one thing that is constant in life, and hence, continuous improvement is imperative. It is a matter of both pride and excitement to work with people who strongly believe in creating a friendly and inspiring work environment.

The Weekdays

I AM VERY organised; my entire day is well planned. After a short exercise session at the gym in the morning, I head to the office. The day is usually power-packed with meetings, but I manage to sneak in some time for quality reading.

The Weekend

ON THE WEEKENDS, I like to spend time with my family. The weekend is also great to catch up with friends, and indulge in social activities. I also love watching Netflix and reading books.

The Toys

I WAS A multi-device person and still keep everything around. But with what mobile has done to us, we can just have that one set and not miss the rest much. I use Apple for all my tech functions including Mac, iPhone and iPad.

The Logos

I BELIEVE THAT a brand is successful if it creates a loyal consumer base, and that is every brand's ultimate goal as well. According to me, the last decade has been the decade of Apple, which created a culture rather than just products. It is truly a cult brand. Apple's communication has always been simple yet classy.

— As told to Sapna Nair

Personal Finance

DIGITAL PAYMENTS

Staying contactless

PayTM & bank websites now offer many options to transact online easily

ISHAAN GERA

ILLUSTRATION: SHYAM KUMAR PRASAD

PAPER MONEY MAY NOT be as dangerous as many are touting to be, but it does require one to be in proximity of another person. Besides, with the government pushing digital payments there is hardly anything that cannot be done online. From utility bill payments to money transfers, there are a host of options available which can eliminate the need for handling payments. More important, it may also save you a trip to the bank or an ATM.

While the government has asked banks to offer a moratorium on loan payments, people still need to pay for utilities. Electricity, phone, gas, broadband and DTH, these are the services that need to be paid for and there are multiple ways to do this.

First, is the bank website's set of bill desk payments. Bharat Bill Pay System (BBPS) is the easiest system if you want to do this via your bank website. Just go to https://www.bharatbillpay.com/Bill-pay.php website, and from the drop down list choose your bank. The system shall redirect you to your bank login. Thereafter, you need to find payments and transfers tabs and click on pay bills. Most banks present you with a range of options from credit card bill, electricity, mobile recharge. Once you set a biller, you can also set the service to ECS wherein the money gets deducted every month. Similarly, you can also set reminders for bill payments.

> **If opening a bank website or app is too big a hassle, there are simpler options on mobile. Wallets alike PayTM are the first that come to mind, but now services like PhonePe and Google Pay also allow bill payments**

Options on mobile

If opening a bank website or app is too big a hassle, there are simpler options on mobile. Wallets alike PayTM are the first that come to mind, but now services such as PhonePe and Google Pay also allow bill payments. PayTM over the years has tied up with a host of utility services such as gas, electricity, water. You can also pay book a cylinder off the app and make payments for groceries and medicines. The website asks for your location to determine which stores around you can accept PayTM and allows you to make payments.

When the government introduced UPI, its first purpose was to transfer money. But over the years, its remit has expanded way beyond. Now, UPI apps can be used for bill payments. And, also offer reminders and ECS options. Although there aren't as many services as PayTM has on board, these apps still fulfill their purpose.

As easy it is to make utility payments, credit card bills, rent and insurance can be paid with the same ease. Billdesk usually takes three days to clear the bill, but the process is nearly the same. In case of credit you need to provide your credit card number, while for insurance you need to fill in your policy number and make the payment.

PayTM also allows this service via its app. Plus, it has also tied up with a host of apartments and societies for collection of service and maintenance charges. There are enough options to keep you at home, so there is hardly a need to step out, at least for the next few days.

Why your credit score may have dipped lately

The credit score algorithm now monitors your three-year credit history compared to the earlier two-year period. It also has new credit attributes along with other additional features

CREDIT RATING

GAURAV GARG


ILLUSTRATION: SHYAM KUMAR PRASAD

IF YOU LOVE to keep a regular tab on your credit scores released by various credit rating agencies, then you may have noticed a negative revision in the same, despite there being no delay in payments. However, you need not worry as this revision in not caused by you and you are still just as creditworthy as you were last month.

The Credit Information Bureau (India) Ltd, or CIBIL, governs every individual's credit worthiness based on various factors. Each factor has been given a weightage and then an algorithm calculates your final score which can be anywhere between 300 and 900. Higher the score, more perks you are bound to get. In the recent change of algorithm, there is a more comprehensive structure set to determine your credit worthiness.

Enhanced algorithm

In addition to other changes the one that stands out is the change in period being considered to evaluate your score. Instead of the two-year period, that used to be used, the enhanced algorithm factors in a three-year period. Now suppose you have a credit history of two years or say your finances have only recently gotten in order, in such a case, your current score might reduce slightly.

This enhanced algorithm may help in better monitoring of credit history but would imply a reduction in your score, at least for some time.

Another addition to the algorithm is through 'new credit attributes.' This has been done to assist your lenders to get a better understanding of your spending patterns and behaviour. It would also help in a more accurate calculation of your chances of defaulting on a loan.

Keeping in mind the current scenario of the financial sector, having a tighter check on borrowers has become essential. On the other side, however, a more accurate score might also help lenders open their gates to borrowers they would have once denied a loan to. The new and enhanced CIBIL score is also capable of calculating the score for a person with less than six months of credit history – something that was not possible earlier. This should also help new users to have a better idea about how to maintain a good score at a very early stage itself. The returns of a good start can be huge.

Keeping in mind the young millennials who have only recently started earning and using credit cards, an initial education in the right direction would go a long way. Even though, the nitty-gritties of the algorithm cannot be known, reaching the score above the 800 mark has become tougher. Thus, even if you were to pay your debt completely, you may get till 799, but not an 800.

The writer is head of research, CapitalVia Global Research Ltd (Investment Advisor)

Markets

GREEN ROUTE

Rajnish Kumar, SBI chairman

It (SBI listing green bonds of \$100 million on India INX) is an extremely important transaction for the country especially in this critical situation. We believe this issuance will reassure confidence in the country's strength in the international bond market.

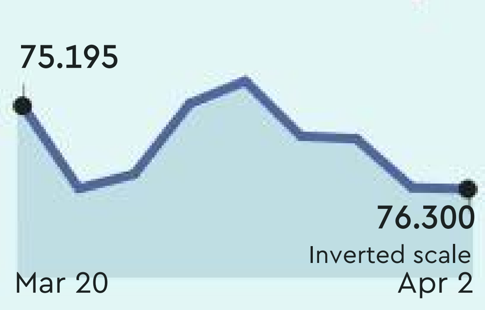
Money Matters

G-SEC

Benchmark yield remains unchanged as markets were shut 0.0%

₹/\$

Rupee depreciates on global cues 0.03%



€/\$

Euro falls against the dollar 0.68%

Quick View

IBA: Banks to transfer ₹500 to women PMJDY a/c holders from today

WOMEN BANK ACCOUNT holders under Pradhan Mantri Jan Dhan Yojana (PMJDY) will start getting a sum of ₹500 per month from Friday in line with the announcement made by finance minister Nirmala Sitharaman last week, IBA said. This is the first of the 3-month instalments under the Pradhan Mantri Garib Kalyan Yojana announced last week, the Indian Banks' Association (IBA) said in a statement. In order to maintain social distancing and to ensure orderly withdrawal of money by the beneficiaries, IBA has designed a schedule to be followed by all banks for the month of April. The transfer has been staggered over 5 days to avoid rush at the bank branches.

