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THE MARKETS ON WEDNESDAY

		Chg#
Sensex	29,894.0▼	173.3
Nifty	8,748.8▼	43.5
Nifty futures*	8,750.5▲	1.8
Dollar	₹76.3	₹75.6**
Euro	₹82.9	₹82.2**
Brent crude ($/bbl)##	26.6##	26.8**
Gold (10 gm)###	₹44,710.0▲	₹10.0

*(Apr.) Premium on Nifty Spot; **Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBJA

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NOW, GET A FIVE-STAR MEAL AT YOUR DOOR STEP

COMPANIES P2
DAMANI BEATS COVID CRISIS, NET WORTH UP 11%

GOLDMAN SLASHES INDIA'S GDP GROWTH FORECAST TO 1.6%

Goldman Sachs expects the global economy to sink into recession in 2020, and sees the Covid-19 pandemic take global gross domestic product (GDP) to a negative 1.8 per cent in 2020. The latest forecast is a 5 percentage point (pp) downward revision since early this year, and around 3 pp lower than the March 22 forecast. The global research house has lowered India's real GDP forecast to 1.6 per cent for 2020-21, from 3.3 per cent earlier. This, however, is still higher than the US, which it now sees contracting to -6.2 per cent in 2020. 5

Pending tax refunds of up to ₹5 lakh soon

The Centre has decided to issue pending refunds for income tax (up to ₹5 lakh), goods and services tax and customs worth ₹18,000 crore immediately to benefit scores of taxpayers amid the coronavirus lockdown. The move is aimed at helping many overcome cash crunch due to the closure of shops and business operations as well as delayed salaries and job losses. It is expected to benefit 1.4 million taxpayers.

BS SPECIALS ON THURSDAY

PERSONAL FINANCE:
Stopping SIP set to become simpler 9
Many fund houses don't yet offer the pause facility but are scrambling to put one in place for investors, writes SANJAY KUMAR SINGH

OPINION:
Fiscal space: Not if but how 6
In the first part of a series, DEVESH KAPUR & ARVIND SUBRAMANIAN argue the means must be found to avert potential economic and social collapse post-Covid

RBI puts HDFC Bank's key appointments on hold

The Reserve Bank of India (RBI) has put on hold the appointment of Sashidhar Jagdishan and Bhavesh Zaveri to HDFC Bank's board till a new managing director and chief executive officer assumes charge. The bank had asked for approval from the RBI in November last year for appointing Sashidhar Jagdishan as an additional director and Bhavesh Zaveri as executive director (whole-time director) of the bank.

Bernie Sanders ends presidential bid

Bernie Sanders ended his presidential run on Wednesday after a string of stinging defeats left him without a credible path to the Democratic nomination, anointing Joe Biden as the party's de facto standard bearer. Sanders's move came after an unbroken string of losses in recent weeks that cemented Biden's all-but insurmountable lead in delegates. BLOOMBERG

ARCHIS MOHAN & VIRENDRA SINGH RAWAT
New Delhi/Lucknow, 8 April

In an effort to shape a consensus on the ongoing nationwide lockdown, Prime Minister Narendra Modi on Wednesday told Parliament floor leaders that the situation in the country was akin to a "social emergency", and indicated the curbs were likely to continue beyond April 14.

Interacting with them via videoconferencing, the PM said he would take a decision on extending the lockdown after a meeting with chief ministers on Saturday.

The number of coronavirus cases in the country crossed 5,000 on Wednesday, with 149 deaths, the data from the heath ministry said.

According to a government statement, the PM said "several state governments, district administrations, and experts had asked for an extension of the lockdown".

Over the last week, Modi has spoken of a "staggered exit" and a "graded" lifting of the lockdown. Several state governments have also put forward their suggestions on graded lifting, including running special trains, and allowing some industrial activity.

There are concerns in several states, particularly those with bustling urban centres, like Maharashtra, that lifting the lockdown now could be counterproductive and any gains in controlling the spread might be lost. After the four-hour meeting, Congress leader Ghulam Nabi Azad said nearly 80 per cent of political leaders, including himself, suggested the PM that the lockdown should be extended. Turn to Page 11

₹1-trn stimulus package for MSMEs on cards

MANOJ KUMAR & AFTAB AHMED
New Delhi, 8 April

A second stimulus package the Centre is poised to announce in coming days will be worth around ₹1 trillion and focus on help for small and medium businesses weathering the coronavirus outbreak, two senior officials said on Wednesday.

Last month, the government outlined a ₹1.7-trillion economic stimulus plan providing direct cash transfers and food security measures to give relief to millions of the poor hit by an ongoing 21-day nationwide lockdown.

"The second package could be focused largely on MSMEs (micro, small and medium enterprises)," one of the senior government officials, with direct knowledge of the plan told *Reuters*.

The official said a separate package could be announced for bigger companies after assessing the extent of the hit they have faced due to the lockdown imposed to fight the outbreak.

Small businesses account for nearly one-quarter of India's $2.9 trillion economy and employ more than 500 million workers, according to government estimates.

The new package aimed at MSMEs could include increases in the limits of bank loans for working capital needs, hiking threshold limits for availing of tax exemptions, and relaxing rules for deposits of income tax and other dues, the people aware of the matter said.

A finance ministry spokesman declined to comment. Turn to Page 11

PHOTO: SANJAY K SHARMA

RELIEF IN SIGHT

- **Increase in the limits** of bank loans for working capital needs
- **Hike in threshold** limits for availing of tax exemptions
- **Rules for deposits of income tax** and other dues to be relaxed
- **A separate package could be announced** for bigger companies later
- **Last month, govt unveiled ₹1.7-trillion** economic stimulus plan to give relief to millions of poor hit by Covid-19

Stop pvt labs from charging testing fee, SC tells govt

Reimbursement of expenses incurred will be considered later

SOHINI DAS & PTI
Mumbai/New Delhi, 8 April

The Supreme Court (SC) on Wednesday suggested that the Centre devise a mechanism which prevents private laboratories (labs) conducting coronavirus (Covid-19) tests to not charge an exorbitant amount from the public. It also asked the government to reimburse the fee charged by labs.

A Bench of Justices Ashok Bhushan and S Ravindra Bhat was hearing a plea filed by advocate Shashank Deo Sudhi seeking direction to the Centre and authorities to provide Covid-19 testing facility gratis to all citizens.

A Velumani, founder and chairman of Thyrocare, a lab that is roughly handling 250 samples per day in Mumbai, feels two-three separate agencies need to be appointed to make the testing process simpler and faster.

He says there can be a nodal agency for collection. Private labs use private agencies for sample collection. Around four-eight such collection agencies can be appointed in India by the government to cover all pincodes.

The government will pay them for collection, and they will also undertake collection for testing in both public and private labs. Velumani thinks the cost of collection (manpower cost) will be around ₹500 per patient. Turn to Page 11

TESTING PICKS PACE AS PVT LABS ASKED TO TAKE SOME SAMPLES FOR FREE
PAGE 2

TESTING TIMES

₹4,500 Charges for screening and confirmation test of Covid-19

139 Functional labs under ICMR network

121,271 Covid tests done in the country so far

65 Private labs given approval

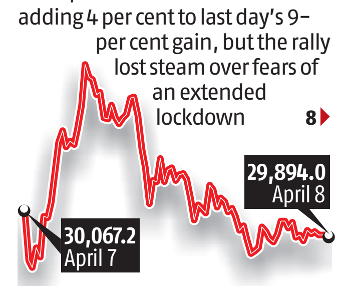
- A PIL has sought a direction to govt to provide free of cost testing facility to all citizens

RUPEE CLOSES AT RECORD LOW OF 76.38 A DOLLAR

The rupee closed at a record low of 76.38 a dollar, which strengthened against emerging market currencies. The rupee lost nearly 1 per cent from its previous close of 75.64 a dollar, while the Reserve Bank of India (RBI) did not intervene to check rupee's depreciation, a senior currency dealer said.

MARKET RALLY LOSES STEAM

The Indian markets posted strong gains in early Wednesday trade, with the benchmark indices adding 4 per cent to last day's 9-per cent gain, but the rally lost steam over fears of an extended lockdown 8



Residential builders stare at a bleak year

RAGHAVENDRA KAMATH
Mumbai, 8 APRIL

We did very few deals (sales) after the lockdown was announced. Who will come to do booking in these times," said Niranjan Hiranandani, managing director of the Mumbai-based Hiranandani group, one of the largest developers in the country.

Hiranandani has online response teams, which are on the job in the residential properties space.

Another top Mumbai developer said he had seen a huge drop in sales since April 1. "If the lockdown was not there, we would have done good sales during this time of the year," he said.

Sandeep Runwal, director at the Runwal group, said the company had done sales online in Dombivali, Parel, and the Thane area of the Mumbai Metropolitan Region. He said his firm was "pushing customers to look at their projects" and buy.

These are not isolated cases of drops in residential sales after the lockdown was announced in the country on March 24.

Developers of residential properties have seen sharp drops in the past 15-odd days and the rest of the year does not look rosy, say consultants.

CREDAI-MCHI, a body of developers in Mumbai, has pegged the drop in sales booking at around 80 per cent in the February-March period this year. The March quarter of the current calendar year (Q1, calendar year 2020) saw about a 30 per cent decline in sales of properties in top cities, said property consultant JLL India.

This is the second highest fall in residential sales in the past five years, after Q1, 2017, when the decline, due to the note ban, was 37 per cent. Turn to Page 11

REALTY BITES

30% Decline in sales of residential properties in March quarter

52% Fall in sales in Bengaluru in Q1 CY2020, the highest in the country

25-35% Estimated drop in housing sales this calendar year

25-30% Drop in launches likely

455,351 units unsold inventory as of Q1 2020, as against 442,228 in Q4 2019

Sources: JLL, Anarock

NEW LAUNCHES CEMENT GODREJ PROPERTIES' MARCH QUARTER NUMBERS 2

Firms weigh measures to adapt to post-Covid world

Sanitisation, social distancing top of the agenda as shop floors get ready to open again

SURAJEET DAS GUPTA, SUDIPTO DEY, SHALLY SETH MOHILE & ARNAB DUTTA
New Delhi/Mumbai, 8 April

Indian manufacturers are bracing for a new reality — a fundamental change in the way shop floors are run once the nationwide lockdown to contain the spread of coronavirus (Covid-19) is relaxed.

A raft of new protocols are being discussed with the government or are in the process of being finalised. For example, workers in big factories will soon be walking through fumigation chambers in order to get sanitised before they enter the premises.

The first virus check will be at the factory buses taking them to work. The workers' body temperature will be checked with infra red thermometers, and as is the plan for flights, they will be seated with one seat vacant between them to ensure social distancing. This is one of the suggestions being considered by the Automotive Component Manufacturers Association (ACMA).

CEOs agree that in the post-Covid world, all shop floors will undergo major changes, with more automation and artificial intelligence taking over some functions to ensure social distancing while pushing for productivity.

STRATEGIC SHIFT

Protocols companies are planning to adopt after factories reopen

- To test temperature in factory buses; keep alternate seats vacant
- Use fumigation chambers before factory entry
- Adopt more automation
- Restrict entry of outsiders
- Rework shift duties
- Use personal protective equipment for certain functions
- Sanitise shop floor after every shift

The new mood is summed up by R C Bhargava, chairman of Maruti Suzuki: "Earlier, the focus was safety so that accidents were minimised, and the aim was to get to zero. Now, it will be health, and to protect workers from the virus, so that you have zero incident of infection. The standard operating procedures (SOPs) will fundamentally change."

Auto paints company Nippon Paints India has a twelve-point agenda for its factories once the lockdown is lifted. This includes avoiding any overlap or interaction between two shifts and sanitising the plants with the help of professional agencies, rather than in-house. The company also plans to come up with a self-declaration form to be filled by employees every day with details of their state of health. Moreover, it is buying thermal scanners, and also personal protective equipment (PPE) where needed.

Says Sharad Malhotra, president of Nippon Paints India: "Some of them are specific till the coronavirus is not eradicated. The rest would become part of SOP. We will also see a lot of automation to enhance productivity."

Companies are also working closely with their associations. Says Ashok Taneja, managing director and chief executive officer of Shriram Pistons and Rings: "ACMA has released a protocol and companies are also working on their individual protocols. This will include everything from sanitising the shop floor to crowd management. Getting so many masks for everyone on the shop floor is a challenge, but we are working on it."

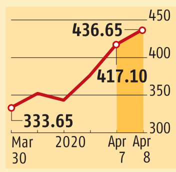
ACMA executives say they are working on a detailed protocol for the industry which should be ready in a day or two.

In the fast-moving consumer goods (FMCG) sector, noodle maker (Wai Wai brand) CG Corp Global, which has 10 manufacturing lines, has been forced to run the units at lower capacity to ensure that physical distancing norms can be maintained.

