Sunil Paliwal

Kamarajar Port to boost cargo capacity

N. ANAND
CHENNAI

Kamarajar Port Ltd. (KPL), as part of its expansion programme, has taken up several new projects involving an investment of over ₹1,000 crore, to increase its cargo-handling capacity by about 60% over the next two years.

"Currently, we have a capacity to handle 48 million tonnes of cargo per annum through eight berths," said Sunil Paliwal, chairman and MD, KPL.

"We will be expanding our cargo-handling capacity by 12 million tonnes by May 2020 and 18 million tonnes by 2021, respectively. With this, we will be adding three more berths and raising the total capacity to 78 million tonnes per annum," he said.

"All the new berths will handle coal. Coal berth terminal III and IV with 18 million tonnes capacity is reserved for Tangedco," he said.

KPL had spent almost ₹600 crore on building jetties and capital dredging, while Tangedco had spent ₹450 crore for coal berth terminal III and IV, said industry sources.

Sical's iron ore terminal, which has been lying idle for the last few years due to the Madras High Court's ban on handling dusty cargo, is being converted into a coal berth at a cost of ₹220 crore.

Centre tweaks rules to make inactive accounts functional

Aims to ensure cash transfer under COVID-19 relief reaches beneficiaries

MANOJIT SAHA
MUMBAI

The Centre wants to ensure beneficiaries can withdraw cash without further documentation. ▪V.V. KRISHNAN

The Finance Ministry has tweaked prevention of money laundering (PML) norms with the aim to make all inoperative accounts functional so that cash transfers by the government under the COVID-19 relief package can reach beneficiaries.

In a communique to banks, the Department of Financial Services has conveyed that in respect of the Pradhan Mantri Jan Dhan Yojana accounts, basic savings account and small accounts, those accounts which have become inoperative due to various reasons – including non-completion of know your customer (KYC) requirements or updation – rules have been amended with an aim 'to avoid any difficulty caused to poor people and beneficiaries of PMGKY [Pradhan Mantri Garib Kalyan Yojana]'.

As a part of the PMGKY scheme, the government has decided to transfer ₹500 per month for three months to the poor and vulnerable sections of the society whose livelihood has been impacted due to the nationwide lockdown. Accounts that may have become dysfunctional due to non-operation in the account for the last two years have also been made functional.

"Please ensure that beneficiaries do not face any difficulty on this ground and are able to withdraw the money transferred to them by the government without any problems or requirement of additional documentation," the communication said.

"Branch officials and business correspondents may be suitably instructed, along with necessary changes in the system (if required) for adherence to these guidelines," it added.

OPEC, Russia delay meeting

Saudi Arabia, Russia spar over plunging price of oil

REUTERS
DUBAI/MOSCOW

Losing flow: The postponement comes despite U.S. President Trump appeal to stabilise prices. ▪REUTERS

OPEC and Russia have postponed a meeting planned for Monday until later next week, OPEC sources said on Saturday, as a row intensified between Moscow and Saudi Arabia over who is to blame for plunging oil prices.

The meeting's delay came despite pressure from U.S. President Donald Trump for the Organization of the Petroleum Exporting Countries and allies, known as OPEC+, to urgently stabilise global oil markets.

Output cut

OPEC+ is working on an unprecedented oil output curb equal to about 10% of world supply, or 10 million barrels per day, in what member-states expect to be a global effort that will include the United States.

Oil prices hit an 18-year low on March 30 due to sliding demand caused by government lockdowns to contain the COVID-19 outbreak, and the failure of OPEC and other producers led by Russia to extend an earlier deal on output curbs that expired on March 31.

Three OPEC sources, who asked not be identified, said the emergency virtual meeting planned for Monday would likely be postponed until April 8 or 9 to allow more time for negotiations.

Coal India's dispatches drop, output increases

Inventories rise at mines, power plants

SPECIAL CORRESPONDENT
MUMBAI

India's largest coal producer Coal India Ltd. (CIL) has seen a 10% fall in dispatches in March 2020 due to a sharp fall in demand from the power sector, leading to an increase in inventories both at power plants and coal mines. This comes amid production rising up 6.5% to 84.4 million tonnes (MT). CIL's dispatches declined 10.3% year-on-year (YoY) to 53.5 MT in March 2020 as demand for power plummeted.

Production declines

For FY20, CIL's dispatches dropped 4% YoY to 582 MT, while production declined about 1% YoY to 602 MT.