Indian Bank's 4 new loans for agri, poultry sectors

INDIAN BANK HAS launched four new loan schemes to help the poultry and agriculture sectors tide over the Covid-19 outbreak impact. Under these schemes, agro processing units can avail 10% of the working capital limit while poultry borrowers can avail 20%. The farmers cultivating crops/rearing animals and having the KCC facility can avail 10% of the limit as soft loan. The loans are repayable in easy instalments with a 6-month moratorium period. Besides, under a special credit package, women members of SHGs can avail a loan of ₹5,000, said a release by Indian Bank.

Covid-19: Sundaram Fin Group contributes ₹20 cr

CHENNAI-BASED SUNDARAM FINANCE Group on Thursday said along with its associate companies it has contributed ₹20 crore to the PM CARES Fund and to Tamil Nadu chief minister Public Relief Fund. The Sundaram Finance group comprises Sundaram Finance, Home Finance, Royal Sundaram and Sundaram Mutual. Its associate companies (of the TVS Group) include Brakes India, Wheels India, Turbo Energy, Axles India and Impal and have contributed ₹20 crore towards Covid-19 relief.

Cash reserve sufficient for 6 months: Banks to Goa govt

BANKS HAVE ASSURED the Goa government that there is enough cash reserve in the state for the next six months, a senior official said on Thursday. The state finance department on Wednesday convened a meeting with bankers to discuss the position of liquid cash in the state amid the Covid-19 lockdown, he said. As per the minutes of the meeting, a copy of which is with PTI, the Reserve Bank of India and other bankers clarified that there is sufficient cash reserve for the next six months.

BORROWING

Increased supply of SDLs may put pressure on states' costs

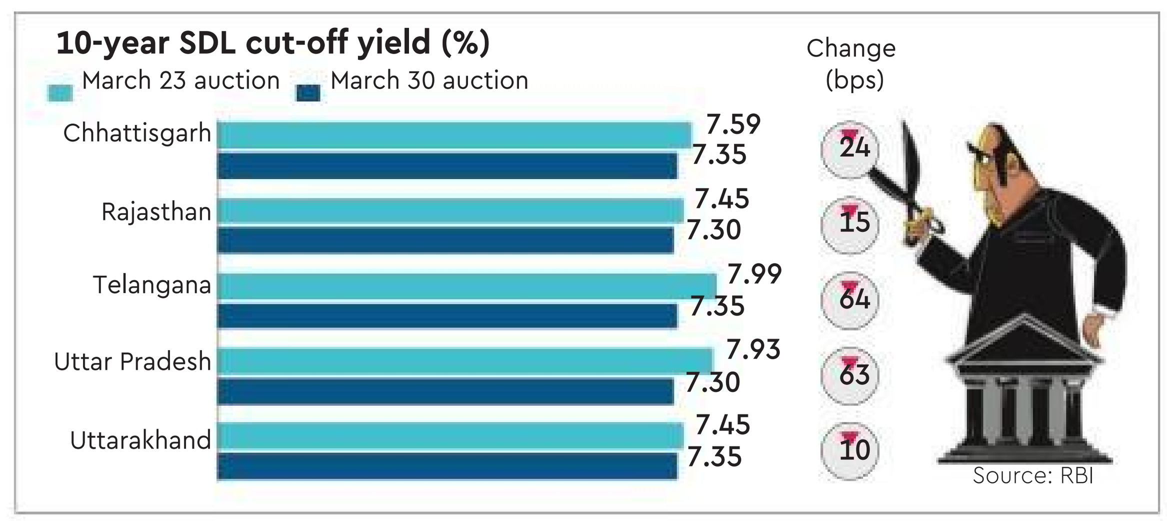
BHAVIK NAIR
Mumbai, April 2

EVEN AS THE market is anticipating additional borrowing by the Centre in FY21 in the backdrop of the Covid-19 crisis, a rise in the supply of state development loans (SDLs) is likely to put pressure on the cost of state government borrowing costs, experts say.

As per the indicative calendar for the Q1FY21, state governments are likely to borrow ₹1.27 lakh crore from the markets. In Q1FY20, they were expected to borrow ₹1.10 lakh crore from the markets as per the indicative calendar while they ended up borrowing ₹81,523 crore till June 28, 2019, on a gross basis, according to the RBI.

Siddharth Shah, head of treasury, STCI Primary Dealer, believes that the states' borrowing is on the higher side as per the indicative calendar for Q1FY21 and this is going to put some pressure on the yields. "We also have to consider the lockdown conditions at present and the fact that there are a couple of scheduled holidays as well. The G-sec borrowing is also anticipated to be higher this year. Whether the RBI will step in or not is something that we will have to watch out for. While the rate cut has given some short-term relief, the huge supply of SDLs may lead to some hardening of yields," Shah said.

With the RBI reducing the policy repo rate by 75 basis points to 4.40% last Friday, SDL yields did see some softening with yields on the 10-year paper falling to about 7.30-7.35% levels. Experts point out that although SDLs have some advantage like the preference shown by long-term investors due to the relatively higher yields and safety compared to other instruments that provide such higher returns, over-supply and persisting risk-off sentiment can hurt the yields in coming times.



Ananth Narayan, professor-finance, SPJIMR, said the borrowing numbers this year will be far higher than FY20. "I wouldn't go by the borrowing calendar, both for the Centre and states. Borrowing for all entities, be it the Centre, state governments or public sector enterprises, are going to go up. There is no other choice under the current circumstances. Nobody can peg the figures at the moment. They would have to make some changes to the FRBM that limits the states' fiscal deficit from going beyond a certain point. Also, at some stage, the RBI will have to come in and start doing OMO purchases to fund the rising deficit. We have very little choice here," Narayan said.

Another question that market participants raise is about the investment appetite of banks for SDLs. Manish Wadhawan, managing partner at Serenity Macro Partners, said the risk appetite of the banking system is very low at the moment as they fear that their deposits are taking a hit in recent times while they are also holding excess SLR instruments.

"The markets fear that the fiscal deficit might be far higher than budgeted and the supply of G-secs and SDLs will also be huge this time. FPIs have sold a significant amount of bonds in the month of March while the absorption capacity of domestic markets is not so strong. The lockdown is also hurting the markets. SDL yields will remain high in coming times," he said.