Says Varun Chowdhury, executive director, CG Corp Global: "We have suspended all internal meetings, restricted the entry of outsiders, installed thermal scanners and trained workers to adapt to measures like wearing masks." Turn to Page 11

STOCKS IN THE NEWS

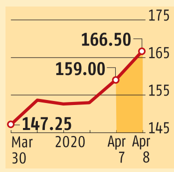
Sun Pharmaceutical Industries



Top gainer among the S&P BSE Sensex stocks

₹436.65 CLOSE
▲4.69% UP*

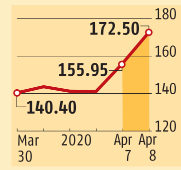
Adani Green Energy



Total invests ₹3,707 cr in solar energy JV

₹166.50 CLOSE
▲4.72% UP*

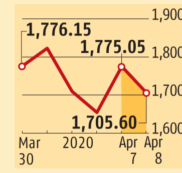
Granules India



Visakhapatnam unit gets nod from EU for good manufacturing practice

₹172.50 CLOSE
▲10.61% UP*

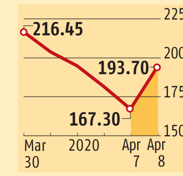
Tata Consultancy Services



Brokerages expect some impact in March quarter earnings over lockdown

₹1,705.60 CLOSE
▼3.91% DOWN*

Bandhan Bank



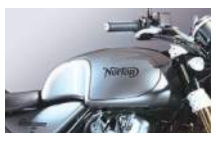
Top gainer among the A group stocks

₹193.70 CLOSE
▲15.78% UP*

* OVER PREVIOUS CLOSE

IN BRIEF

TVS Motor may bid for UK's classic Norton Motorcycles



TVS Motor is among prospective bidders considering making an offer for Norton Motorcycles of the UK, which went into administration in January, sources said. TVS has approached Norton's administrators about a potential deal, sources said. The British firm is being overseen by BDO LLP. Norton, which made its first motorcycle in the 1902, has changed hands multiple times over the years. Its most recent owner was entrepreneur Stuart Garner, who tried to revive the brand with modern versions of its Commando and Dominator models. Garner is being investigated by the UK's Pensions Regulator over actions taken when he was trustee of three pension programmes that invested in Norton, *The Guardian* reported in March. Representatives for TVS and BDO declined to comment. **BLOOMBERG**

McDonald's starts delivery from eight NCR restaurants

Quick service restaurant chain McDonald's India has restarted delivery services from eight restaurants in Delhi-NCR from Wednesday. The move comes after the government's notification, categorising food delivery as one of the essential services during the lockdown period. "Our visions are guided by the government's directives, which include compliance with all local and state restrictions, wherever applicable," it said. **PTI**

Maruti Suzuki cuts production by 32% in March

The country's largest carmaker Maruti Suzuki India has decreased production by 32.05 per cent in March, according to a regulatory filing by the company. The company produced a total of 92,540 units in March, against 1,36,201 units in the year-ago month, the auto major said. Passenger vehicle production last month stood at 91,602 units, against 135,236 units in March 2019, a dip of 32.26 per cent, it added. **PTI**

Average mobile net speed down over 20%, says Ookla

The average mobile phone data speed nowadays is down over 20 per cent. Fixed broadband has seen 8 per cent decline in speed. The analysis is based on the data from Ookla, a global provider of data on internet speeds. It looked at the data for the week ended April 5. This was compared to the average speed during the four weeks prior to lockdown. **BS REPORTER**

Commercial vehicle sales may contract 8-10% in FY21: ICRA

Rating agency ICRA said commercial vehicle (CV) sales volumes in India are likely to contract 8-10 per cent in 2020-21 as the near-term outlook of the sector is weighed down significantly by the coronavirus pandemic. The agency said it continues to maintain a negative outlook for the CV segment. **PTI**

Grofers to hire 5,000 more in 2 weeks to boost capacity

Online grocery platform Grofers is looking at hiring 5,000 employees to ramp up its capacity to meet the spike in orders amid the nationwide lockdown. The company has partnered with resident welfare associations of over 100 residential complexes to make essentials available to a larger number of people. Outlining the steps taken by the company over the past three weeks, its co-founder and CEO Albinder Dhindsa said the Grofers app is seeing over 1.5 million people trying to order daily. "Everyday our app is seeing over 1.5 million people trying to order," he said. "2,000 people were hired from industries which were deeply impacted such as textile, manufacturing, and services." He added the company now plans to hire 5,000 more over the next two weeks. **PTI**

Damani beats Covid-19 crisis, net worth up 11%

P R SANJAI & ANTO ANTONY
8 April

Radhakishan Damani controls Avenue Supermarts

WINNERS AND LOSERS THIS YEAR SO FAR

	Net worth ($ bn)	YTD change (%)
Mukesh Ambani	44.2	-24.6
Azim Premji	14.7	-19.9
Shiv Nadar	12.3	-21.7
Radhakishan Damani	**10.7**	**10.7**
Uday Kotak	10.1	-31.8
Lakshmi Mittal	9.3	-29.4
Cyrus Poonawalla	8.9	2.6
Sunil Mittal	7.6	-4.6
Gautam Adani	6.8	-39.9
Dilip Shanghvi	6.8	-9.4

Compiled by *BS* Research Bureau Source: Bloomberg (RICH)

The Indian tycoon whose net worth surged the most among peers as the deadly coronavirus roils markets worldwide can thank nation's hoarders with millions scrambling to stock up on staples amid the world's biggest isolation effort.

The net worth of Radhakishan Damani, who controls Avenue Supermarts, has surged almost 11 per cent this year to $10.7 billion, singling him out as the billionaire with most gains among the 12 richest Indians whose wealth is tracked by the Bloomberg Billionaires Index.

Shares of Avenue Supermarts, which contribute nearly all of the wealth to Damani's net worth, have advanced 24 per cent this year.

Damani, who was raised in a one-room apartment in a Mumbai tenement block, has seen his wealth swell at a time when a stocks rout has shaved more than a quarter off the net worth of his billionaire compatriots Mukesh Ambani and Uday Kotak on fears that the pandemic will gut economic growth. Damani's supermarket chain, known for its thrifty cost structure, gained from panic buying of household essentials after India decided to place its 1.3 billion people under a three-week lockdown last month.

"People have been buying in panic and hoarding during the lockdown that drove the sales, making the company's share a perfect hedge amid rout," Arun Kejriwal, director at Kris, an investment advisory firm in Mumbai. "Their unique no-frills model and also choosing to operate from locations outside malls, will help them to tide over the situation."

Cyrus S Poonawalla, who founded the vaccine manufacturer — Serum Institute of India — was the only other Indian tycoon among the 12 whose wealth rose in 2020. Poonawalla saw his net worth rise by 2.6 per cent to $8.9 billion this year, according to the Billionaires Index.

The low-cost model will hold Avenue Supermarts' D-Mart stores in good stead even after the panic hoarding for staples cools down once the lockdown is lifted. The supermarket chain makes money by giving customers fewer choices of no-frills products, negotiating hard with its vendors and avoiding any advertising expense.

D-Mart's rivals have not benefited as much under the same circumstances. Future Group, which runs India's second-largest retail chain by revenue and has over 1,300 stores across the country, saw shares of its publicly-traded retail unit nosedive 80 per cent this year amid mounting debt woes.

Avenue Supermarts' and Damani's prospects are bright as long as the supply chain for India's fast-moving consumer goods is not disrupted. With trucks coming to a near-standstill, any extension of the lockdown can potentially empty out D-Mart's shelves.

For now, Damani's stores are managing to refill their racks.

There are very few listed retailers that are better placed than Avenue Supermarts to offer "a hedge in this crisis," said Vikraman P N of Finnoviti Consulting. "They cater to the rising demand for consumer staples and they have used their cash flows over the years to invest in a robust supply chain." **BLOOMBERG**

Pharma market grows 9% due to panic buying

Cardio-diabetic and respiratory segments clock robust growth

SOHINI DAS
Mumbai, 8 April

TOP THERAPIES IN MARCH

Growth rate (%)	
Respiratory	22.9
Cardiac	19.8
Anti-diabetic	18.2
Urology	10.5
Anti-infectives	10.2

Source: AIOCD AWACS

Some therapy areas that are driven primarily by fresh prescriptions, like dermatology, gynaecology, vaccines, have seen a dip in sales

Despite a nationwide lockdown that disrupted the distribution of drugs across the country and fresh prescription generation, pharmaceutical sales in March registered an 8.9 per cent growth. This was primarily on account of panic buying of medicines in the chronic categories.

Cardiac therapy drugs, for example, saw a 19.8 per cent growth compared to 11 per cent in February, anti-diabetic therapy, too, saw a strong growth of 18.2 per cent in March, compared to 11 per cent the previous month. With the coronavirus disease (Covid-19) outbreak, sales of respiratory medicines too saw a sharp spike at around 23 per cent.

However, some therapy areas that are driven primarily by fresh prescriptions, like dermatology, gynaecology, vaccines, have seen a dip in sales. Some other chronic therapies like gastrointestinal, pain and analgesics, and vitamins have seen low single-digit growth rates.

The cardio-diabetic division head of a Mumbai-based pharmaceutical major said distribution was a major challenge.

"Our sales have been approximately 80-85 per cent of what we would usually sell in a month. This was because stockists and distributors were unable to take our products due to the logistical crisis on account of the lockdown. The C&F (clearing and forwarding) agents requested that we do not push products as movement from warehouses was difficult," he explained.

CORONAVIRUS PANDEMIC

Despite this, because of panic buying in the chronic category, the cardio-diabetic division has seen good traction as patients stocked up. He added that medical representatives were not allowed in hospitals for almost the entirety of March and the lockdown eventually stopped all movement of the sales force.

As for corporate firms, Ipca saw a 20.9 per cent growth in March, followed by Torrent and Ajanta Pharma at 16.2 per cent and 15.2 per cent, respectively.

Wockhardt, which banks primarily on acute therapy medicines, and Biocon saw reduction in sales.

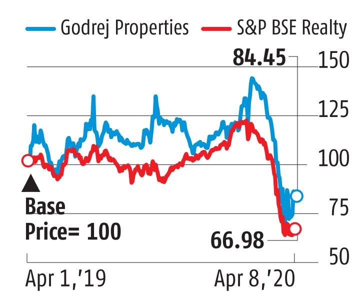
In February, the domestic pharma market recovered from single-digit growth to a 12.1 per cent growth riding on higher demand for respiratory medicines as well as antibiotics. In fact, in February eight of the top 10 therapies in the domestic market registered a growth of over 10 per cent.

On a moving annual turnover basis, the Indian pharma market clocked a 9.8 per cent growth to ₹1.43 trillion as of March.

Godrej finishes Q4 on a strong note on launches

RAM PRASAD SAHU
Mumbai, 8 April

HIGHEST QUARTERLY SALES



Godrej Properties has posted another quarter of strong volumes, even as the sector battles slowing sales and delays in construction. The company reported its best-ever quarterly sales figures, both by volume and value. Bookings in the March quarter, at ₹2,380 crore, were up 100 per cent sequentially and 10 per cent year-on-year (YoY).

Murtuza Arsiwalla and Samrat Verma of Kotak Institutional Equities say strong business development remains the forte of Godrej Properties, which added five projects in the quarter, taking the total project addition in FY20 to 10.

Among the 3,000 homes sold, 500 were in the second half of March (including the lockdown period), given the company's focus on digital sales tools. Residential sales in FY20 rose 14 per cent YoY to ₹5,840 crore, to 7,300 homes.

Parvez Akhtar Qazi and Akash Damani of Edelweiss Securities say digital channels have provided a ray of hope amid a dip in site visits by consumers. Companies like Godrej Properties are enabling digital site tours and email document verification, which has led to online closure of deals. Oberoi Realty and Hiranandani group also said they have done a few deals online.

While Godrej Properties has been able to notch up higher sales, the slowdown has had an impact on peers such as Sobha. The Bengaluru firm reported sales of 900,000 square feet for Q4 — down 20 per cent YoY. Launches in FY20, too, were weak, with only 1.6 million sq. ft of sales, compared to a target of 3.5 million sq. ft. Sobha, too, launched an online sales platform, on which it offered cashbacks and was able to register sales towards end of March.

The Godrej stock has risen 13 per cent in the last three sessions, vis-à-vis the BSE Realty's 3.5 per cent gain.

Besides consistent volume growth over the last few years, another factor working in favour has been the expected consolidation in the sector. Analysts say developers may have to take a hit on cash flows, as construction is on hold.

Therefore, developers such as Godrej will be able to expand operations and gain market share. Edelweiss Securities believes the firm is best placed, given its strong brand reputation and low leverage.

In an investor update on Monday, the firm said: "While the start of FY21 may be muted given the lockdown and subsequent economic toll due to postponement of economic activity, the company's healthy balance sheet and project pipeline will help maintain operational momentum."