India's nationwide lockdown came at a time when power demand had largely remained muted and production at Coal India's mines ramped up following a heavy monsoon season.

Hence, inventories at coal mines and power plants have risen, a general trend seen at the onset of summer but now higher than usual.

Refiners to halve crude import

Sliding demand results in a huge increase in inventories

PIYUSH PANDEY
MUMBAI

Indian refiners – from Indian Oil Corporation (IOCL) to Hindustan Petroleum Corporation Limited (HPCL) – are looking to cut down their crude oil imports for April by as much as 50%, even as the oil firms have offers to buy crude at \$20 a barrel or even less.

The reason? All their storage capacities are full and refining need not be done at full capacity due to the over-50% fall in petrol and diesel sales and the nil sales of aviation turbine fuel (ATF).

Confirming the development, R. Ramachandran, director-refineries, BPCL, told *The Hindu*, "We are looking at cancelling [or] deferment of April crude oil supplies. Our refineries are now operating at 80%, which will be reduced further. Hence, we have to cancel, postpone or sell the cargoes."

IOCL has already written to west Asian suppliers citing 'force majeure' clause as its petrol sales have fallen 54% and diesel sales by 63% after the government announced a nationwide lockdown to contain the spread of COVID-19.

IOCL, which owns about a third of India's 5 million barrels per day (bpd) refining capacity, has reduced its refining capacity by a third as demand for petroleum products has declined substantially. The demand for ATF has also come down sharply due to suspension of flights.

HPCL and Mangalore Refineries and Petrochemicals Limited have also reduced their refining capacities and cut crude oil imports.

"We are getting deep discounts on price of \$20 per barrel, but we can import only if we can store the crude. So, we are deferring crude oil imports now," said a director of an oil marketing company.

According to IOCL, the uplift of finished products from refineries in the last one week has helped upcountry bulk storage locations of the corporation build up stocks for future-readiness, once the lockdown is lifted and the demand picks up again.

"The corporation is keeping a close watch on global cues and the changing market scenario, and initiating actions accordingly," said an IOCL statement.

Consumption, external trade to see impact

Standstill to affect investments: KPMG

SPECIAL CORRESPONDENT
MUMBAI

India's private consumption, investment and external trade, the three major contributors to GDP, will get affected, according to KPMG's report titled "Potential impact of COVID-19 on the Indian economy."

India's real GDP decelerated to its lowest in over six years in third quarter of 2019-2020, and the outbreak of the COVID-19 posed fresh challenges.

Steps taken to contain its spread, such as nationwide restrictions for 21 days and a complete lockdown of States, have brought economic activity to a standstill and could impact both consumption and investment, said the report.

While Indian businesses, barring a few sectors, can possibly insulate themselves from the global supply chain disruption caused by the outbreak due to relatively lower reliance on intermediate imports, their exports to COVID-19 infected nations could take a hit.

In sum, the three major GDP contributors – private consumption, investment and external trade – will get affected. The impact would be even more severe if domestic supply chain disruption caused by the 21-day lockdown was to affect the availability of essential commodities.

INTERVIEW | JOHN BABY

'Toy industry is now virus-hit'

Shipments hit badly, says Funskool India CEO

N ANAND

COVID-19 has affected shipments by the domestic toy industry. Some firms have even deferred their capex plans. However, Funskool India Ltd. CEO **John Baby** *feels the situation will change for the better in the coming months. Edited excerpts:*

What has been the impact of the economic slowdown and COVID-19 on your plans?

▪ Of course, both of them affected our business and new investment plans. COVID-19 will affect the business and profitability badly.

COVID-19 has hit the industry in the most critical months – March and April. March being the year-end when maximum shipments are planned for export business and April being the biggest selling month for the domestic market.

Normally, factories commence production soon after the Chinese New Year. However, this year, on account of the lockdown in China, many workers were not able to make it back to the factories after it. So, production delays have become inevitable, which also had a cascading effect on shipping dates.

Did it impact your turnover or export figures this fiscal?

▪ We were looking for a growth of 50% over the previous year.

Last year, our export turnover was ₹60 crore. Since March '20, shipments have not taken place. We expect to close the year with a growth of around 40%.

How is the Ranipet unit faring?

▪ The Ranipet unit II has done well. We targeted an export production of ₹20 crore in the first financial year. We expect to end with ₹25 crore.

With a rise in import duties on toys, manufacturing in India has become more economical

Will you be expanding the second unit in June?

▪ The slump in the domestic market during the year and the liquidity crunch had a negative impact on our cashflows, resulting in project delays. The project is our priority. It will be taken up once the overall economic situation improves.