NBFC blanket moratorium only to worst-hit; HFCs stick to opt-in option

FE BUREAU
Mumbai, April 2

NON-BANKING FINANCIAL COMPANIES (NBFCs) will extend the three-month loan moratorium to only the worst-hit segments of their borrower base, such as fleet operators and microfinance borrowers. In loan categories where the salaried class constitutes the bulk of borrowers, non-banks are sticking to the 'opt-in' option. This is imperative, given that there is no breather for NBFCs on working capital and market borrowings they have made.

NBFCs will extend the three-month loan moratorium to only the worst-hit segments of their borrower base, such as fleet operators and microfinance borrowers

Bajaj Finance is following a request-based channel to offer the moratorium to willing borrowers. At the same time, it has stated upfront that those who choose to avail the moratorium will have to bear the cost of a higher interest outgo. It is also restricting the benefit to loans sanctioned before March 1, 2020, and customers who do not have more than two EMIs due historically in any of their loans.

PNB Housing Finance, too, has an opt-in policy. The company has used an example to demonstrate how a borrower's interest outgo rises as a result of the three-month payment holiday. A borrower with a home loan of ₹50 lakh at 8.5% interest for 10 years would have an EMI of ₹62,000. Once they avail the moratorium, their interest payable will go up by ₹1 lakh. "It is, therefore, advisable to restrict the selection of moratorium option only in the scenario of cash flow issues," the mortgage firm said in a set of FAQs for its borrowers.

L&T Finance is sticking to opt-in for its home loan and rural finance borrowers. The only set of borrowers being given a blanket breather by the company are its microfinance customers. A company spokesperson said that it is conveying the moratorium policy to micro loans customers through its field team, which has regular interactions with borrowers. "We are informing them that interest charges will continue during the moratorium period," she said.

Shriram Transport Finance, which counts fleet operators among the majority of its customers, is extending the moratorium to all its term loan borrowers. It is also allowing a deferral of interest on revolving working capital loans and recalculation of drawing power on such facilities. Umesh Revankar, MD and CEO, Shriram Transport Finance, said the terms of the moratorium are being communicated to customers by relationship managers. "We are sending SMSes to customers and, additionally, we have relationship executives for every 100-150 customers who are in touch with their clients," he said.

Analysts say that microfinance customers are the most affected group of NBFC borrowers, while the salaried borrower servicing a home loan is likely to be the least affected. "The overall impact of the RBI deferment would be more visible to AFCs (asset finance companies) over HFCs (housing finance companies) since recoveries are better among large-ticket secured loans," Emkay said in a recent report.

On the liabilities side, NBFCs face a greater challenge as banks have decided to not offer them any interest relief on working capital loans and they must service market borrowings as well. Mutual funds, the largest set of subscribers to NBFC paper, are facing heavy redemptions and are unlikely to roll over their investments.

Ajit Velonie, director, Crisil Ratings, said, "While the moratorium provides some relief on the assets side, it is on the liabilities side that challenges could emerge for NBFCs with high share of capital market borrowings. That's because no moratorium has been announced so far for capital market borrowings (such as bonds and commercial paper) and repayments on these will have to be made on time, during a period when collections would be impacted significantly."

Axis Bank takes 'opt-in' route for moratorium on loan repayments

FE BUREAU
Mumbai, April 2

IN LINE WITH other lenders, Axis Bank on Thursday announced its policy to implement the moratorium on repayments announced by the Reserve Bank of India (RBI) last week. The bank has announced an 'opt-in' mechanism for some categories of loans, while applying a blanket moratorium on some others. Axis Bank will allow customers to avail a three-month deferral on the payment of certain loans and credit facilities. Customers can "opt for a moratorium on payment of equated monthly instalments (EMIs) or instalments and interest for various term loans or credit card dues", the bank said on social media.

Customers also have the option to defer interest payments for working capital facilities falling due between March 1 and May 31. In a set of guidelines on its website, the bank clarified that the moratorium, if availed, will only be a deferral of payments and not a waiver. Consequently, interest would continue to accrue for the period and repayment would resume from June 2020.

The bank has applied a moratorium by default on certain loans and credit facilities, including gold loans, Kisan Credit Card loans and farmer loans, microfinance loans, commercial vehicle and tractor loans, and unsecured overdraft and term loans. "Borrowers having above facilities, whose cash flows are not impacted and do not wish to avail the moratorium, may choose to opt out from the moratorium by sending an email or by reaching out to any of our branches," the bank said. For all other loans, or credit cards and facilities, customers would have to opt in to avail the moratorium and defer payments falling due between March 1 and May 31.

The outbreak coronavirus has led to a state-imposed lockdown in India, bringing economic activity to a halt. Earlier this week, lenders, including State Bank of India (SBI), HDFC Bank, ICICI Bank and Kotak Mahindra Bank (KMB), notified their respective policies for executing the repayment moratorium. ICICI Bank also offered the opt-in route for some categories of loans and opt-out for others.

SBI lists \$100 m green bonds on India INX

PRESS TRUST OF INDIA
Panaji, April 2

BSE'S INDIA INTERNATIONAL Exchange (India INX) on Thursday said state-owned SBI has listed green bonds of \$100 million (about ₹750 crore) on its debt listing platform.

The bank has listed green bonds of \$100 million under its \$10-billion global medium term note programme on India INX's Global Securities Market Green Platform (GSM), the exchange said in a statement.

"The issuance has been done in very challenging market conditions. We welcome SBI's green bond issuance on our GSM platform," India INX MD and CEO V Balasubramaniam said.

State Bank of India (SBI) has earlier also listed its maiden green bond issuance on India INX of \$650 million, he added.

SBI chairman Rajnish Kumar said, "It is an extremely important transaction for the country especially in this critical situation. We believe this issuance will reassure confidence in the country's strength in the international bond market."

"We at SBI have adopted the green bond framework with an objective to create a positive impact on the environment and this transaction is yet another step as part of our sustainability journey," he added.

Generally, funds raised through green bonds are used to finance green projects that do not emit toxic elements.

'Repayment moratorium to postpone asset quality stress recognition by 1-2 quarters'

FE BUREAU
Mumbai, April 2

RATING AGENCY ICRA on Thursday said that the three-month moratorium on repayments provided by the Reserve Bank of India (RBI) would postpone recognition of asset quality stress by 1-2 quarters.

The agency said lenders with higher share of asset classes such as microfinance, commercial vehicles and MSMEs will be more vulnerable, while those with exposure towards asset classes like gold loans and salaried housing will be impacted less. "Even in a scenario where the banks and non-banks are able to absorb such an increase in credit provisions through their P&Ls and prevent the capital erosion, the level of stressed assets in relation to the core equity is expected to increase, thereby weakening their solvency profile," said Karthik Srinivasan, group head, financial sector ratings, Icra. The rating agency expected the GDP growth to slow down to 2% during FY21, with the growth in Q1FY21 coming in at -4.5%.

Following the recent cut in policy rates by the RBI and small savings rates by the government, Icra said banks are expected to cut their one-year deposit rates by about 50-70 basis points (bps) during FY21. Some private banks and NBFCs will continue to face elevated funding costs amid higher risk aversion from the investors, it noted.