Testing picks pace as private labs asked to take some samples for free

BS REPORTERS
Mumbai/Bengaluru/Chennai/Hyderabad/Kolkata/Ahmedabad & Lucknow, 8 April

Throat swab collection demonstration at KIMS Hospital in Karnataka's Hubballi on Wednesday PHOTO: PTI

As India enters the third week of a nationwide lockdown, states are ramping up testing capacities. Asymptomatic patients, who were confined to their homes, are likely to start showing symptoms and massive testing is the only way to identify and isolate them. Further, with hotspots emerging across major cities, the country's apex health research organisation — the Indian Council of Medical Research (ICMR) — has already advised resorting to rapid screening tests (using blood samples) at these containment zones to arrest the spread of the virus.

A quick review shows that most states are testing between 600 and 1,500 people per day, and have already requisitioned 50,000 to 100,000 testing kits. At the central level, around 700,000 rapid test kits are expected to arrive around April 10 and the major testing ramp up would have to wait till then.

Rapid tests use blood samples to look for antibodies that react to coronavirus protein and give results within minutes. These have to be followed up with conventional the polymerase chain reaction (PCR) tests that take a few hours to deliver results.

But the availability of diagnostic kits is a growing concern. Protective personal equipment (PPE) worn by the health care workers is in short supply, too. India is roughly testing 20,000 samples per day and the plan is to scale this up to 100,000 samples per day within the next few weeks. A public health expert said India needs to test at least 130 million people, which is only 10 per cent of its population, to control community spread of the disease.

These look like very steep targets at the moment.

Maharashtra said on Wednesday it was running out of PPE kits and the Brihanmumbai Municipal Corporation (BMC) is now aiming to procure 35,000 PPE kits every week. So far, around 12,000 PPEs have been air-lifted and 30,000 or so are on their way. BMC has also ordered 50,000 rapid testing kits.

The BMC has said the outbreak here has reached the community transmission stage, as fresh cases are neither contacts of patients nor do they have any travel history. Worli, Prabhadevi, and Lower Parel are among the worst affected, apart from Dharavi.

More than 50 health care workers have been detected Covid-19 positive in the city. On an average, Mumbai is now testing 890 people per million. This, according to the BMC, is better than the national capital, which is testing 96 people per million.

Private labs here have been asked to conduct 25 tests for free per day.

Delhi has requisitioned 100,000 rapid testing kits and has received many kits from ICMR recently. Uttar Pradesh (UP), which is sealing off 15 of its worst-affected districts, is gearing up to double the daily testing of suspected cases to 1,500 from Thursday. Apart from the districts where Covid-19 patients have been identified, the state will now conduct tests in the remaining districts as well to minimise possibility of spread of the pandemic, UP medical, health and family welfare principal secretary Amit Mohan Prasad said on Wednesday. The state will also collect samples of people with symptoms of respiratory illness or influenza. A tender to procure rapid test kits will be opened on April 11.

"These antibody testing would be used on health workers and at the quarantine facilities, since the UP coronavirus curve has started to flatten. It is time to go for aggressive testing to further rule out the possibility of positive cases," added Prasad.

Meanwhile, the state government will expand the current testing facilities from 10 to 24 district hospitals and medical colleges in the coming weeks. Besides, all the 75 districts in UP will be equipped with coronavirus sample collection centres.

Down South, many states have adopted a kiosk approach to collect samples, like Tamil Nadu, Kerala, and Karnataka. So far, Tamil Nadu has ordered 100,000 rapid testing kits from China, which will reach the state on April 9. Testing would begin around April 10. As on April 7, Tamil Nadu had around 14,000 test kits from the National Institute of Virology, Pune. Tamil Nadu has tested a little over 6,000 samples till Wednesday. It is doubling the number of testing facilities from the current 19.

A walk-in sample kiosk has been set up at a government hospital in Tiruppur, in line with those installed in South Korea. In these sterile cabins, throat swabs can be taken from patients standing outside the cabin. This helps in collecting more samples in less time. It also reduces the requirement for PPE kits. Similar arrangements have been made at Kerala's Ernakulam.

Down South, many states have adopted a kiosk-approach to collect samples, like in Tamil Nadu, Kerala, and Karnataka

Kerala received its first set of 1,000 PCR test kits from Pune-based MyLab. It was ordered by Thiruvananthapuram MP Shashi Tharoor. The state is waiting for the rapid test kits now. Kerala is buying 100,000 rapid test kits from China. Of this, 25,000 kits have been delayed due to clearance of ships in China. Kerala CM Pinarayi Vijayan has said there is no scarcity of test kits. The state will get 20,000 kits from ICMR by Thursday.

Karnataka, too, is in the process to procure 100,000 antibody test kits from a Singapore firm and aims to ramp up testing from 600-800 per day. K Sudhakar, the state's medical education minister, who is the official in-charge for all Covid-19-related matters in the state, has said these test kits would be used in red zones and also for some random testing to check community transmission. Karnataka is also in the process of procuring one million PPE kits for the safety of health care professionals.

Andhra, too, has ordered 100,000 rapid antibody test kits to pro-actively screen high-risk groups. It has expanded the testing capacity to 5,000-6,000 samples per day. Symptomatic survey is being conducted on people above 60 years, health workers and high-risk patients. The department is planning to conduct tests on 1,800-2,000 from these groups. Besides this, about 1,000 blood samples were collected from clusters where infective cases had been reported recently. The health department has stocked up 2 million tablets of hydroxychloroquine and 1.4 million tablets of azithromycin for a possible treatment of the coronvavirus infection. The government has already placed orders for 2 million PPEs and 1.4 million N-95 masks for medical staff dealing with coronavirus cases in the state.

The Andhra Pradesh MedTech Zone has started manufacturing 2,000 testing kits per day. The capacity will be increased to 25,000 per day. Telangana, however, has taken a different route. Unlike in other states, the Telangana government decided against using rapid testing. It thinks conventional testing is a must to confirm the cases. About 200,000 conventional testing kits, 500,000 PPEs, 500,000 N-95 masks, 2.5 million regular masks and 2.5 million surgical gloves have been ordered here. The government is distributing 5,000-10,000 PPEs a day to hospitals dealing with coronavirus cases.

Gujarat has requisitioned an additional 50,000 kits from ICMR even as plans are afoot to ramp up daily testing to over 1,000 in newer containment zones being identified. According to the Gujarat government's health officials, the ICMR has so far supplied 17,000 RT-PCR kits to six public hospitals.

"At our six locations, we have a daily testing capacity of 1,500. Private labs in the state can do another 600-700 tests daily. Currently, 600-700 tests per day are being done," said an official.

West Bengal has been relatively tight-lipped. It has identified seven clusters where rapid testing would be conducted. There are 30 NABL-accredited labs in the state to conduct such tests.

Inputs from Virendra Singh Rawat, Dasarath Reddy, Gireesh Babu, Samreen Ahmad, Vinay Umarji, Avishek Rakshit & Sohini Das

Logistics firms face multiple hurdles in transporting cargo

NEHA ALAWADHI & SUBHAYAN CHAKRABORTY
New Delhi, April 8

Though the government has allowed movement of essential and non-essential goods during the 21-day nationwide lockdown imposed to control the spread of coronavirus disease (Covid-19), logistics players are facing a tough time transporting cargo.

The most impacted have been truck drivers, who have had to bear the ire of the authorities and face stigma in their villages. Small businesses, too, have been affected.

"We had five trucks in transit when the lockdown was announced. By the time they reached their destination, they were stopped at the borders and weren't allowed to enter states because foodstuff like Apples were not considered essentials. As a result, that entire consignment ended up going to waste. We do cold chain movement, and these stoppages are impacting farmers, small business and fleet owners the most," said Gazal Kalra, co-founder of Gurugram-based logistics firm Rivigo.

CORONAVIRUS PANDEMIC

While most drivers working for logistics firms are unwilling to make trips, those who are ready are facing issues with basics like not finding food and water on the way. "For the drivers, there are no *dhabas*, no workshops open along the routes, even though the government has allowed eateries to remain open. How will the people running these establishments reach highways? They all stay in neighbouring villages and there is no public transport. Besides, they don't have labour and raw material to prepare the food," said Sachin Haritash, CEO and founder at Chetak Group-backed logisitcs company Mavyn.

With warehouses of most firms being shut, or working in single shifts, drivers often find that there is no one to receive the goods at the destinations.

In some cases, the lack of clarity over which items are classified as essential and non-essential has resulted long lines at borders, and some drivers have abandoned vehicles. "The drivers and employees face another kind of discrimination. They are told by the sarpanch in their village to not enter because they might be carriers of the virus. Some of our other operations staff have been told by their landlords that they won't be allowed to enter the house if they step out for work. The lack of respect and dignity for drivers is also evident in the way they get beaten up by the authorities sometimes," said Kalra.

According to a study conducted last year by the India Brand Equity Foundation, the market size of the logistics sector was expected to climb to $215 billion by 2020, logging 10.5 per cent compound annual growth rate (CAGR) over 2017.

The Confederation of Indian Industry has also requested the government to ease the movement of trucks across district and state borders. "Currently, extensive documentation and three passes are required at the district level for every commercial journey. We are in talks with the district magistrates' offices, so that congestion at borders can be reduced," said K V Mahidhar, Executive Director at CII's — Institute of Logistics.

CII is also preparing a database of active logistics firms across the country. The list is being updated daily and the information is being made available to over 9,000 members, said a senior CII functionary. In a representation to the government, logistics firms have requested it to allow drivers to move out from their villages to reach their respective vehicles after getting certificates from local SHO or Sarpanch.

"The government should create a safe and fast corridor for movement of goods. Support for SMEs should be stepped up. Small fleet owners have lost demand so they can also be used to serve orders. The government should consider providing some security for truck drivers also," said Rivigo's Kalra.

QUICK VIEW

- Market size of logistics sector expected to reach $215 bn by 2020, growth of 10.5% CAGR over 2017: IBEF
- Warehousing segment was poised to receive ₹50,000-cr investments
- Steep logistics costs a concern in India
- Lockdown has taken a toll on truck drivers, farmers and small fleet owners
- Multiplicity of govt notices and lack of coordination among authorities impacting movement of goods across the country

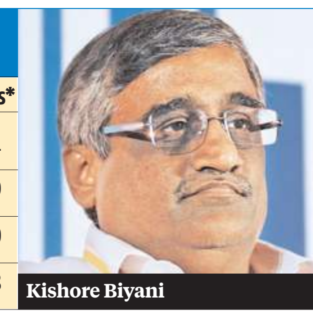
Biyani faces litmus test as debt soars

Future Group sees its biggest crisis after raising high-cost loans from PEs and pledging shares

DEV CHATTERJEE
Mumbai, 8 April

AMID THE GLOOM

	Future Consumer Ltd		Future Supply Chain Solution		Future Lifestyle Fashions		Future Retail	
	Price (₹)	Returns*	Price (₹)	Returns*	Price (₹)	Returns*	Price (₹)	Returns*
CY2017	75.2	276.7	678.3	2.1	345.1	169.3	524.1	308.6
CY2018	45.8	-39.1	658.9	-2.9	424.8	23.1	504.2	-3.8
CY2019	22.5	-50.9	467.8	-29.0	402.1	-5.3	342.0	-32.2
YTD	5.7	-74.6	85.4	-81.8	96.2	-76.1	64.3	-81.2



Kishore Biyani

*%, Until April 8: CY17 returns for Future supply chain is calculated over the issue price of ₹664

Source: Bloomberg; compiled by *BS* Research Bureau

A combination of high-cost funds from private equities (PEs), promoters pledging stakes and falling share prices of listed entities have put Future Group in a crisis.

Though promoter Kishore Biyani is selling stakes in group companies to pay off debt, a significant share price crash since January this year is making his task difficult.

"While it is good news that 80 per cent of the borrowings of holding companies are from PE firms, for which the collateral cover is much lower than funds from banks or mutual funds, the cost of funding can be very high," said an analyst of Redd Intelligence.

A filing with the ministry of corporate affairs for a ₹1,300-crore loan for these (promoter entities) has put pricing at an eye watering 26.5 per cent per annum over a four-year term, said the report. Promoter entities had a total debt of ₹11,970 crore with total pledge estimated at over 90 per cent by value across group companies.

Rating firm ICRA said it has received a communication from IDBI Trusteeship Services on April 3 that corporate guarantees on non-convertible debentures (NCDs) amounting to ₹670 crore of Rural Fairprice Wholesale (RFWL), a 100 per cent subsidiary of Future Corporate Resources (FCRPL), were invoked on March 27. Also, FCRPL has not made the payment. The matter is now subjudice after the Future group objected to invocation of the pledge.

The ongoing shutdown of retail outlets due to the coronavirus (Covid-19) pandemic will further put pressure on the group as sales of operating companies fall, said analysts. As the group tries to sell off its insurance arm to ease pressure on promoter entities, an insurance sector chief executive officer (CEO) said there are no takers in the current market.

Retail King of India

The present crisis faced by Biyani — known for making Big Bazaar a household brand name since early the 2000s — is the most serious. This is the not the first time Biyani's group is facing a debt crisis. "Biyani is to India what the Walton family of Walmart is to the US.

