

Business Standard

How markets performed last week

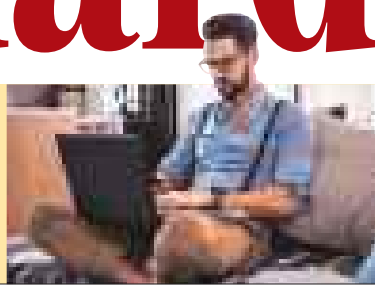
	Index on Apr 3, '20	*One-week	% chg over Dec 31, '19	Local currency	In US \$
Sensex	27,591	-7.5	-33.1	-37.3	
Nifty	8,084	-6.7	-33.6	-37.8	
Dow Jones	21,053	-2.7	-26.2	-26.2	
Nasdaq	7,373	-1.7	-17.8	-17.8	
Hang Seng	23,236	-1.1	-17.6	-17.2	
Nikkei	17,820	-8.1	-24.7	-24.6	
FTSE	5,416	-1.7	-28.2	-33.6	
DAX	9,526	-1.1	-28.1	-30.8	

*Change (%) over previous week Source: Bloomberg



COMPANIES P2
PVT INSURERS WANT FIXED RATES FOR VIRUS TREATMENT

COMPANIES P2
FOR INDIA INC, WORK FROM HOME MAY STAY AFTER COVID



PUBLISHED SIMULTANEOUSLY FROM AHMEDABAD, BENGALURU, BHUBANESWAR, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI (ALSO PRINTED IN BHOPAL), NEW DELHI AND PUNE

CENTRE RELAXES AGRICULTURE PRODUCE SALE RULES

Central government notifications and letters to states in the past two days will enable agri and food products to reach the consumers in a timely manner. The measures include limiting the jurisdiction of Agricultural Produce Market Committees to their physical premises, allowing big retailers and even commodity processors to buy directly from farmers and decentralising authority for issuing passes for movement of essential goods and critical persons engaged in essential services. **RAJESH BHAYANI** writes

ECONOMY & PUBLIC AFFAIRS P4

Govt gives nod to 13 states to procure pulses

The central government has given blanket approval to 13 states to immediately start procuring *chana* (gram) and *masoor* (lentil), the two big pulses grown during the rabi season. The Centre has also cleared ₹1,250 crore for purchasing around 258,000 tonnes of both the pulses. These states can start procuring up to 25 per cent of the produce immediately. **SANJEEB MUKHERJEE** writes

BS ON MONDAY SPECIALS

BANKERS' TRUST Decoding the 3-month moratorium

Two critical aspects of the moratorium on loan repayments need closer scrutiny and probably a relook by the banking regulator. **TAMAL BANDYOPADHYAY** writes

BUSINESS LAW Accounting for turbulence in new financial year

The spillover of compliance requirements from FY20 to FY21 makes experts wary of the ripple effect on business financials. **SUDIPTO DEY** writes

PERSONAL FINANCE Save today, survive tomorrow

Things could get worse in the coming days. Tightening your belt is the only way out. **BINDISHA SARANG** writes

POLITICS & PUBLIC AFFAIRS Political altruism



BJP, RSS nudged to act when confronted with the mass exodus of migrants. **RADHIKA RAMAESHAN** writes

STRATEGY The power of collaboration

How competitors are joining hands to get around the crisis foisted by a virus-induced lockdown. **SHUBHOMOY SIKDAR** writes

THE SMART INVESTOR Cash-rich companies find favour in testing times

Healthy net cash position acts as an insurance against demand downcycle. **VISHAL CHHABRIA & RAM PRASAD SAHU** write

States can now borrow 50% of limit in April

COVID-19 IMPACT Govt's resource crunch owing to dwindling revenue prompts move

ARUP ROYCHOUDHURY
New Delhi, 5 April

In an unprecedented move necessitated by the coronavirus (Covid-19) pandemic, the Centre has allowed states to avail of up to 50 per cent of their 2020-21 (FY21) borrowing requirements in April itself, *Business Standard* has learnt. The move became imperative because of the Centre's resource crunch owing to dwindling revenues and the resultant inability to pay all of the dues of the states under various heads, including devolution, goods and services tax compensation, various grants, and the financial packages which the states have been demanding. "States have been given permission to borrow up to 50 per cent of their FY21 borrowing ceiling in April. If they want to borrow 50 per cent of their limits upfront, and completely frontload their borrowing, they can do so," said a top government official.

The official also said if the need arose in the future, the Centre would consider relaxing the overall borrowing limits for the states.

This permission was given sometime late last month before the Reserve Bank of India (RBI) on March 31 issued the indicative borrowing calendar for the states for April-June and the one for the Centre for April-September. The official said within the bounds of 50 per cent how much the states wanted to borrow was left to them and the RBI.

"Each state will decide, after discussions with the RBI, how much it wants to borrow and the future liability it wants to take in interest payments, what is the appetite in the bond markets for their securities, when is the right time, and related issues," the official said.

In normal times too, there would be fiscal limits on states, determining their ability to borrow. While those fiscal responsibility and budget management limits are still in place, officials at the Centre and in states acknowledge that these are not normal times.

SHORING UP RESOURCES

- States to discuss with RBI on how much of the 50% limit they will be able to borrow in April
- States and RBI will discuss ability of states to take on future liabilities and appetite of markets
- RBI's indicative calendar says states to borrow around ₹55,000 crore in April
- That number will certainly be breached
- Analysts estimate 50% of FY21 borrowing limit of states could be more than ₹3 trillion



EDIT: THE FISCAL GRIDLOCK P7

According to the RBI's indicative calendar for borrowing by the states in the April-June quarter, they are expected to borrow ₹1.27 trillion. Of that, around ₹55,225 crore is expected to happen in April. That amount, and the estimate for the quarter, will certainly be breached.