For the NBFCs, high reliance on debt market borrowings may pose challenges as a moratorium may not be available on these borrowings. The ability to have diversified funding sources, including access to debt capital markets, will remain as a key differentiator for non-banks, Icra said.

"Amid funding challenges, higher on-balance sheet liquidity and uncertainty on asset quality, private lenders are likely to remain cautious on fresh disbursements, whereas the public sector lenders may be constrained by their capital position and merger-induced bottlenecks." Icra said, adding that with low credit growth, likely rise in credit costs and excess liquidity, the profitability of financial entities to be adversely affected by 50-90 bps during FY21.

Need bold steps to revive MSMEs: RBI director Marathe

PRESS TRUST OF INDIA
New Delhi, April 2

THE GOVERNMENT AND the Reserve Bank of India (RBI) need to come out with a bold and comprehensive package to help small and medium enterprises tide over the unprecedented crisis created by Covid-19, said veteran co-operator and RBI central board director Satish Marathe.

Piecemeal initiatives will not help the industry as "this is an exceptional crisis and warrants exceptional response," Marathe told PTI.

The coronavirus crisis is likely to end in the next three to six months, but the industry, which bore the brunt of slowdown during 2019, will take much longer to recover, he said.

Referring to the recent measures announced by the government and the RBI to mitigate the impact of the pandemic, he said, these are only for short term and may not yield the desired results as the problem is severe and has been further aggravated by the lockdown.

There is a need for a bold and comprehensive package to ensure that the industry, especially unorganised sector and MSMEs, comes back on track as quickly as possible once coronavirus is contained and the lockdown is lifted, said Marathe, who is also the founder member of Sahakar Bharati.

ANALYST CORNER

Maintain 'neutral' on Hero MotoCorp; TP at ₹2,000

MOTILAL OSWAL INSTITUTIONAL EQUITIES

BS IV INVENTORY LIQUIDATION plan in place: We attended Hero MotoCorp's (HMCL) conference call on its strategy on handling inventory post the March 27 Supreme Court judgment and business continuity. Key takeaways: Unsold BS IV inventory, HMCL had ~150k as of the lockdown date. According to the SC order, vehicles sold till March 31 can be registered till April 30 (vs March 31 earlier). Of the unsold BS IV inventory as of March 31, only 10% can be sold beyond the deadline.

Dealers are now selling online based on the earlier inquiries or purchasing on their firm's name to resell in the secondhand market later. The company is providing incentive of ₹10,000 per motorcycle and ₹15,000 per scooter to support dealers for online sales (ex-Delhi-NCR). It will take back the Delhi-NCR stock of ~12,000 units as it has decided not to sell online as well. The company will ascertain how much can be exported and the remaining will be converted in parts. Business continuity plan (BCP): HMCL setup a BCP task force earlier in January 2020 (when Covid-19 was identified as a threat in China). Task force is meeting every day since February. Earlier, the focus was on supply chain continuity, which then shifted to lockdown preparation and now it is on restart plans. First priority is to safeguard health of all employees and business partners. Currently, it is not thinking of growth and profits, but health of its ecosystem is important including liquidity within its ecosystem.

All eight manufacturing facilities (including Bangladesh and Columbia) and two R&D centres (India and Germany) have been on work from home/shutdown much before the lockdown was announced. Salaries and vendor payments: It has paid all its contractual workers well in advance without retrenching any people. It is prioritising payment to its vendors, with full and advance payment to SME/-MSME vendors. Vendor notice was precautionary to prioritise resources. It would pay in a graded manner to all vendors. It has earmarked ₹100 crore for relief efforts, of which ₹50 crore will be toward the PM CARES fund and the balance ₹50 crore will be directly spent by the group. It has fixed monthly operating cost of ₹200 crore. It has over ₹4,000 crore in liquid funds to sustain expenses, payment obligations, etc. It is not going slow on new product development. Investment in R&D will continue (in premium motorcycle and scooter). It would prioritise capex as the business normalises.

Readiness when lockdown is lifted: HMCL is well prepared for restart as and when it happens, as dealers have around one month of BS6 inventory. Pent-up demand will be there and be realised at some point in time, which is difficult to predict as of now. Risk of downgrading not necessarily a threat to the executive segment but could be across segments. It is too early to comment on that. Buyback of shares: The focus is to conserve liquidity and ensure business continuity from shareholder value creation perspective. However, promoters have increased some stake through the open market (2,76,000 shares equivalent to 0.14% of capital of the company). The promoter's shareholding in the company has increased from 34.63% to 34.77%. The company is working on e-carburettor technology. Though FI systems have better efficiency, e-carburettor is cheaper. The company might introduce them in lower cc segment in future.

The near-term outlook is challenging amid economic stress across sectors due to the lockdown, which has added pain to the already weak demand environment and anomalies due to the BS VI transition. This is largely discounted in the price with the recent fall in the stock price. We believe that clarity on the demand scenario will emerge post the lockdown is lifted as there will be pent-up retail demand and refilling of inventory with BS VI models. Barring near-term volatility, we see limited downside risk from current levels (due to cheap valuations). Also, valuations at 10.4x/9.8x FY21/22E EPS and ~5.6% dividend yield provide protection from any material downside. We have lowered our target multiple to factor in the risk of demand shock due to the impact from coronavirus. Maintain 'neutral' with a TP of ~₹2,000 (~12x December 2021 EPS + ~₹98/share of Hero FinCorp) due to no significant catalyst in the foreseeable future.

COVID IMPACT

Sebi extends deadline for comments on draft relaxation in QIP, delisting norms

Under the proposal, shareholders would be able to access the e-voting links of ESPs without further authentication by it for participating in the process

PRESS TRUST OF INDIA
New Delhi, April 2

IN THE WAKE of coronavirus pandemic, Sebi has extended the deadline for public comments on proposed relaxation in norms with regard to six-month-gap between two QIPs, and delisting of a firm in case of its merger with listed holding firm till April 30.

Securities and Exchange Board of India (Sebi) had sought comments on these two proposals till April 15.

In addition, the deadline has been extended for submission of comments till this month-end on proposed e-voting facility provided by listed firms as well as on a proposal that will require listed entity to obtain prior approval from the shareholders before extending any loan and guarantee to promoter entities.

The comments on these two proposals were sought till March 31.

"In view of the representations received by Sebi seeking extension of timelines due to impact of Covid-19 pandemic, it has been decided to extend the timelines for seeking public comments on... (the) consultation papers to April 30, 2020," the regulator said in a report dated March 31. With respect to QIP, it has been proposed to relax the mandatory requirement of a six-month-gap between two successive issuances of shares to qualified institutional investors by listed companies requiring urgent funds, if they meet certain conditions.

As per the Sebi regulations, a listed company cannot make any subsequent qualified institutions placement until the expiry of six months from the date of the prior qualified institutions placement made pursuant to one or more special resolutions.