Biyani's realised the potential of organised retail far before cash rich promoters like the Ambanis or the Birlas. No wonder, he is well known as Retail King of India," said a Mumbai-based rival. "But with debt out of control, this is perhaps his biggest test," he added.

After tasting success with Big Bazaar, Biyani diversified into other businesses such as financial services, formal clothes retailing and insurance. In 2012, Biyani sold his Pantaloon brand to Aditya Birla group for ₹1,600 crore. Pantaloon was the first brand started by Biyani way back in 1987. The deal was to help Biyani reduce the group's debt of ₹7,850 crore.

Post-Pantaloon deal, Biyani sold several other businesses, including financial services, to Warburg Pincus, in 2012. In 2013, the group decided to sell 51 per cent stake in its general insurance business to L&T for ₹560 crore but the deal was called off a year later. Subsequently, promoter companies started raising funds across various entities — leading to the present crisis.

Maze of companies

Biyani's interest in holding companies are held through four major trusts. The trusts own four holding companies, which include Future Capital Investment (FCIPL), Central Departmental Stores (CDSPL), FCRPL and Ryka Commercial Ventures (RCVPL). Future Corporate Resources was downgraded by rating agencies in March due to its high debt and falling financial metrics. Among the holdcos, FCIPL, CDSPL and FCRPL are purely holding companies while RCVPL has an operating subsidiary Future Lifestyle Fashions.

According to Redd, the total founder group debt continued to rise from ₹11,790 crore in March 2018 to ₹11,970 crore in March 2019 despite monetisation efforts in the year ended March 2019.

An email sent to the Future group did not elicit any response. In financial year 2020, the promoters raised ₹4,600 crore. Of this, ₹1,750 crore was invested by Blackstone after it bought six per cent stake in Future Lifestyle Fashion. Another ₹1,430 crore was invested by US online retail giant Amazon in Future Coupon. Of the proceeds, the group spent ₹1,440 crore on Future Retail.

40-60% drop in passenger traffic likely in FY21

SURAJEET DAS GUPTA & ANEESH PHADNIS
Delhi/Mumbai, 8 April

Private Indian airports are staring at a steep 40-60 per cent fall in passenger volume this financial year due to the Covid-19 crisis.

Such a disruption will take the clock back by many years — in terms of passengers handled — for these airports, thus raising questions among some of the airport operators over a delay in expansion plans.

Private joint venture airports (seven of them), including Mumbai, Delhi, Bengaluru, and Hyderabad accounted for over 54 per cent of the 349 million passengers in CY19. "Overall traffic is expected to decline by 50-60 per cent, but the impact will vary for each airport. Airports in Kerala may see a higher impact as a large percentage of their traffic is to West Asia," said Satyan Nayar, secretary general of the Association of Private Airport Operators, based on feedback from its members.

According to people in the know, Delhi airport — the busiest in the country — handled 68 million passengers last year. GMR Group, which operates the airport, was expecting passenger growth to stabilise in 2020. However, a senior official of the airport said that based on existing conditions, numbers are unlikely to exceed 33 million this year.

He said this was primarily because there is no question of people starting to travel even after the lockdown is lifted, especially international. However, officials in Hyderabad and Delhi airports, which are run by the GMR Group, said: "At this point, we are assessing what domestic demand will be, once the suspension in operations is lifted. Various options including consolidating terminal operations are being evaluated. There is no plan to defer any ongoing expansion works."

Private JV airports, including in Mumbai, Delhi, Bengaluru, and Hyderabad accounted for over 54% of the 349 mn flyers in CY19

They pointed out that Delhi was currently handling 25-30 operations, while Hyderabad was doing 4-7 a day, which were mostly foreign evacuation and cargo.

Further, with an extension of the lockdown looking certain, and with the Directorate General of Civil Aviation mandating social distancing norms on flights, which would reduce seat capacity substantially, traffic is not expected to get back to normal.

Mumbai airport spokespersons did not respond to an email. However, a director in one of the PPP airports, said: "We have no revenues, airlines have said they will not even pay rent until flights are allowed, so how can we pay revenue share to the Airports Authority of India? Or, how do we pay our loans? We have to relook our expansion plans and preserve cash, or delay it as it will take time to fill the existing capacity. Brace for even retrenchment."

Aviation consultancy CAPA estimates domestic traffic to decline from around 140 million in FY20 to 80-90 million in FY21. International traffic is expected to fall from approximately 70 million in FY20 to 35-40 million in FY21, and possibly less, it said. Already, airport operators are seeking a financial package from the government, including a tax holiday, moratorium on payments, deferral of concession fees, and loans at attractive rates.

Extension of the lockdown and a projected fall in air traffic would also force airport operators to recalibrate their expansion plans. Construction of a new terminal at Bengaluru will be delayed and the work will commence once the lockdown is lifted, as the project capital is already tied, said a person in the know.

'IT industry resilient, will emerge stronger'

Unlike earlier periods of recession, after the Covid-19 pandemic there is likely to be greater investment in technology. This will make supply chains and client systems resilient, says technology services industry body National Association of Software and Services Companies' (Nasscom's) newly appointed chairman and Infosys Chief Operating Officer **U B PRAVIN RAO** in conversation with **Neha Alawadhi**. Edited excerpts:

Q&A

You're taking over as Nasscom chairman in a challenging year. What are the priorities for Nasscom in the coming financial year?

These are challenging times for the Indian information technology (IT) industry. However, the industry has time and again proven its resilience. We hope to emerge stronger. The immediate priority is navigating through the Covid-19 situation and ensuring business continuity. After Covid, I hope to continue the growth rate we've been doing, of taking forward the industry and making it relevant in the digital era, including expanding our market presence, skilling and reskilling workforce, and contributing to India's gross domestic product (GDP) growth.

Is there a more concrete understanding of recovery once the situation normalises?

We are past the phase of ensuring business continuity for clients, and in the stabilisation stage. We have to plan for whatever the new normal is. I expect this to happen in a space of over two-three months. As we do this, we should also ensure social distancing at the workplace and adequate focus on employee health and wellbeing. Over 80 per cent of our members are small and midsized companies and start-ups; will be much more impacted in the event of a prolonged lockdown. We are working with the government to provide relief to them to ensure zero or very minimal job losses.

"The immediate priority is navigating through the Covid-19 situation and ensuring business continuity"

Do you have a clearer picture of the verticals which are the hardest hit?

The whole supply chain is disrupted. Some more impacted than others are travel and entertainment, retail and consumer packaged goods, and manufacturing — both on the demand and supply side. Pharma and life-sciences companies to some extent are doing well, but there are supply side issues. Some industries which are possibly less impacted are financial services, hospitals, and health care.

What are you hearing from clients?

Clients are trying to wrap their heads around this pandemic and the impact on their own businesses. Everyone is struggling to figure out how long this will last. There is a lot of focus on cost takeout. Cash flow is a big area for them. Clients are also looking at variabalising their cost structures. The immediate impact will be to start looking at discretionary projects. Whatever is not relevant in today's context, they will probably slow it down or put it on hold. But unlike recession in the past, our own belief is investment in technology will continue towards making businesses more resilient and investment in technology to derisk the supply chain will also happen.

It's an election year in the US. What is the impact on the industry likely to be?

Global GDP will be 2 per cent less than the earlier projections. Predictions of slowdown and/or recession are there. The US is going through a tough time. But at the same time, the Centre has announced a very aggressive stimulus. We have to wait and see how long this will last. The short-term impact is difficult to predict.

Your thoughts on onsite workforce, especially those with expired or about to expire visas.

In some countries like France and the UK, they have given relief to people who are out of status (for visas). The issue with onsite is with people whose visas have expired or are about to expire, in some sense they are out of status. Same for people who have gone on business visas. From our perspective, given the nature of the situation, I doubt any country will look at this as a violation, even though they have not really clarified it. Individual companies are working with local governments and Nasscom is also working with the foreign affairs ministry to talk to local governments to sort this out.

Want to do relief flights free of cost: IndiGo CEO

ARINDAM MAJUMDER
New Delhi, 8 April

IndiGo, the largest Indian airline with a fleet of 259 aircraft, has proposed to operate relief flights for carrying food and medicines to remote areas free of cost. This was announced by the airline's Chief Executive Officer Ronojoy Dutta on Wednesday.

IndiGo has been authorised by the government to operate 30 relief flights, but Dutta said the airline wants to do more without charging the government. The airline has a fleet of 219 Airbus A320 aircraft and 25 smaller ATR-72 jets which can fly to remote areas. It flies to 63 destinations in the country, including six cities in the North East — Imphal, Shillong, Aizawl, Dimapur, Agartala, and Guwahati.

With passenger aircraft movement banned, IndiGo feels its fleet can be used to ferry essential supplies. While it has become an alternative source of revenue for other airlines, IndiGo has offered to do it gratis. "Charging for transporting emergency medical supplies in the middle of a pandemic is not a profit opportunity moment for IndiGo. It instead is a Vande Mataram moment for us," said Dutta.

Last week, aviation regulator Directorate General of Civil Aviation allowed passenger aircraft to ferry cargo in order to boost the country's supply chain system which has been under severe stress since lockdown .

Flights to resume once virus is under control, says Puri

India will remove its suspension of domestic and international commercial passenger flights once it is confident that the spread of coronavirus has come under control, said Civil Aviation Minister Hardeep Singh Puri on Wednesday.

"My heart goes out to people who are facing problems due to restrictions put in place on domestic & international flights, pursuant to the situation arising out of the timely announcement of a nation-wide lockdown," the minister said on Twitter. PTI

400 million Indians at risk of slipping into poverty: ILO

SOMESH JHA
New Delhi, 8 April

Around 400 million Indians are at risk of slipping into poverty because of the "stringent" nationwide lockdown implemented to control the spread of the coronavirus disease (Covid-19), the International Labour Organization (ILO) said in a recently released report.

CORONAVIRUS PANDEMIC

"In India, Nigeria and Brazil, the number of workers in the informal economy affected by the lockdown and other containment measures is substantial. In India, with a share of almost 90 per cent of people working in the informal economy, about 400 million workers are at risk of falling deeper into poverty during the crisis," the ILO said in its report 'Covid-19 and the world of work'.

It noted that India's current lockdown measures were at the high end of an index produced by the University of Oxford, known as Covid-19 Government Response Stringency Index, which has impacted informal sector workers "significantly, forcing many of them to return to rural areas".

In fact, using the University of Oxford's index, the ILO plotted a chart to show how India has put more informal workers under lockdown than its neighbour Pakistan and other countries such as Brazil and China.

The ILO noted that lockdowns and related business disruptions have had sudden and drastic impact on workers and enterprises. "The ILO estimates show that workplace closures have increased so rapidly in recent weeks that 81 per cent of the global workforce lives in countries with mandatory or recommended closures," it said.

The ILO estimates that the pandemic is expected to take away 195 million full-time jobs across the world. It said the employment losses are rising rapidly across the globe and described it as "the most severe crisis since the World War II".

PHOTO: PTI

POLICY SUGGESTIONS

- Active fiscal policy, accommodative monetary policy
- Extention of social protection to all
- Implement employment retention measures
- Expand access to paid leave, adapt work arrangements like teleworking

The sectors considered at high risk of disruption, according to the ILO, are accommodation and food service activities; manufacturing; real estate, business and administrative activities; wholesale and retail trade; and repair of motor vehicles and motorcycles.

India had announced a 21-day national lockdown beginning March 25 — with a complete ban on public transportation and on movement of people outside their homes, except for essential services. The lockdown, announced by Prime Minister Narendra Modi, gave a four-hour notice on March 24. In India, empirical evidence suggests that the unemployment rate, which was at a 45-year high of 6.1 per cent in 2017-18, is already soaring. Though the official data is yet to be released, the Centre for Monitoring Indian Economy, a private agency which conducts regular job surveys, said the unemployment rate touched 23.4 per cent for the week ended April 5. The sample size was, however, low at 9,429 as conducting physical surveys became a challenge during the lockdown. The lockdown led to a reverse migration, with workers leaving cities to go back to their villages as industries were shut and paying off house rent or taking care of basic needs became a challenge, apart from health concerns.

According to official estimates, 500,000-600,000 workers walked miles to reach their villages. Hundreds of thousands of migrant workers are still living in shelter homes set up by various state governments, while the rest have been quarantined before they are allowed to meet their families.

According to the ILO, around two billion people work informally around the globe, most of them in emerging and developing countries. According to this estimate, India accounts for 20 per cent of all the informal workers in the world.

Govt grant to industry for paying salaries unlikely

SOMESH JHA
New Delhi, 8 April

Lack of fiscal space will pose a big hurdle for the Centre to announce grants for industries to pay wages of employees unable to work because of the coronavirus (Covid-19) pandemic, according to multiple people in the know. In the past few days, industry representatives have had meetings with top government officials to deliberate upon an economic package, said sources.

"The government lacks the fiscal space. It will not be feasible to give grants to the industry to take care of its wage bills," one of the two persons said.

The government has set up an empowered group of officials, led by Economic Affairs Secretary Atanu Chakraborty, to finalise recommendations on economic and welfare measures. The committee has taken inputs from the industry, said sources.