How is the future for the domestic toy industry?

▪ We foresee a bright future for the domestic industry on account of the government's push for domestic manufacturing and many global toy companies looking to India as a manufacturing destination. Further, the current year's Budget has increased the import duties on toys substantially, making manufacturing of toys in India more economical.

Currently it is estimated that 80% of the toys sold in the country are imported. With the duty increase, we will see a positive change in the Indian toy industry.

What would be your revenue for FY21?

▪ Marginally lower numbers compared to the previous year. Last year, we were around ₹225 crore. For the current fiscal, it will be above ₹200 crore.

Your capex plans for FY21...

▪ The last estimate for the new plant alone was ₹50 crore approximately. As of now, it all depends on economic recovery and recovery from COVID-19.

Do you have any dealings with the China market?

▪ Many of the major toy brands that we work with source products from China and therefore, we import such brands directly from China.

We rarely source unbranded Chinese products. We also get some moulds/toolings for products done in China.

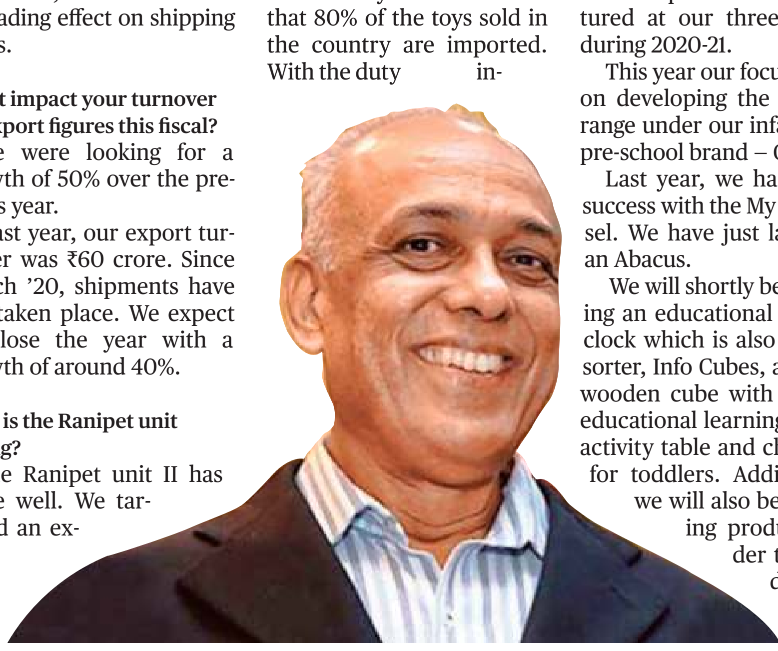
How many new products will be added in the coming year?

▪ We expect to launch over 60 new products manufactured at our three plants, during 2020-21.

This year our focus will be on developing the wooden range under our infants and pre-school brand – Giggles.

Last year, we had tasted success with the My First Easel. We have just launched an Abacus.

We will shortly be launching an educational wooden clock which is also a shape sorter, Info Cubes, a 6-sided wooden cube with a lot of educational learning and an activity table and chair unit for toddlers. Additionally, we will also be launching products under the Handycrafts range.



IRDAI seeks transparency in agent reward payout

SPECIAL CORRESPONDENT
HYDERABAD

The Insurance Regulatory and Development Authority of India (IRDAI) has observed that the board-approved policy of many insurers on rewards to be paid to agents and intermediaries lacks objectivity and transparency.

"In certain instances, the policy allowed delegation of power to the CEO or other authorised person to decide on the rewards to be given to insurance agents and insurance intermediaries. Further, there appears [to be] minimal oversight by the board to determine the efficacy of such a policy. In many instances, the quantum of reward paid to insurance agents and intermediaries exceeds the commission and remuneration paid to them," IRDAI said.

IRDAI said it is issuing clarifications to insurers on the rewards payment policy from 2020-21.

Member (distribution) T.L. Alamelu, in a circular, said such policies should contain the objective and transparent criteria, including parameters on which the rewards are calculated, along with the necessary justification.

There shall be consistency in the approach to rewards payable to the agents and insurance for similar businesses and situations, it said, adding the board must have effective oversight of the implementation of the policy. IRDAI also asked insurers to communicate in the beginning of the year to agents and intermediaries about the maximum rewards they can earn that year, subject to fulfilment of criteria of the policy and keeping in view the laid down proportion of rewards to commission/remuneration.