In respect of delisting, the capital markets regulator proposed to exempt a listed company from following regulations in case of its merger with a listed holding firm, if the shareholders of the subsidiary entity gets shares of the parent.

This would apply to cases where a listed holding company is merging its listed subsidiary and the subsidiary is desirous of getting delisted without following the provisions of delisting regulation. Further, Sebi, last month, proposed two mechanisms to make the e-voting process more secure, convenient and simple for shareholders.

FAO warning: Basmati rice exporters ask Centre not to ban exports of the cereal

PRABHUDATTA MISHRA
New Delhi, April 2

INDIA'S NON-BASMATI rice exporters have asked the government not to impose any curbs on shipments amidst global concerns about availability cereals while pointing out that the country's exports have dropped by 41% to about 4.5 million tonne in FY20.

"There is no concern about rice in India as the Food Corporation of India (FCI) has surplus stocks and the production this year is also likely to be a record. Besides, Andhra Pradesh and Telangana have requested the FCI to procure 8 million tonne of rabi-grown rice due to a bumper harvest. There is no supply side concerns in India," BV Krishna Rao, president of the Rice Exporters Association, told *FE*.

UN's Food and Agriculture Organisation (FAO), World Health Organisation (WHO) and World Trade Organisation (WTO) in a joint statement on March 30 said: "Uncertainty about food availability can spark a wave of export restrictions, creating a shortage on the global market." In the midst of the Covid-19 lockdowns, every effort must be made to ensure that trade flows as freely as possible, specially to avoid any food shortage, they said.

Rao said Indian non-basmati rice could not compete with Vietnam and other countries due to lower prices offered by them. Besides, countries like Indonesia and Bangladesh, who were major buyers of Indian non-basmati rice in 2018-19, increased their own production of paddy to cut imports in FY20, experts said. Benin, Nepal, Somalia, UAE and Cote D Ivoire were the top five buyers of India's non-basmati rice this year until December, having a combined share of nearly 44%.

Currently, Indian non-basmati rice (5% broken) costs about $390 a tonne FoB at Kakinada (about ₹29,713/tonne). However, the realisation was about ₹27,300/tonne during first four months after the new crop started arriving from October before the corona outbreak that weakened rupee to over ₹76 against US dollar.

"There is no fresh contract happening while physical shipment has stopped after the announcement of lockdown last month," said a Kakinada-based rice exporter. The rupee depreciation may be temporary and no buyer will like to enter into contract at this point of time, he said. Even Vietnam, India's main competitor in non-basmati rice in global market, has also stopped shipments last month due to the impact of Covid 19, he added.

April 1
INDIAN BASKET CRUDE
$19.79 BBL
₹1,491.57 BBL
EXCHANGE RATE
₹75.39/$

PRICE POINTS

April 2

	Del	Mum	Kol	Blr
Rice	34	31	31	52
Wheat	24	33	NR	36
Tur dal	95	97	85	96
Potato	37	27	20	36
Sugar	38	41	40	38
Mustard oil	132	114	106	132

Price in ₹/kg for Delhi, Mumbai, Kolkata and Bengaluru Source: Dept of consumer affairs

Quick View

Fruit exports likely to be hit due to coronavirus: Expert

EXPORTS OF FRUITS, including Alphonso mango, grapes and pomegranates, will be hit badly this year following the breakdown of supply chain and lack of demand as the world is grappling with economic slowdown due to the Covid-19 pandemic, an exporter said. The supply to local wholesale markets is normal and on Thursday 100 trucks carrying Alphonso mango arrived at the Vashi market, APMC director Sanjay Pansare told *PTI*.

Nalco clocks all-time high output of bauxite, alumina

NATIONAL ALUMINIUM COMPANY Limited (Nalco), the Navratna CPSE, under ministry of mines, and the country's leading manufacturer and exporter of alumina and aluminium has recorded an all-round success in bauxite and alumina productions in the Fiscal 2019-20.

Zomato launches Gold Support Fund

ZOMATO ON THURSDAY announced a Gold Support Fund. With this initiative, all proceeds from the purchase of Zomato Gold annual memberships in April will go towards supporting restaurant housekeepers, cooks and servers as well as their families in these uncertain times.

Allow refractory makers to operate plants: IRMA

WARREN BUFFETT HAD The Indian Refractory Makers Association (IRMA) on Thursday said refractory manufacturers must be allowed to operate plants during the lockdown period as non-availability of the key ingredient could hit steel production.

Global cereal mkts likely to remain comfortable in 2020

RAJESH RAVI
Kochi, April 2

GLOBAL CEREAL MARKETS are expected to remain comfortable in 2020 despite the threat posed by Covid-19, with only localised disruptions expected due to logistical issues, Food and Agriculture Organisation (FAO) of the United Nations said in a report on Thursday.

It added that localised disruptions, largely due to logistical issues, pose challenges to food supply chains in some markets and their anticipated duration and magnitude are unlikely to have a significant effect on global food markets.

The cereal markets are expected to remain well supplied through 2019-20 due to the near-record wheat production expected in 2020. The UN organisation estimates that ample supplies will eventually help shield food markets from the turmoil of coronavirus storm.

FAO reports that 2019 world cereal production has been revised upward by 1.2 million tonne (MT) this month, and now stands at 2,721 MT, surpassing the 2018 global output by 64.6 MT, or 2.4%.

The latest revision rests mostly on raised estimates for maize production in the European Union and the Russian Federation, based on higher-than-previously expected yields. As a result, world production of coarse grains in 2019 now stands at 1,445 MT, which was 36.3 MT higher year-on-year.

The estimate for global wheat production was left unchanged since the previous month at 763 MT, 30.9 MT above the 2018 output and only slightly short of the record 765 MT registered in 2016. There have been only minor adjustments to the global rice production outlook since March, with world output still expected at 512 MT (milled basis), down only 0.5% from the 2018 high and the second largest volume on record.

Rome-based FAO's forecast for 2020 world wheat production remains unchanged this month, with preliminary expectations still indicating an output of 763 MT, a comparable level to the outturn in 2019. Lower outputs are expected in the European Union, Ukraine and the United States of America, mostly underpinned by area contractions.

For coarse grains, harvesting of the 2020 crops will soon commence in Southern Hemisphere countries.

Oil soars after Trump says Saudi Arabia, Russia to cut supply

CATHERINE NGAI & ALEX LONGLEY
New York/London, April 2

OIL SOARED AFTER US President Trump said that he expects Saudi Arabia and Russia to cut production back by 10 million barrels or more after he spoke with Crown Prince Mohammed Bin Salman on Thursday.

It wasn't clear if Trump meant 10 million barrels a day, but the announcement caused West Texas Intermediate prices to surge by as much as 35% while Brent gained as much as 47%. He also told CNBC that the cut could be up to 15 million barrels.

The move comes after oil was already climbing after Beijing instructed government agencies to start buying cheap crude for its strategic reserves.