"The fiscal situation is not good, with economic growth hurting and revenues drying up. Even the fiscal deficit of state governments is high. India cannot afford to have a downgrade from rating agencies. Grants to support the wage bill look unlikely," the second person said. The fiscal deficit of the Centre for 2019-20 (FY20) has already surpassed the Revised Estimates (RE) by 35 per cent till February 2019. The RE was higher at 3.8 per cent of gross domestic product (GDP), against the Budget Estimate of 3.3 per cent.

For the current fiscal year, the government has pegged the deficit at 3.5 per cent of GDP, whereas the fiscal consolidation road map had pegged it at 3 per cent. The government has taken the escape clause of 0.5 percentage points for both FY20 and 2020-21.

PHOTO: PTI

INDUSTRY WISH LIST

- Assocham has demanded a ₹15-23 trillion package
- Says economy would need $200-300 billion over the next 12-18 months
- Of this, $50-100 billion (₹3.8 - 7.6 trillion) infusion needed over 3 months to arrest job loss
- Ficci has called for ₹9-10 trillion stimulus
- PHD Chamber of Commerce and Industry wants ₹9 trillion
- SBI group's Chief Economic Advisor Soumya Kanti Ghosh says ₹6.6 trillion would be needed
- CII wants support of about 2% of GDP
- Says govt should set aside a fund of ₹30,000 crore, which could be used by banks
- It called for providing ₹2 trillion to JAM account holders
- Banks should provide additional working capital limits, equivalent to April-June wage bill of the borrowers, at 4-5 per cent
- Says MSMEs should get additional loans with govt guarantee up to 20% of default
- Wants Covid insurance scheme for migrant workers, with govt and industry sharing cost

INDIVJAL DHASMANA

The country's sovereign ratings are at the lowest investment grade by Standard & Poor's and Fitch. Moody's assigned India a notch above the lowest investment grade. Some countries have announced financing the wage bill of industries to avert job losses in the economy through grants. For instance, the UK announced a bailout package for businesses worth ▯350 billion, under which the country would be financing 80 per cent of salary of workers earning wages of up to ▯2,500 a month. After informal discussions with the government, industry bodies have sought help from the government through banking channels to support the workforce.

For instance, the Confederation of Indian Industry has asked banks to allow providing additional working capital limits, equivalent to April-June wage bill of borrowers, backed by a government guarantee, with a refinance guarantee from the Reserve Bank of India. What has been particularly worrisome for the industry is the diktat issued by the government through a Ministry of Home Affairs (MHA) notification dated March 29, asking all employers to make payment of wages of workers 'without any deduction' and on the 'due date.' This is meant to be for the period during which establishments were under closure during the lockdown.

"Even after the government's directives, the workers are not being paid wages. The difficulty of the employers, particularly micro, small and medium enterprises and the start-ups, are completely understandable. The government should provide financial support to the industry and ensure workers are paid their dues," labour law advocate Ramapriya Gopalakrishnan said. Before the MHA's March 29 directive, the labour and employment ministry had issued multiple advisories to the industry to not lay off or retrench workers during the lockdown and asking them to deter from deducting wages.

Notably, the MHA order, which was issued under the Disaster Management Act, says the state governments have to issue their separate orders to implement the diktat. The district magistrates and the local police are the authorities to enforce the orders. But the firms have the right to lay off workers, under the Industrial Disputes Act, through which they can pay 50 per cent of the wage to workers for three weeks. But companies employing less than 50 workers do not have to pass on this compensation. "The government should address the lacunae in the law. Though it has rightly exercised the power under the Disaster Management Act, it should also make suitable amendments in the Industrial Disputes Act, which is the appropriate labour law to deal with such matters, to allow the pandemic to become a reason to lay off workers," said K R Shyam Sundar, professor of human resources management, XLRI, Jamshedpur.

Can't miss peak April-June season: Exporters to Centre

SUBHAYAN CHAKRABORTY
New Delhi, 8 April

Industry bodies have unanimously cautioned against extending the lockdown owing to coronavirus, arguing that without adequate relief, exporters will accumulate losses and cede market share to others.

National-level exporters' bodies representing engineering goods, apparel, and electronics, among others, have written to the commerce department over the past two days.

They stressed that manufacturing units needed to be quickly reopened so that the crucial April-June export season could be taken advantage of, sources said. "At a time when China is restarting factories and is eager to clear excess inventories, Indian exports need to be able to fulfil foreign orders that haven't yet been cancelled or postponed," said a senior functionary of the Confederation of Indian Industry (CII).

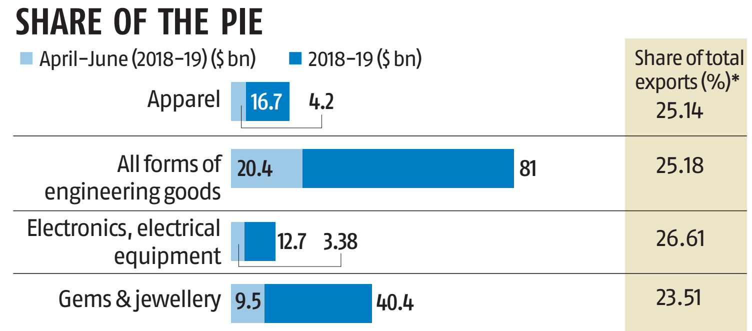
The industry body has supported creating and maintaining quarantined zones in key industrial areas and special economic zones to keep manufacturing going. "This is the peak time for global trade and whereas domestic markets do have some protection, the world markets are open for domination by other countries. India cannot lose out on that," said Engineering Export Promotion Council (EEPC) India Chairman Ravi Sehgal.

Engineering products account for 25 per cent of India's merchandise exports. Of the top 25 markets, accounting for over 75 per cent of Indian engineering exports, most of the major destinations are in a state of lockdown or stringent restrictions, the EEPC India has pointed out.

These include the top three destinations — the US, the UAE, and Germany — apart from the UK, Bangladesh, Mexico, and Singapore, the body said. "March shipments have all been disrupted. Buyers overseas can be convinced and held back for a month or so but not beyond that. In case India is out of production for the world market this month, it will be out of the overseas buyer's plans for the whole of 2020," Sehgal added. "We expect contraction in March. With major economies continuing to see sharp rise in Covid-19 cases, the cumulative fall in demand would spill over into April, causing a bigger contraction," said Ajay Sahai, director general of the Federation of Indian Export Organisations (FIEO).

According to the FIEO, more than 30 per cent of the export orders are stuck.

SHARE OF THE PIE



Source: Commerce department *April-June period

Few financing options

According to ratings agency ICRA, apparel exports are witnessing significant turbulence and vast shipments set to hit European and US markets for the ongoing Spring-Summer Season 2020 are likely to suffer a major setback. Overall, the industry is facing a major liquidity squeeze with few financing options left and dues from buyers accumulating. To reduce the cost of imports, Confederation of Indian Textiles Industry Chairman T Rajkumar has suggested all raw materials, dyes and chemicals, intermediaries, spares, and accessories be exempted from anti-dumping duty and basic customs duty.

In a letter to Prime Minister Narendra Modi, Apparel Export Promotion Council (AEPC) Chairman A Sakthivel said the industry, employing 12.9 million, would face a disaster if the government immediately did not announce a targeted economic package.

"Apparel exports are a seasonal industry and the products are similar to perishable commodities because they are tailor-made, design-specific, fashion-specific exports and any cancellation this year may have little or no salvage value next year," he added. According to industry estimates, about 70 per cent of the apparel units are in the micro, small, and medium sector. Labour costs form the single-largest component of the product cost at a typical 25-30 per cent, against the norm of 7-8 per cent for overall domestic industry.

Orders cancelled

The Electronic Industries Association of India has also said India's hard-fought competency in global trade would be at stake if exports are not able to leave factory gates. "With the help of comprehensive government support, hardware and component manufacturing had slowly gone up over the past three years. It is no secret that Chinese suppliers are waiting to cut Indian players out as soon as they get the chance to do so," said a senior functionary. It has been reported that relatively small sectors that are battling volatility have also not been spared cancellation. These include carpet exports, worth ₹2,000 crore, being stuck and leather exports, worth ₹7,600 crore, that have been cancelled. Over 15 per cent of the orders have been held over while almost 55 per cent have been cancelled in the previous two months, said K R Vijayan, chairman, Indian Finished Leather Manufacturers and Exporters Association.

Govt releases ₹14,103 crore more in GST dues to states

PRESS TRUST OF INDIA
New Delhi, 8 April

In a bid to provide further relief to states amid the coronavirus outbreak, the finance ministry has released about ₹34,000 crore in two phases to states as compensation for their revenue loss in the goods and services tax (GST) regime.

With the release of ₹14,103 crore to states on Tuesday, the Centre has paid a total of ₹34,053 crore pending GST compensation cess for October and November, sources said. The first tranche of ₹19,950 crore for the period was already paid on February 17.

According to sources, the finance ministry is also looking at the pending dues of states for December and January which could be released soon in phases.

The government has released close to ₹1.35 trillion to states and union territories towards GST compensation cess. Under GST law, states were guaranteed to be paid for any loss of revenue in the first five years of the GST implementation, which came into force from July 1, 2017.

Powers of 2 Cabinet panels widened to meet crisis

With an eye on post-lockdown economic reconstruction, the government has amended the functions of two key Cabinet committees that deal with employment, investment and growth.

On April 3, the Cabinet secretariat amended the transaction of business rules to alter the functions of two committees — the Cabinet committee on investment and growth, and the Cabinet committee on employment and skill generation.

The nature of the amendments is aimed at broadening the functions of the two committees, giving them wider powers in decision-making.

For example, earlier the Cabinet committee on investment and growth was tasked with identifying key projects required to be implemented on a time-bound basis", involving investments of ₹1,000 crore or more, particularly in infrastructure and manufacturing.

The amendment has removed the ₹1,000-crore cap, and also included in the committee's ambit "sector specific reforms and other measures aimed at export promotion, import substitution, accelerating capital inflows, etc."

ARCHIS MOHAN

All govt depts told to cut expenses by 60%

SUBHOMOY BHATTACHARJEE
New Delhi, 8 April

The Centre has begun to cut expenditure in right earnest as the financial impact of Covid-19 deepens.

Days after cutting the salaries and other allowances of MPs and ministers, the government has passed instructions to all departments to reduce their expenditure by as much as 60 per cent from their first-quarter spending plans.

Each department has to make the "savage cuts" by redoing the Budget maths.

The only exception is spending that deals with schemes related to the pandemic. Here too, there could be cuts for non-essential stuff. No instructions have been issued to states to prune expenditure but it is understood that these too could happen soon. The sum to be reduced will roughly be from a budget of ₹3.43 trillion of estimated government spending in the first quarter. The cuts have become necessary because all estimates show both tax and non-tax revenue of the government will come up far short of the Budget estimates in FY21. The government's borrowing calendar for the first half of the year has made no provision to cover the shortfall.

Normally under the government of India's spending plans, the ministries and departments have to spend 25 per cent of their Budget in each of the four quarters of the year. This is meant to block them from bunching their expenditure at the end of the financial year, which was the unstated norm till about a decade ago. The new norms allowed the expenditure monitors in each of these departments to keep track of how productively public money had been spent. In this fiscal year, the departments have finalised their expenditure plans. But now the finance ministry has issued a modified cash management plan to them, advising the cutbacks. For this purpose, the government has divided the ministries into three groups. The first set will have to reduce their expenditure by 20 per cent, the next by 40, and the remaining by 60 per cent. It is up to the departments concerned to figure out how to make the cuts.

For FY21, the government had planned to spend ₹30.42 trillion, according to Budget estimates. Leaving out the committed interest payments and transfers to states including centrally sponsored schemes, Finance Commission grants and sundry other grants, loans, transfer, the remainder is ₹16.20 trillion. Subtracting other committed expenditures including wages and pensions, which amount to ₹4.58 trillion, leaves about ₹11.62 trillion for the entire year. From this the departments and ministries can make the cuts. The instructions make no mention of cutting wages and pensions.

Centre's borrowing won't be cheap this time

ANUP ROY
Mumbai, 8 April

The prospect of cheap borrowing is fading fast for the government, which will hold an auction of ₹19,000 crore on Thursday, this fiscal year.

Wary of supply, bond dealers asked for sharp increase in rates from state governments during Wednesday's auction. States borrowed at 150-200 basis points (bps) above government securities (G-Secs), or more than 450 bps above the policy repo rate, to raise money from the markets.

The 'AAA'-rated public sector unit REC even withdrew a planned debt sale of ₹5,000 crore. Kerala paid 8.96 per cent for a 15-year bond. The equivalent tenor G-Sec closed at 6.92 per cent.

What is interesting is that bond yields have shot up despite an extraordinary 75 bps policy rate cut by the Reserve Bank of India (RBI), which was accompanied by other liquidity boosting measures. The 10-year bond yields had fallen to 6 per cent, but as on Wednesday, it was at 6.44 per cent.