"As the RBI mentions, it is an indicative calendar. The central bank is usually accommodative of the requests by the states. So they may borrow more," the official said.

While there are no official estimates of how much states will borrow in FY21, as all the state budgets are not out yet, economists like Soumya Kanti Ghosh of State Bank of India estimate it could be close to ₹7 trillion. **Turn to Page 5**

Staggered 180-day NPA breather on the cards

RAGHU MOHAN
Mumbai, 5 April

The Reserve Bank of India (RBI) and the finance ministry may take up the issue of relaxation in the delinquency period for the classification of banks' non-performing assets (NPAs) to 180 days, from the current 90 days.

The rescheduling of accounts classified as overdue, stressed or NPAs as of December 2019 without being downgraded, and fresh funding (with a minimum repayment period of 18 to 24 months) is to be considered. This may include going easy on the insistence for additional collateral as a pre-condition by banks.

The NPA delinquency relaxation to 180 days "may be heavily qualified to prevent its abuse", said a source. The staggered NPA relaxation glide path can be expected to have 'start-stop dates', which will finally settle down to the current 90-day timeline by the close of 2020-21. The interest accrued, but not received

IN THE WORKS



- Glide path can be expected to have 'start-stop dates' and go back to 90-day timeline by March 2021
- Rescheduling of overdue, stressed or NPA accounts as of December 2019 without them being downgraded
- Fresh funding with a minimum repayment period of 18-24 months is to be considered
- Insistence for additional collateral as pre-condition for fresh funding may be diluted
- Interest accrued, but not received after January 2020, may be allowed to be repaid
- Refinance from Nabard, NHB, and Sidbi may be hiked

after January 1, 2020, may be allowed to be repaid in six monthly instalments from October 1 to end-March 2021. This ties in with the possibility of the delinquency period for classification of NPAs being extended to 180 days.

A key concern is that the three-month moratorium on term loans by the central bank, and its linkage to the account being

'regular' to avail of the same, may lead to a situation wherein weaker borrowers come under even more stress.

"These borrowers may default and get downgraded as NPAs under the current norms due to their inability to service the interest component on which there is no breather," said a source.

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LIGHTS OFF, DIYAS ON: INDIA FIGHTS CORONA



Millions of Indians across the country switched off lights and lit candles and diyas or turned on mobile phone torches on Sunday night, responding to Prime Minister Narendra Modi's appeal to show the nation's "collective resolve and solidarity" in its fight against coronavirus with this symbolic gesture. Fireworks, sounds from beating of *thalis*, conches, whistles, and police sirens were heard

PHOTO: TWITTER

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IN 9 MINUTES, POWER DEMAND DOWN 32 Gw, GRID REMAINS UNSCATHED

MODI CALLS FORMER PRESIDENTS, SENIOR LEADERS OF OPPOSITION



INDIA Total 3,577 Active cases 3,219 Recovered 274 Deaths 83



WORLD Total 1,237,420 Deaths 67,260

Total cases include 1 migration; figures as of 11:00 pm IST. Sources: Ministry of Health and Family Welfare; Johns Hopkins Coronavirus Resource Centre

Dharavi holds its breath as coronavirus cases spill over

IN NUMBERS

- 270,000 per sq. km Population density
- 7 No. of wards Dharavi covers
- ₹5,000 Average monthly income of people
- 5-7 Average no. of persons per family
- 5 No. of Covid-19 cases (includes 1 death)



Dharavi's narrow bylanes, its lack of hygiene, and large families squeezed into small spaces make the area a veritable nightmare for any effort to step up cleanliness

Overcrowding, unsanitary conditions pose challenges to containment in Asia's largest slum

VIVEAT SUSAN PINTO
Mumbai, 5 April

The roads are empty, the shops closed, and some areas are cordoned off. Dharavi, Asia's largest slum, is locked down like the rest of Mumbai. However, the rising number of coronavirus (Covid-19) cases in this teeming shantytown, where people live in huts and decrepit tenements, has put it front and centre of India's fight against the coronavirus outbreak.

So far, Dharavi has reported five cases, including one death — that of a 56-year-old man. But there is fear that the numbers could inch up in a place where people grapple daily with overcrowding and unsanitary conditions. To add to their misery, the lockdown has left residents with no income and little food.

Rajesh Tope, Maharashtra's health minister, told *Business Standard* that Dharavi was a grave concern for the government, given the density of its population and the poverty of its residents. "We are ensuring there is strict adherence to the rules of the lockdown in Dharavi. We do not allow crowds to collect, but it isn't easy. There's a space constraint, people are poor and without work right now. There are challenges," he says.

Non-governmental organisations (NGOs) estimate that the average monthly income of a household in Dharavi is below ₹5,000. Around 5-10 per cent of its population of 1.5 million, spread over 613 hectares and seven Mumbai wards, have headed back to

their home towns in Uttar Pradesh and Bihar after the lockdown.

Sajeewan Jaiswal, a cloth merchant, is dipping into his meagre savings to somehow get by till the lockdown ends. His shop, near the Oil and Natural Gas Corporation office in Dharavi, is shut. Jaiswal fears for the safety of his family — his wife, two sons, and a daughter-in-law — who live above his shop in a small, 200 square feet space.

"I don't let them step out of the house," he says. "If groceries have to be brought, I do it. We don't have the luxury of using hand sanitizers and hand wash. We share a small bar of soap between us," he says, speaking through a cheap mask, his only means of protection outside of home.

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