Despite the president's optimism, Saudi Arabia has not appeared to relent its bid to flood the market yet, saying on Wednesday it was pumping at a record and had this week loaded almost 19 million barrels of oil in a single day. Meanwhile, Russia has said they are not satisfied with the oil price.

If collective action does remove 10 million barrels a day from the market that would be the equivalent of about 10% of world demand prior to the impact of coronavirus. That may not be enough to stop the pain that's rippled across the energy industry as demand craters with the coronavirus outbreak shutting down economies around the world, according to Ben Luckock, co-head of oil trading at Trafigura. The trading houses raised its oil demand loss estimate to around 35 million barrels a day.

"We have no hope of production cuts matching the demand destruction," he told *Bloomberg*, adding that by the middle to late April, "oil will have come out of the ground and will struggle to find a home."

That view is consistent with a Goldman Sachs note earlier this week, citing that any conceivable oil production cut by the US, Opec+ and Canada would still "fall well short" of their estimated 26 million barrels a day of demand loss and only provide "fleeting support to inland crude prices."

China's move to purchase oil for its strategic reserves comes as the physical crude market shows deepening signs of strain. Dated Brent, the benchmark for two-thirds of the world's physical supply, was assessed at $15.135 on Wednesday, the lowest since at least 1999. Crude has slipped below $10 in some areas including Canada and shale regions in the US, Belarus wants to buy Russian oil for $4, while some grades have posted negative prices.

As supply balloons, there are growing signs that the world is running out of places to store the glut. —BLOOMBERG

Used peace clause to provide excess support to rice farmers: India to WTO

PRESS TRUST OF INDIA
New Delhi, April 2

INDIA HAS USED the peace clause of the WTO to provide excess support measures to rice farmers for marketing year 2018-19 in order to meet the domestic food security needs of its poor population.

Under the Peace Clause, WTO members refrain from challenging any breach in prescribed subsidy ceiling given by a developing nation at the dispute settlement forum of the Geneva-based organisation.

Subsidies over and above the prescribed ceiling are seen as trade distorting. The limit is fixed at 10% of the value of food production for developing countries like India.

In a notification, India has informed the World Trade Organisation (WTO) that the value of its rice production was $43.67 billion in 2018-19 and for that it provided subsidies worth $5 billion, which is in access of prescribed 10% ceiling.

"India's breach of commitment for rice, a traditional staple food crop under a provision of the Agreement on Agriculture arises from support provided in pursuance of public stockholding programmes for food security purposes, which were in existence as of the date of the Bali Ministerial Decision on Public Stockholding for Food Security Purposes," the notification said.

It said that the country's public stockholding programmes for food security purposes (covering rice and a number of other commodities) have been consistently reported to the WTO.

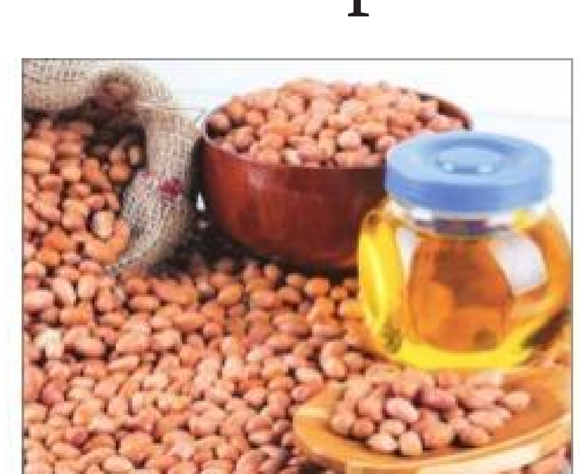
The stocks under the programme are acquired and released in order to meet the domestic food security needs of India's poor and vulnerable population, and not to impede commercial trade or food security of others, the notification said.

"For these reasons, the breach of the limits for rice is covered by the peace clause set out in the Bali Ministerial Decision on Public Stockholding for Food Security Purposes and the General Council Decision," it added.

Before the harvest during each Rabi / Kharif crop season, India announces the minimum support prices (MSP) for procurement on the basis of the recommendation of the Commission for Agricultural Costs and Prices (CACP), which along with other factors, takes into consideration the cost of various agricultural inputs and a reasonable margin for farmers for their produce.

Groundnut oil prices surge on raw material supply chain disruption

FE BUREAU
Ahmedabad, April 2



THE OUTBREAK OF Covid-19 has broken the supply chain of raw material for groundnut oil mills in Gujarat and as a result, price of groundnut oil is constantly increasing over the past fortnight.

Sources in the groundnut oil industry confirmed that in a span of last fortnight, prices of groundnut have almost touched ₹2,300 per 15 litre of tin from around ₹2,100. If the current situation prolongs, it may even cross ₹2,500 mark by the end of April.

"Agriculture Produce Market Committees (APMCs) across Gujarat are closed or functioning partially. There has been dearth of labourers. Due to inadequate transport facilities, farmers too are not able to bring groundnut to markets," said Samir Shah, president of Saurashtra Oil Mills Association (SOMA).

Since November 2019, National Agricultural Cooperative Marketing Federation of India Limited (Nafed) is purchasing groundnut from farmers. As a result of this buying, Nafed has stock of nearly 6 lakh tonne of groundnut in warehouses situated in the different part of Gujarat, especially in Saurashtra region.

According to Shah, Nafed has stopped releasing groundnut stock to oil millers and traders following nationwide lockdown announced by Prime Minister to curb spread of coronavirus. "We respect the call given by the Prime Minister, but at the same time edible oil mills should also continue for the supply of different oils including that of groundnut oil. SOMA has requested Nafed to restore selling of groundnut to pacify increasing demand of groundnut oil," he added.

On the other hand, Nafed too is facing difficulties to release groundnut stock as the officials are finding it difficult to engage labourers in such pandemic situation. Similarly, of the 200 odd groundnut crushing mill, only those mills are functioning which have some stock of raw material (groundnut). Shah claimed that only 40 to 50 such oil mills are running that too at below 50% of their installed capacities and others are forced to shut their production in wake of raw material and labour shortage.

During the third week of December groundnut oil prices were hovering around ₹1,900 and it took almost couple of months to cross ₹2000-mark despite exports of groundnut and its derivatives.

Kerala speeds up ₹42-crore rice park, counting post-Covid grain shortage

M SARITA VARMA
Thiruvananthapuram, April 2

THE KERALA GOVERNMENT has expedited setting up its ₹42.30-crore integrated rice technology park in Palakkad, anticipating food shortage in the post-Covid months. Currently, the state depends on truck loads from Andhra Pradesh and Telangana for its staple rice demand.

The State Cabinet, that met this week, has given administrative nod buy machinery and build the facility on state-run Kinfra's land in Palakkad. The state has cleared its share of ₹20 crore for the rice park in public-private participation (PPP) model.

"The rice park targets to afford optimum price realisation for the paddy farmers," EP Jayarajan, state industry minister told *FE*.