The government has to borrow ₹4.88 trillion in the first half in this environment, which is getting increasingly difficult owing to the coronavirus disease (Covid-19)-induced slowdown.

Bond dealers say the yields will remain around the present level, but they don't rule out further bond issuances. The government has not yet clarified on the extra borrowing. The expectation is that if it happens, it would likely be placed directly with the RBI.

"The market is looking at higher G-Sec issuances, than the borrowing calendar. Even after RBI rate cut and liquidity support, G-Sec yields are stagnant. Fiscal deficit target will be breached, but the extent is early to call. It depends on how soon people come back to work," said Joydeep Sen, consultant for fixed income at Phillip Capital.

A section of the bond market expects the RBI to announce open market operations (OMO) to buy bonds from the secondary market, but not everyone is sure that that would help in boosting sentiment.

"The 10-year G-Secs are already up 200 bps above repo rate. These are unusual times. Noise, speculation, and lack of clarity over possible fiscal slippages ... everything is making the market nervous. OMO is not enough, better visibility and clarity are essential," said Soumyajit Niyogi, associate director at India Ratings and Research. The reduction of market hours is also making it difficult to gauge demand. The bond and currency markets closed at 2 pm on Tuesday, earlier than the usual 5 pm. The markets will function between 10 am and 2 pm till April 17 because of Covid-19.

ALL IN A DAY

Invoke strict law against those hoarding essentials: MHA

The Centre has asked states and Union Territories to invoke a stringent law to punish those indulging in hoarding and black marketing of essential commodities, saying such acts can't be ruled out because of the loss of production and labour crisis in the wake of the lockdown. In a communication to chief secretaries of all states and UTs, Union Home Secretary Ajay Bhalla said the Ministry of Home Affairs (MHA), under the Disaster Management Act, has allowed manufacture or production, transport and other related supply-chain activities in respect of essential goods. He said states can invoke provisions of the Essential Commodities (EC) Act, 1955, to ensure availability of goods. PTI

India to buy cheap West Asian oil for strategic reserves

India, the world's third biggest oil consumer, is set to snap up millions of barrels of West Asia crude for its strategic reserves, signaling its support to global efforts to rescue the energy market. The purchases are aimed at taking advantage of low prices, according to officials with knowledge of the matter. But two of them said they're also a signal of solidarity for the campaign to stabilise markets after Oil Minister Dharmendra Pradhan spoke with his US and Saudi Arabian counterparts and the head of the International Energy Agency. BLOOMBERG

Firms can conduct EGMs through video conference: Govt

Providing relief to companies amid the nationwide lockdown, the government on Wednesday allowed them to conduct extraordinary general meetings through video conferences and get approvals for proposals through electronic voting facility. The decision seeks to facilitate compliances during the current lockdown and other restrictions that are in place due to the pandemic. Listed companies or those with at least 1,000 shareholders that are required to provide e-voting facility under the Companies Act, 2013, have been permitted to conduct EGMs via video conference or other audio visual means, the ministry said in a release. PTI

Moratorium granted on term loans sanctioned by insurers

The Insurance Regulatory and Development Authority of India (Irdai) has said insurers can grant a moratorium of three months towards payment of instalments of term loans sanctioned by them falling due between March 1 and May 31. "The authority has received representations from industry associations, seeking moratorium," it said. **Irdai has also granted relaxation to merged public sector banks** by allowing them to act as corporate agents of more than three entities in life, general and health insurance firms for a period of twelve months from the date of merger (April 1, 2020) for existing contracts of the acquired banks. BS REPORTER

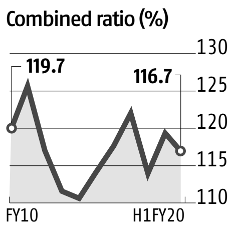
NON-LIFE INSURERS' UNDERWRITING LOSSES PILE UP

Non-life insurers have been reporting underwriting losses and high combined ratios for many years and rely heavily on their investment income to help them sail through. Intense competition, frequency of catastrophes and higher claims are some of the reasons behind the losses. This is in sharp comparison with the international experience, where the non-life segment has generally shown an underwriting profit, said CARE Ratings in a report.

SUBRATA PANDA

The trend

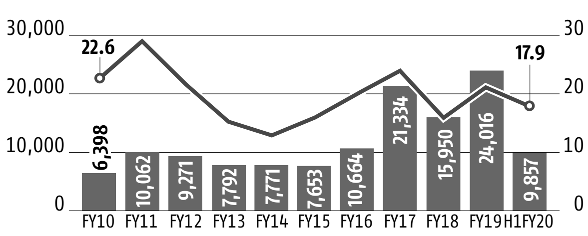
Combined ratio (%)



Note: Combined ratio = net incurred claims ratio + net commission ratio + expenses of management ratio

MOVEMENT OVER A DECADE

■ Net underwriting deficit (₹cr) ▬ Net underwriting deficit as % of net earned premium (RHS)



Source: CARE Ratings

Goldman slashes India GDP forecast to 1.6%

Says global growth may contract by 1.8% and US GDP by 6.2%

PUNEET WADHWA

New Delhi, 8 April

Goldman Sachs expects the global economy to sink into recession in 2020, and sees the Covid-19 pandemic take the global gross domestic product (GDP) to a negative 1.8 per cent in 2020. The latest forecast is a 5 percentage point (pp) downward revision since early this year, and around 3 pp lower than the March 22 forecast.

For India, it has lowered its real GDP forecast to 1.6 per cent for FY21, from 3.3 per cent earlier. This, however, is still higher than the US, which it now sees contracting to -6.2 per cent in 2020 (from -3.7 per cent earlier).

"We now expect sequential real GDP growth (QoQ seasonally adjusted and annualised rate) of -1.4 per cent in Q1FY20 (revised down from 3.5 per cent), -3.8 per cent in Q2FY20 (revised down from -2.0 per cent), +2 per cent, 7.5 per cent in Q3 and Q4, respectively, and further strong gains of 11 per cent in Q1FY21. This takes our FY21 GDP forecast down to 1.6 per cent on an annual-average basis," wrote Andrew Tilton, Goldman Sachs' chief Asia-Pacific economist, in a co-authored report with Prachi Mishra.

Goldman Sachs, like most other research houses, expects a strong economic recovery in the second half of FY21. This, they said, is based on three assumptions. First, the three-week nationwide lockdown is expected to be removed only in a staggered fashion. As a result, social distancing measures will help reduce new infections over the next four–six weeks. While the fiscal easing so far has been limited, they do expect more fiscal measures by the Centre and state governments.

"We expect the RBI to continue with its monetary easing policy, along with liquidity infusion measures. While more forceful policy support could present some upside risk, the recovery could further be delayed if the pandemic is not brought under control globally and domestically over the next few months," Tilton and Mishra wrote.

Despite the policy support so far, and expectations of more, Goldman Sachs believes the nationwide shutdown, and rising public anxiety about the virus are likely to lead to a sharp deterioration in economic activity in March, and in the first quarter of FY21. That said, 1.6 per cent growth for FY21 would be deeper compared to widely perceived 'recessions' India has experienced in the 1970s, 1980s, and in 2009.

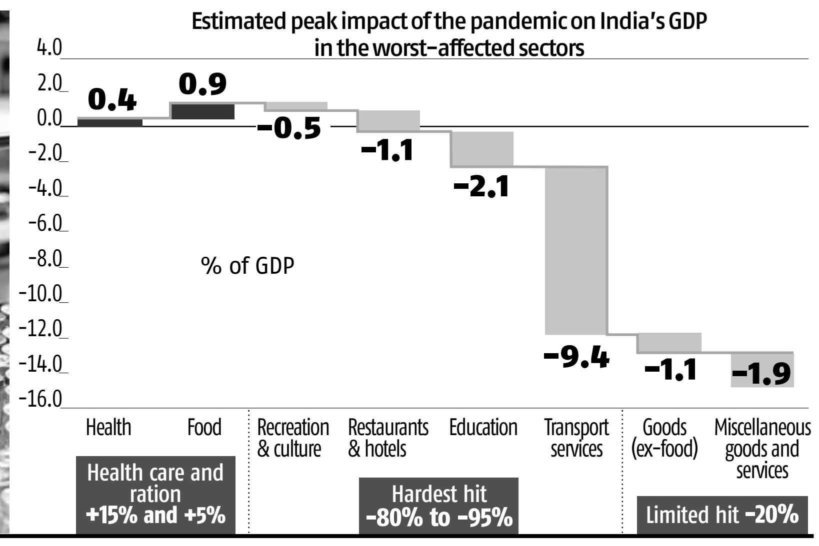
"Notably, as our global team has argued, the Covid crisis — or more precisely, the response to that crisis — represents a physical (as opposed to purely financial) constraint on economic activity that is unprecedented in post-war history.

Sector-wise assessment

Among sectors, Goldman now expects a larger hit — up to 95 per cent — on recreation and culture, and restaurant and hotels sectors (versus earlier estimates of 70-80 per cent), and has increased the hit on education services to up to 80 per cent (versus 60 per cent earlier).

"Overall, consumption contributes 60 per cent to the Indian GDP. Our assumptions about consumption cutbacks in these categories imply a monthly hit to the level of the annual GDP of around 1.2 per cent, for each month the lockdown is in place."

DOWNWARD SPIRAL



RBI may ask banks to buy back AT-1 bonds at par

Could disallow retail investments in the instrument directly and through MFs

RAGHU MOHAN

Mumbai, 8 April

The Reserve Bank of India (RBI) would examine the buyback of the outstanding amount of ₹84,574 crore in additional tier-1 (AT-1) bonds issued by banks at par, and a ban on retail investments in them, directly and through mutual funds.

These measures include the deletion of the clause which permits banks to service the coupon payable on these AT-1 bonds drawn from their reserves, and the ratings assigned to them. In terms of the current regulatory treatment, these are in the nature of perpetual non-cumulative preference shares (PNCPS), but rating agencies have always treated them as "straight debt".

"These issues are engaging the highest decision-making levels of the central bank after the blowout at YES Bank, and the write-down of its AT-1 bonds," said a top official.

The policy framework to be crafted on AT-1 bonds is of considerable urgency given that the coronavirus pandemic could heighten the pressure to service them. This has serious implications for state-run banks — failure to service these will be akin to a sovereign default. In the past, the banking regulator had asked IDBI Bank to retire its AT-1 bonds. The coupon rate on the outstanding AT-1 bonds ranges between 8.85 per cent and 13.8 per cent.

Exercise of the call option written into these bonds needs the central bank's nod. The call option on AT-1 bonds is contingent on issuing banks replacing it with another such offering or core equity capital (CET-1); and it has capital ratios above regulatory levels — CET-1 of 8 per cent and capital adequacy ratio of 11.5 per cent.

A key aspect of AT-1 bonds as of date is its treatment as run-of-the-mill issuance, which does not capture its "contingent coupon-flow characteristics". This arises from the fact that the servicing of the coupon is consequent upon banks complying with CET-1, tier-1 and total capital adequacy ratios at all times; and also capital conservation, and counter-cyclical capital buffers etc.

The YES Bank fiasco is "now testing things that were not imagined when the AT-1 bond scheme was adopted from a Basel standpoint". "It has implications for small investors, and banks' ability to access alternative capital when equity capital becomes either not viable or available, and the overall bond markets", said the source.

YES Bank's ₹8,400-crore AT-1 bonds were written down as it was necessary to do so before the central bank-approved reconstruction plan kicked in.

According to rating agency ICRA, the systemic outstanding by way of AT-1 bonds is currently at ₹84,574 crore (excluding that of YES Bank). Of this, ₹53,854 crore is accounted for by state-run banks and ₹30,620 crore by private banks. The annual run-rate based on the "call options" written into these instruments is ₹2,670 crore in FY21, ₹31,920 crore in FY22, ₹25,355 crore in FY23, and ₹11,457 crore in FY24.

The key concern is the triggering of the 'no-profit, no coupon' stance, especially in the case of the weaker banks. This not only leads to a severe dislocation in the financial markets with financial stability implications, but erodes capital and the attendant return of profitability. "This is a chicken and egg situation," said another official.

A bigger concern is that state-run banks may need another round of capitalisation. The Union Budget for FY21 has not made any allocation towards the same.

The idea of AT-1 bonds buyback first came up for discussion within the RBI when 11 banks were under its Prompt Corrective Action (PCA) framework. The AT-1 bonds not only carried a higher coupon, but given the discretion of the RBI to permit payment of coupons even when there was no profit (i.e. not triggering "no profit no coupon" clause), it was felt that AT-1 bonds for all practical purposes are akin to tier-2 bonds but with a higher coupon. "Hence, it may be prudent to retire such expensive funding avenues rather than downgrade them to tier-2 status," said this second official, who added: "Otherwise, it would have been unfair to the existing tier-2 bondholders."

Central bank officials felt such a buyback would not be in line with its master circular on the repurchase of these bonds. It was, however, put forth that given the capital constraints faced by banks under PCA, the possibility of deletion of the clause which makes it permissible to service the coupon payable on these instruments from their reserves could be considered.