While Kerala consumes 40 lakh tonne of rice per year, it produces only 10 lakh tonne, within the state. The rest is sourced from other states. "We target to increase state's paddy production to 20 lakh tonne, as early as possible," said Jayarajan.

In the wake of neighbouring states like Karnataka, citing Covid-19 quarantine to close down the entryway to Kerala, the state has upped its vigil on food safety. Nellore in Andhra sends 30 truckloads of rice to Kerala, every day, but this was blocked midway due to lockdown.

"There are no quick measures to tackle the food self-sufficiency issue," admits Kerala finance minister TM Thomas Isaac. "Kerala produces only 20% of its essential commodities. However, during the lockdown, we distributed over 21,472 metric tonne of rice to 14.5 lakh ration card holders," he said.

Another timely move was when Pinarayi Vijayan government declared paddy harvest as an essential service last week. The national lockdown tallied with paddy harvesting season.

Assam looks forward to reopening tea estates for fresh supplies to mkt

INDRONIL ROYCHOWDHURY
Kolkata, April 2

EVEN AS ASSAM chief minister Sarbananda Sonowal has favoured opening of tea estates, locked down due to coronavirus outbreak, from April 1, garden owners couldn't resume operations since the deputy commissioners of the tea garden bearing districts could not come up with guidelines for operations that has to be maintained as measures in the wake of Covid-19.

Sonowal chaired a meeting of the council of ministers on March 30, wherein it was decided that the tea estates should contact their respective deputy commissioners "for approval to resume operations from April 1 of plucking and processing in their tea estates."

This decision was taken in view of getting the reap of the first flush, which in general is of good quality and fetches a better price. Besides, the tea gardens were closed during December, January and February by an order of the tea board to get better yields and so the stock in the pipeline is nearly over. For this, the market needs fresh supplies, for which a section of the tea garden owners had approached the Assam government to grant permission for resuming operations.

However, district commissioners were unable to frame guidelines for operations within a day under the Covid-19 circumstance, for which none of the gardens could resume operations on April 1.

Arun Kumar Ray, deputy chairman, Tea Board of India, told *FE* that the state government will have to do the coronavirus management. For this, the state government has asked the deputy commissioners to frame a safety protocol following which the tea estate owners will run their operations. But Azam Monem, former chairman of the Indian Tea Association, said none of the gardens in Assam could resume operation because the safety protocol has not yet been framed.

"We are preparing a protocol from our side and that will be made effective only after April 14. But if the district authorities come out with protocols or guidelines earlier the garden owners can run operations following that," Ray said.

Monem, who is also a director in Mcloed Russels, said April 14 is too far. The garden owners were looking for clarity in guidelines from the district authorities and that should come in a day or two.

"Under a Covid-19 circumstance it should be made clear how many workers can work together in a garden. What are also taking other safety measures that should be taken while plucking leaves?"

Ray said resuming operation in the gardens was necessary since the 55 million kgs stock pile with the Tea Board was nearly over and new production has to come to the pipeline. There is already a shortfall of 100 million kgs but the first flush production of Assam and Doars can make up for it to some extend if the crop is harvested in a day or two. But 60-75% of the first flush production of Darjeeling tea has been lost and this is the variety that goes to the international market and fetches a very high price.

"There is likely to be short supply of tea in the market during May-June but we hope to tide over the problems by August," Ray said.

Pradeep Ganeriwal, a tea estate owner, is of the view that there is a possibility of a crop between the first and second flush but skiffing of the tea bushes are much required. He said while there has been a only 3% growth in production over the years, production needs to grow since there would be no dearth of demand.

CHECKING INFECTION

Virus masks, apps: Race is on to avoid hidden carriers

Governments are scrambling to buy protective gear and prompting new questions about who should wear masks, get temperature checks or even be allowed to go outside

ASSOCIATED PRESS
Paris, April 2

New York state's coronavirus death toll doubled in 72 hours to more than 1,900

REUTERS

THE WORLDWIDE RACE to protect people against unwitting coronavirus carriers intensified on Thursday, pitting governments against each other as they buy protective gear and prompting new questions about who should wear masks, get temperature checks or even be permitted to go outside.

In the Chinese city of Wuhan, where the pandemic began in December, a green symbol on residents' smartphones dictates their movements. Green is the "health code" that says a user is symptom-free and it's required to board a subway, check into a hotel or enter the central city of 11 million. Serious travel restrictions still exist for those who have yellow or red symbols.

In northern Italy, the country with the most virus deaths in the world at over 13,000, guards with thermometer guns decide who can enter supermarkets. In Los Angeles, the mayor has recommended that the city's 4 million people wear masks. Same goes for grocery store customers in Austria.

And a top health official in France's hard-hit eastern region said American officials swooped in at a Chinese airport to spirit away a planeload of masks that France had ordered.

"On the tarmac, the Americans arrive, take out cash and pay three or four times more for our orders, so we really have to fight," Dr Jean Rottner, an emergency room doctor in Mulhouse, told RTL radio.

A study by researchers in Singapore on Wednesday estimated that around 10% of new infections may be sparked by people who carry the virus but have not yet suffered symptoms.

In response, the US Centers for Disease Control and Prevention changed how it defined the risks of infection, saying essentially that anyone may be a carrier, whether they have symptoms or not. But neither it nor the World Health Organization changed their recommendations that everyone did not have to wear masks.

Nine leading European university hospitals warned on Thursday they will run out of essential medicines for Covid-19 patients in intensive care in less than two weeks. The European University Hospital Alliance said countries should cooperate, not compete, to ensure a steady supply of these drugs for critically ill virus patients.

Spain reported a record number of daily virus-related deaths, 950 in 24 hours, bringing its total deaths to 10,003 even as its infection rate appeared to be slowing.

In the United States, from New York to Los Angeles, officials warned that the worst is still ahead.

"How does it end? And people want answers," New York governor Andrew Cuomo said. "I want answers. The answer is nobody knows for sure."

New York state's coronavirus death toll doubled in 72 hours to more than 1,900. Cuomo has already complained that US states are competing against each other for protective gear and breathing machines, or being outbid by the federal government.

President Donald Trump acknowledged that the federal stockpile is nearly depleted of the personal protective equipment needed by doctors and nurses.

"We're going to have a couple of weeks, starting pretty much now, but especially a few days from now, that are going to be horrific," he said.

Los Angeles mayor Eric Garcetti said even a "tucked-in bandanna" could slow the spread of the virus and remind people to keep their distance from each other.

"I know it will look surreal," he said, donning a mask. "We're going to have to get used to seeing each other like this."

In Japan, where masks are a household stable, the government planned to mail two gauze masks each to the country's 50 million households.

In Greece, authorities placed an entire refugee camp of 2,400 people under quarantine on Thursday after discovering that a third of the 63 contacts of just one infected woman tested positive — and none had showed symptoms.

Altogether, more than 952,000 people around the world have contracted the virus, according to Johns Hopkins University. More than 48,000 have died from the virus and another 202,000 have recovered.

The real figures are believed to be much higher because of testing shortages, differences in counting the dead and mild cases that have gone unreported. Critics also say some governments have been deliberately under-reporting cases in order to avoid criticism.

Frank Ulrich Montgomery, chairman of the World Medical Association, on Thursday called China's recent low figures on coronavirus infections "nonsense," but added that many countries are working with uncertain data.

In Italy, a new study found a hidden toll from coronavirus in the province of Bergamo, more than doubling the official number of 2,060 dead to a new estimate of 4,500.

As hot spots flared in New Orleans and Southern California, the nation's biggest city, New York, was the hardest hit of them all. Bodies were being loaded onto refrigerated morgue trucks by forklifts outside overwhelmed hospitals.

Intel wants chip customers to feel the need for speed again

IAN KING
San Francisco, April 2

The new H range of Intel chips are made with 14-nanometer production technology. The company originally planned to upgrade to 10-nanometer in 2017, but that is only beginning to happen in mass volume this year

INTEL IS TRYING to sell its new laptop chips in an old way — by emphasizing their speed. The world's biggest chipmaker is touting the clock speed of its new H line of processors, citing their ability to process data at more than 5 gigahertz, or 5 billion cycles a second.

"Frequency is the thing we've optimized for," said Fredrik Hamberger, an Intel general manager. "These are the first mobile processors to break 5 gigahertz."

Laptops based on these new 10th-generation core design chips will start to appear in April. The top-of-the-range part can count as fast as 5.3 gigahertz when operating in "Turbo Boost" mode, Intel said. That targets video gamers and professional content creators who often influence what is considered the best PC hardware.

The new products are being rolled out as Intel faces rising threats to its industry leadership. Smaller rival Advanced Micro Devices started fielding more competitive chips about two years ago.

Intel pioneered the sale of processors based on clock speed. In 2001, then company President Paul Otellini promised Intel's Pentium design would scale all the way to 20 gigahertz. But the company's engineers underestimated how much power was needed, and how much heat would be generated by such chips.

As the new century progressed, laptops became more popular, and those slim designs couldn't handle power-hungry, hot processors as well as desktop machines. So Intel and the industry started making multi-core semiconductors that combined several processors into one. Performance was now measured by the ability to run different workloads at the same time, rather than pure speed.

AMD sells new processors that have more cores than Intel chips, garnering praise from gamers and PC reviewers.

That's helped the smaller company take market share from Intel.

Intel has also struggled to maintain its lead in manufacturing technology. AMD outsources manufacturing to specialists such as TSMC, which has production technology that is well ahead of Intel's.

The new H range of Intel chips are made with 14-nanometer production technology. The company originally planned to upgrade to 10-nanometer in 2017, but that is only beginning to happen in mass volume this year. AMD's latest processors use TSMC's 7-nanometer capabilities.

Intel says most video games don't take advantage of multi-core chips and are best served by higher clock speeds. Some 60% of the new models in the H range will be capable of hitting that 5-gigahertz mark or higher, it said. That speed is only achieved in short bursts on limited numbers of cores, or just single cores in a "turbo" mode that shuts down other cores.

The base rate, the normal operating speed of the chips, is between 2 and 3 gigahertz, where most of the industry's products have been for more than a decade.

—BLOOMBERG

Pakistan court commutes death sentence of key accused in Pearl killing, acquits 3

REUTERS
Karachi, April 2

A PAKISTANI COURT has commuted the death sentence of the main person accused in the 2002 kidnapping and murder of Wall Street Journal reporter Daniel Pearl, and acquitted three co-accused in the matter, two lawyers told *Reuters* on Thursday.

At least four people were convicted in connection with Pearl's murder, including British-born Ahmed Omar Saeed Sheikh, who was sentenced to death in 2002 for masterminding the murder. He has been in jail for 18 years awaiting the outcome of an appeal. "The court has commuted Omar's death sentence to a seven-year sentence," Khawaja Naveed, the defence lawyer told Reuters by phone. "The murder charges were not proven, so he has given seven years for the kidnapping."

"Omar has already served 18 years... He will be out in a few days," Naveed said. A two-member bench of the High Court of Sindh province issued the order in the city of Karachi on Thursday, Naveed said, adding that the three others, who had been serving life-sentences in connection with the case, had been acquitted.

Lockdown changes how Hindus celebrate holy period

ASSOCIATED PRESS
Lucknow, April 2

RUKMANI SHARMA FEARS the virus that has turned the world upside down. But as a devout Hindu, she also fears for her soul.

Covid-19 restrictions mean that the 71-year-old woman won't be allowed to go to temple on Thursday to celebrate the birthday of Lord Ram, and she says she's "feeling guilty."

Hindus around the world are in the midst of a nine-day period called Chaitra Navaratri that began with what for many is considered the Hindu New Year and will culminate with the festival of Rama Navami. Normally there is fasting, masses worshipping together, offerings in temples and festivals.

But this year, celebrations and prayers are home-bound events and if there is group worship, it's livestreamed. India, where most of the world's billion Hindus live, is in a government-ordered 21-day lockdown. People are allowed to leave their homes only for essentials. Religious gatherings are explicitly banned.

The significance of that ban is especially striking in Uttar Pradesh. UP Chief Minister Yogi Adityanath had planned a grand festival over five of the nine days leading up to Ram's birthday. It was expected to draw more than 1 million people from across India, to celebrate a recent Supreme Court ruling that will allow a Hindu trust to build a temple Ayodhya, where Ram was born.

Instead, Adityanath is urging the faithful to stay home. "No one should come to temple. This is a time of crisis and people should realise that prayers from home are as acceptable as prayers offered in temple," Adityanath said.

Sharma, a resident of Uttar Pradesh's capital, Lucknow, is distraught that she wouldn't be able to perform a customary food ritual at the temple. She consulted a temple priest, and was advised to instead feed stray cows, which Hindus revere and worship. "The priest told me to cook food as usual and feed the same to the cow," she said. "Cow is our mata (mother) and feeding mata is like feeding daughters."

Some temple priests in Uttar Pradesh said they have declined requests to visit homes, suggesting instead that people should donate the money they would have spent cooking food to the chief minister's virus relief fund.

"It is our responsibility to follow social distancing," said Pandit Shubankar, a priest at Gomati Nagar Kali Bari temple in Lucknow.

Hindus in the US are also following social distancing protocols.

Normally, Suhag Shukla would be scrubbing her Philadelphia home more intensely than usual, a sign of the renewal the holiday signifies. There would be guests and Temple worship. But the temples are closed, and the bells that worshippers ring when they enter are silent.

Her family's prayers are confined to the altar in their home and worship and celebrations are happening in cyberspace.

"Normally, in the absence of a global pandemic India would have been seeing a lot of celebrations," said Shukla, executive director of the Hindu American Foundation. That would entail special foods and sweets, prayers and rituals and gatherings of guests and family. "You would also be planning on joining your community at a local temple to celebrate as well."