What has set the stage for a comprehensive relook at AT-1 bonds is the widespread retail exposure through provident funds, mutual funds and the mis-selling of the bonds as fixed deposits with higher coupons. While six state-run banks have been taken out of PCA, the issues surrounding the servicing of AT-1 bonds and the efficacy of such contingently convertible instruments in a market with such shallow investor interest is now an urgent matter which is to be taken up.

UP FOR REVIEW

- **Deletion of clause** which allows banks to service coupon from reserves
- **Treatment by rating agencies as 'straight debt'** when it is in reality perpetual non-cumulative preference shares
- **Exemption to service coupon** if a bank is not profitable makes these akin to tier-2 bonds, but with a higher coupon
- **AT-1 bond issues were first raised** with RBI with reference to banks under prompt corrective action
- **Buyback to raise issues** on banks' ability to access alternative capital going ahead

Rail transport of foodgrain more than doubles

SHINE JACOB & SANJEEB MUKHERJEE

New Delhi, 8 April

Shipment of foodgrain, flour, and pulses has shown a 148 per cent increase year-on-year (YoY) to 1.24 million tonnes (mt) during the first week of the current fiscal year. This is in contrast to other commodities handled by the Railways, most of which are showing a massive drop because of the lockdown.

People in the know said a major reason for the rise was the movement of foodgrains by the Food Corporation of India (FCI) to various states to counter the shortage.

FCI moved 662 rakes carrying 1.9 mt of foodgrains across the country in 14 days starting March 24. For the Railways, 64 per cent of the rake handled for rice and wheat during the period was loaded from Punjab and Haryana. Except foodgrains, flour, and pulses, all other commodities showed negative growth.

During the first week of FY21, cement traffic declined by 98 per cent, iron and steel by 64 per cent, petroleum by 47 per cent, minerals and ores by 39 per cent, and coal and coke by 29 per cent, YoY. There was a 36 per cent decline in total freight movement during the first week.

According to an official, there was a sudden spike in loading requirement from an average 15 rakes to 40 a day, in the Northern Railway zone alone.

A major reason for this was enhanced food loading from Punjab and Haryana, and speedy dispatch to deficient states after the government announced an additional 15 kg of grains per beneficiary free of cost.

From March 24 to April 6, FCI moved around 0.14 mt of foodgrains daily on an average — almost 80 per cent more than the pre-lockdown period. Besides, 0.13 mt of rice and an equal quantity of wheat has been transported during the same period for atta manufacturers and packaged atta producers.

Both FCI and the Railways have worked out a joint action plan for loading and unloading of foodgrains.

First, FCI gives the schedule of foodgrain movement from supplier states like Punjab, Haryana, Uttarakhand, Andhra Pradesh, Telangana and Madhya Pradesh. Following this, the Railways approves the same according to operational feasibility.

Next, indents are placed by FCI in various states. Destinations where the foodgrain rakes are to be moved are jointly decided by the deputy chief operations manager of the concerned zone and the assistant general manager of FCI.

When it comes to unloading, foodgrains, flour, and pulses topped during the first week of April, up from 0.78 mt during the same period last year to 1.09 mt now, a 41 per cent rise.

Except for foodgrain, flour and pulses, transport of all other commodities showed negative growth

So far, states such as Uttar Pradesh, Bihar, Telangana, Assam, Himachal Pradesh, Meghalaya, Sikkim, Uttarakhand, Maharashtra, Gujarat, Haryana, Kerala, and Mizoram have started lifting additional quantities of wheat and rice from the Centre's pool.

The Union government has assured states it has enough quantity of wheat and rice in its warehouse for distribution through ration shops.

India's wheat and rice stocks in the Centre's pool, as on March 10 was estimated to be 77.72 mt (including 19.24 mt of unmilled paddy), while the total annual requirement of grains to smoothly run the NFSA, based on last three years' average, is around 54 mt. This means that even before the country has started its annual wheat procurement for the 2020-21 season from April 1, it had, in its warehouses, more than a year's quota of ration.

QE, DBT need of the hour, say Nobel laureates

NAMRATA ACHARYA

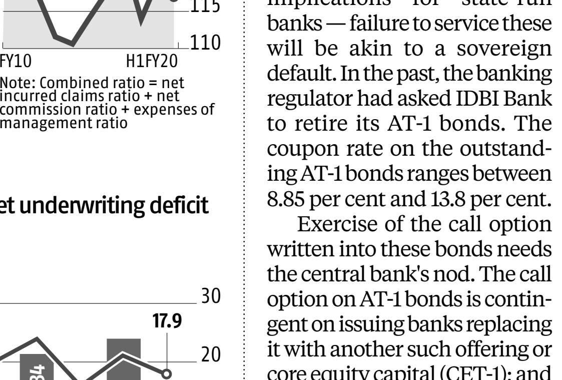
Kolkata, 8 April

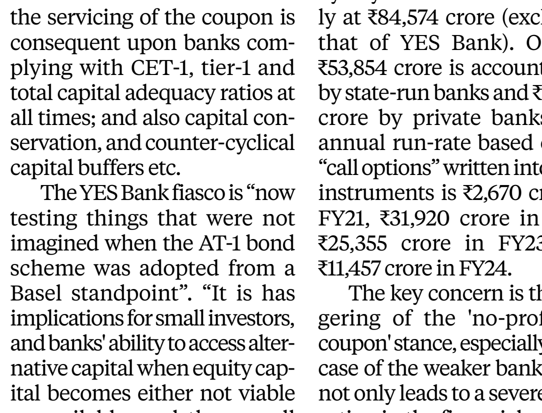
Aggressive quantitative easing (QE) and generous direct benefit transfers (DBTs) are needed to tackle the slowdown caused by Covid-19, according to Nobel Laureates Esther Duflo and Abhijit Banerjee.

Interacting with industrialists over a webinar organised by FICCI, Banerjee said it was time to take aggressive macro policy measures, and take risks even at the cost of inflation. "We should print money, and give that money, without worrying much about monetary targets... We can avoid 1929, and can be more like 2008-09 if we are more aggressive," said Banerjee, adding that there were concerns over India being conservative in taking aggressive macro-economic policy decisions.

"Fortunately, India has infrastructure for DBTs in place... industries should not collapse and putting moratorium on debt is important," said Duflo, adding that the moratorium should cover interest payment. Banerjee said there was no immediate need to transfer all the money, but there should be an assurance from the government about such transfers in future.

"Liquidity is not the problem. What is frightening people is the long-term problems. We really need to get that extra income in their hands," said Banerjee.





Investment in pharma

There is immense opportunity for India to grab the pharmaceuticals market and hospital infrastructure, they said.

"The way we see the present situation, there should be a vaccine later this year. And India should not miss this opportunity. We have good production capacity and even if only the elder population needs to be vaccinated, that's a challenge as well as an opportunity. It is worth thinking about building that capacity for vaccines," said Banerjee.

Duflo said India has a strong advantage in the pharmaceutical sector, and could utilise it.

West Bengal factor

West Bengal needs to ramp up testing of Covid-19, so as to get accurate data and identify hotspots to tackle the problem, said Banerjee.

Chief Minister Mamata Banerjee announced on Monday that Abhijit Banerjee would be in the state's advisory panel on Covid-19. "In West Bengal, there is willingness and a fair amount of information campaigns. We need to do more testing and identify hotspots," he said.

On being asked if India should extend the lockdown, Banerjee said: "Today, the numbers show an uptick and the curve is getting steep. However, we need to wait for a week to get a sense," he said.

During the lockdown, harvesting must be managed well. Further, with the Rabi harvesting season approaching, there should be enough infrastructure to ensure the product don't go waste, he added. In the short term, recession would be like 1929 and 2008, which led to a drop in global output.

Time to reform takeover pricing

Enforcement apart, this is a good time to think about getting some structural reform underway

WITHOUT CONTEMPT

SOMASEKHAR SUNDARESAN

It is that time in policymakers' lives when everyone would have some suggestion or the other on what must be done. The events of the past several days are extraordinary. One will never know if the containment measures taken worldwide to halt the spread of Covid-19 is disproportionate.

If the fears die down eventually and one were to conclude that the measures were disproportionate, the conclusion would be irrelevant — measures that are extraordinary and unthinkable have already been taken. If the fears die down eventually and one were to conclude that the measures were indeed proportionate, it would still be irrelevant — there will always be a moot argument about whether the measures led to the containment or the fears were in any case unfounded.

Looked at from the prism of what a reasonable man can decide, it can only be based on material available at hand at the time the decision is taken. Thanks to the World Health Organization having declared a pandemic, with no known drug or vaccine on consumer shelves, every measure on every count has been in the extreme. That the spread started in an authoritarian and populous state like China without free flow of information has made assuming the worst easy. That India has followed a stringent and better-safe-than- sorry approach that is similar to what one hears about China, has meant that nearly 40 per cent of humankind has responded in similar terms.

At this juncture, a regulatory agency such as the Indian capital market regulator would also be flooded with requests on what must be done – what is an imperative and what is unnecessary would be subject matter of intense debate and confusion. Simpler measures such as being soft-handed with enforcement, and having a light-touch approach with regulatory deadlines are easy measures to implement. Indeed, the regulator has reacted well so far with going soft with deadlines, although some orders that take immediate effect have indeed been passed in cases that are many years old and could have well waited.

Enforcement apart, this is a good time to think about getting some structural reform underway. Covid-19 may affect human beings but the measures taken in the wake of Covid-19 would indeed affect the economy adversely. Most regulatory provisions written into law are bull market regulations – the assumption in writing them is always that the market price of securities would go up. The regulator has to wear a new thinking cap and think through how to deal with quickly re-orienting itself to write regulations for a bear market. The answer is not simple. The same balancing of multiple stakeholders' interests are involved and one has to maintain a careful counterbalancing of competing considerations.

For example, listed companies that may not be able to finalise their March 31-ending financials by the end of May, could now do so by end-June. A strange request has been made for suspending the prohibition under the insider trading regulations pending finalisation of results, which the regulator has correctly rejected – there is no logical link between a matter of procedural extension of timeline and a substantial waiver on insiders trading while drafting final accounts.

More important than tweaks is the need to rethink provisions linked to pricing of securities. Regulating pricing in open offers during takeovers and diluting ownership cheap through preferential allotment are two obvious areas.

Open offer pricing is unnecessarily linked to market pricing. Price discovery in an M&A transaction is far superior to price discovery in the secondary market — it is a more informed one, with the acknowledged benefit of due diligence. The price to be paid for taking over a company involves a far better and more realistic assessment of its prospects, as compared with trading decisions on the stock exchange. When the takeover regulations were rewritten in 2011, it was felt (again, bull-market regulatory thinking) that ignoring the market entirely would not be wise, at least if the shares are "frequently traded". Therefore, the volume-weighted average price for 60 trading days was taken as one of the factors for pricing. That is old logic. A decade later, it is time to reform.

Linking the minimum open offer price to market price also incentivises price manipulation in the secondary market. Most M&As are, in any case, at a premium to the market price. In a long-term bear market, irrational pricing by the secondary market could make takeovers expensive, and thereby impair M&A transactions. In the post-Covid world, M&A would be vital for businesses, jobs and even shareholder interests to survive in the long term. This needs serious attention.

On the other hand, the law governing pricing of dilutive preferential allotment would need attention only for stressed companies and not for all companies. A bear phase in the market is indeed a good opportunity for controlling shareholders to pick up shares if they believe in their companies — it would also be a show of confidence. To use the negative zone to expand capital and dilute other shareholders is to be guarded against. On this, Sebi would do well to examine how to reform pricing for stressed companies that can be turned around instead and not get pressured or be carried away to make it easy to dilute shareholders in every single listed company.

The author is an advocate and an independent counsel; Tweets @somasekharS

CHINESE WHISPERS

Quid pro quo

A day after India relaxed the ban on exports of paracetamol and hydroxychloroquine (HCQ), both used in Covid-19 therapies, which enabled the United States to buy 29 million doses of HCQ, Congress MP Shashi Tharoor (pictured) asked US President Donald Trump if there would be a quid pro quo. He suggested that since India had "selflessly agreed" to lift the ban, the US must reciprocate by granting India "first priority" in sharing any Covid-19 vaccine that might be developed in American laboratories. The government had declared a one-off exception to its ban "in view of the humanitarian aspects of the pandemic". India has received similar requests from other countries, including Sri Lanka and Nepal, and the government is said to be studying the requests.

Virtual cricket

With no cricket these days, social media seems to be the new playground — albeit for lazy banter — among cricketers, both current and former. The latest entrants to this club are former Pakistan fast bowler Shoaib Akhtar and former Indian middle-order batsman Mohammad Kaif. On Wednesday, Akhtar proposed a match between his son and Kaif's. The challenge came on Twitter in response to an earlier tweet by Kaif, who posted a video where his son Kabir is seen suggesting that facing Akhtar would have been easy because batsmen could use his pace to send the ball across the boundary. Quoting that tweet, Akhtar wrote: "*Toh phir* @MohammadKaif match *ho jaaye* Kabir aur Mikael Ali Akhtar *ka*? He'll get his answer about pace..."

Home delivery of FIRs

As Uttar Pradesh Covid-19 hotspots prepare to get all essentials to be home delivered from Thursday till the lockdown is lifted, the police department in Madhya Pradesh has decided to start home delivery of FIRs against those who are violating the 21-day lockdown rules. Seoni police have registered six such FIRs till now with the help of automatic number plate registration detection cameras. The government in the state has been following the lockdown rules strictly after a sharp increase in the number of Covid-19 cases.

Fiscal space: Not if but how

In the first part of a series, the authors argue the means must be found to avert potential economic and social collapse post-Covid

DEVESH KAPUR & ARVIND SUBRAMANIAN

Extraordinary circumstances call for extraordinary responses. The Covid-19 crisis is nothing if not extraordinary. Responses are imperative to deal with the health crisis, cushion the hundreds of millions workers and households that have lost livelihoods, and protect firms against the collapse of business in virtually all non-essential sectors. With the private sector collapsing, the government's role will be pivotal. But does the Indian government have the fiscal means, especially when revenues are also declining? In truth, this is a rhetorical question: One way or the other the means must be found to avert potential economic and social collapse. The only question is how. We suggest a menu of options.

Start with some illustrative, even crude, magnitudes. Say, conservatively, non-essential sectors, comprising 50 per cent of GDP, have to be locked down for two months. This is a loss of one-months' GDP or 8¼ per cent of the annual GDP. Assume one-third of that loss in GDP is made up by way of cushioning household income and firms' costs, while health-related expenditures amount to an additional two per cent. Just that (and this is surely an underestimate), yields additional expenditure — centre and states combined — of close to 5 per cent of GDP. Assuming India's nominal GDP will be roughly ₹200 trillion (current prices), additional expenditures will be ₹10 trillion ($135 billion).

In principle, there are five ways of financing additional expenditures over the next 12 months or so:

■ Reduction in other expenditures (₹1-1.5 trillion)

■ Foreign borrowing, from official sources and non-resident Indians (NRIs; ₹1-1.5 trillion)

■ Public financing by issuing g-secs (including to banks and LIC) (₹5 trillion)

■ Monetary financing or "printing money" (₹1-1.5 trillion)

■ Mobilising additional resources via raising taxes and cutting subsidies (₹1-1.5 trillion)

Central and state governments incur non-discretionary expenditures (interest, wages and pensions, defence etc.) which cannot be cut easily. But others (for example, new projects) can. In the Covid-19 context, there will be planned expenditures that cannot be spent because of social distancing and the associated disruptions. Total government spending is about 26 per cent of GDP. Less than a quarter, say 6.5 per cent, is discretionary. If 15 per cent of these expenditures are cut that would release financing of about one per cent of GDP.

Of course, central and state governments must decide expenditure cuts but some principles can guide them. First, cut recently initiated projects and fund those near completion: Economic returns from the latter will be quick and the latter delayed. Second, all public sector "revival" projects, especially with low returns, need to be shelved: Rehabilitating old fertiliser plants in Bihar, reviving MTNL/BSNL, etc. These never made sense and now is the time to bury them.

Raising money from private capital markets is an option but the large outflow from India and other emerging markets renders such financing difficult, costly, and volatile. So, the two promising foreign sources would be multilateral institutions and NRIs.

While multilateral banks (World Bank, ADB etc.) are another source of cheap and long-term financing, they cannot sharply raise overall lending to India in the short term unless they become more bold and creative. What they can do immediately, however, is to repurpose existing loans. Annual disbursements from multilateral banks are around $10 billion, and re-purposing even half would yield another $5 billion. India should also make a contingency plan for seeking quick disbursing funds from the IMF if needed.

Tapping NRIs is another possibility as India has done on four previous financial emergencies: $1.6 billion in the 1991 BOP crisis ("India Development Bonds"); $4.2 billion in 1998, post-Pokhran nuclear blast ("Resurgent India Bonds"); $5.5 billion in 2000 ("India Millennium Deposits"); and then $26 billion in the 2013 "taper tantrum" episode, via foreign currency non-resident bank account deposits. In the current crisis, since foreign exchange reserves are comfortable at nearly half-a-trillion dollars, and yields globally at record lows, India can raise around $8-10 billion relatively cheaply (100 basis points above the US Treasuries).

Raising money from the public by conventional bond issuance will have to be the biggest source of funding, probably up to 50 per cent of the total or ₹5-5.5 trillion (about 30-40 percent of the current gross market borrowing by the centre and states combined). Given that g-sec rates have been rising recently (despite rate cuts), large increases in borrowing by the centre and states could further intensify the pressures.

A more controversial suggestion would be "printing money", that is, by the RBI directly buying g-secs and state government bonds. The US Fed has been buying more than $1m of assets per second over the past two weeks. Should India do something similar?

But two counter-considerations should be noted. This crisis is distinctive in that the original shock was not bad or misguided policies by the government or others but purely exogenous. Hence, considerations of "moral hazard" — additional expenditures creating bad incentives or validating imprudent behaviour — are misguided and markets should be willing to finance extra expenditures without undue penalties. If this assumption is optimistic, it will be apparent in g-sec rates.

Second, the pressure on interest rates can be limited by recourse to non-market borrowing (or "financial repression") as the government is already doing. This would involve tapping into the NSS and allocating some of the new borrowing to public sector banks and LIC. About quarter to one-third of public financing can be via this route: not the best option by any means but the less-bad warranted by the circumstances.

A more controversial suggestion would be "printing money", that is, by the RBI directly buying g-secs and state government bonds. The US Fed has been buying more than $1m of assets per second over the past two weeks. Should India do something similar? Two dimensions — economic and legal — are important.

Would printing money raise inflation? The Covid-19 shock is likely to be deflationary, reflected already in a collapse of commodity prices, attenuating the risks of monetary financing. Of course, aggregate supply, especially of essential goods, could contract and any resulting shortages may raise prices. Even so, price rises would be one-off, and monetary policy even in a pure inflation-targeting regime is meant to look past transitory supply shocks.

A second concern is legal. In the last year or so, the RBI has de facto been buying vast amounts of g-secs to pump liquidity into the system. It has so indirectly through the secondary market. However, direct purchases of g-secs by the RBI may run afoul of the law. The historical bad practice of routine and ruinous inflationary financing was codified into law, a significant achievement which would be very costly to reverse. The only way to square this circle would be for the government and RBI to commit explicitly to direct buying as a one-off event, not to be repeated in the future.

If this can be ensured — and this government's strong anti-inflation record warrant optimism — up to 15 per cent (1.5 trillion) of the total can be, responsibly, monetarily financed. This would amount to a not-too-high 3 per cent increase in the RBI's current balance sheet, 5 per cent increase in reserve money and, assuming a decline in the money multiplier, a 15-20 per cent increase in broad money.

Reality is rarely as straightforward as opinion pieces and there are minefields aplenty that will have to be crossed.

Our strategy would increase domestic debt by about 2.5-3.0 per cent of GDP and external debt of about one per cent. These are unlikely to tip debt to an unsustainable trajectory. When assessing the risks of action for debt sustainability, we must not overlook the consequences of inaction which may well impact debt trajectories more adversely if economic activity goes into free fall.

Next, the crisis will require maintaining credit flow (over and above debt moratoria) to firms, large and small. Ideally, the RBI should provide liquidity to the banks to on-lend to them. But a potentially serious bottleneck looms: The infamous 4C problem — the fear of arbitrary scrutiny by courts, CBI, CVC, and CAG, and now the Enforcement Directorate, ED — that has paralysed lending by public sector banks. That fear will be exacerbated in present circumstances because lending to inherently loss-making situations will be extra-risky, making future scrutiny more likely.

A way around this would involve the RBI lending directly to firms, assuming the credit risk, as central banks in advanced countries have done. Of course, this course may simply transfer the 4C+ED scrutiny to the RBI unless explicit ex ante legal protections are provided. Going down this route is tricky but needs to be amongst the set of less-bad policy options.

A final critical point. Given that states are in the front line of the pandemic response, they must have access to resources quickly. In light of recent pressures on their borrowing costs, the RBI must intervene to ensure that spreads on state government bonds relative to g-secs remain modest. The centre and the RBI must also make unambiguously clear that fiscal responsibility limits on state governments will not bind this year.

But all these financing options may be inadequate. More resources might be needed. Where they might come from will be the subject of our next column.

(The second part, A case for more resources, will appear on Monday)

Kapur is professor, Johns Hopkins University; Subramanian is former chief economic adviser, government of India

LETTERS

Improve financial literacy

Covid-19 is pushing the world towards economic depression. India is no exception. With the impending savings drainage, the country's unorganised sector is the worst hit. The government must be lauded for taking remarkable measures for financial inclusion. But it will not suffice unless there is financial literacy. Financial literacy can be defined as the possession of a set of skills and knowledge that allows an individual to make informed and effective decisions with his or her finances. Times of crisis force us to acknowledge its importance. Without it, people fail to make the right decisions. With a plethora of options available in the market, people are tempted to buy stuff that is not crucial for their survival. Often people overspend and fail to invest for their future needs. Had people invested cautiously and saved significantly, overcoming this crisis would have been much easier.

The government and other financial institutions must take responsibility for this and step out to spread financial literacy. Companies can consider it part of their corporate social responsibility. It is time this is taken up seriously to protect us from economic doom.

Nidhi Singh Kanpur

Lift lockdown in phases

Over the last few days there has been demand in the media to stretch the current lockdown period beyond April 14. Assam Finance Minister Himanta Biswa Sarma said that everything should not be opened on April 15; rather the lockdown should be lifted systematically and scientifically to avoid chaos. Union Minister Prakash Javadekar, after a recent meeting of the Cabinet, said that a decision would be taken "in the national interest" at the right time.

India is monitoring the world situation to be able to fight the highly contagious virus effectively. My personal opinion is that the lockdown should be withdrawn in a phased manner. That is because, saving lives is more important than saving the economy. Lifting the lockdown unsystematically will certainly increase the incidence of Covid-19 infection. Therefore, the government must take a considered step so that people do not face the kind of situation many Western countries are facing.

A L Nadwi Bangalore

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INSIGHT

Indian courts: Now available online

CYRIL SHROFF

In a profession largely pre-occupied with precedent, change and innovation have made limited headway with legal institutions in India. Then came Covid-19. Over the last month, we witnessed major leaps by the Indian judicial system to operationalise an "online only" format of functioning. The speed of action has been impressive and is demonstrative of the fact that our courts are well equipped to act fast and decisively. In a landmark order on Monday, the Supreme Court acknowledged that courts, in the discharge of their duty to respond to the call for social distancing, will adopt technology for hearings even as they move back to regular functioning. While the changes have been accelerated to meet the challenges of the pandemic, online courts and digital pleadings are set to become the new normal.

As I see it, the speedy move by courts to an online model will see the adoption of many streams of efficiency in judicial functioning which will include electronic filings, written submissions of legal arguments and limited oral hearings. This will fundamentally improve access to justice. Pleadings and applications will be electronically uploaded to the relevant court's database, with review and defects also being cured remotely. Evidence in trial will also be electronically recorded through affidavits and video recordings. In the ordinary course, precise and concise written submissions of legal arguments will aid the decision making by the bench. On a need basis, where the concerned bench believes that assistance from counsel in an oral hearing is required to meet the ends of justice, a video conference will be scheduled for oral arguments with a time-cap.

The international experience is in sync with this approach. Courts across the world including in the United Kingdom, Singapore, the United States, Australia and Canada have fundamentally and definitively moved into the digital space for the discharge of their judicial functions. The public forum aspect of courts has been enabled through live links that facilitate public participation. Private technology companies, some of which still qualify as "start-ups" have supported this rapid migration by traditional judicial systems world over.

The big winner will be the litigants. Clients that I have discussed this tectonic shift with are keen on embracing the system with open arms. Electronic filings will reduce the archaic requirements of the token notarisation and other last mile hiccups that delay the legal process. Written submissions of legal arguments will enable a much higher involvement of the client than the flurried argument that the packed court room allowed for. "The adjudication of my case will primarily be driven by the considered and strategically-crafted written submission, and not be left to the chance of what my counsel was allowed to say in court on that given day," says one relieved general counsel.

Where an oral hearing has been allowed, it will have to be completed within the given time slot and require a very different decorum to be adopted. Limited oral hearings via video conference will also see better case management systems and more predictability for clients. There is also that added benefit that will come from parties being able to join hearings remotely and therefore not losing the productivity of what has often been touted as the "*tareeq pe tareeq*" challenges of litigation where it was often felt that the process was the punishment.

The legal profession will also mark a big win. With the speedier and more efficient system, we will be lifted from the weight of pendency in our courts system and perhaps experience the true high of legal strategy and developing jurisprudence. This is the time for the bar to come together with a solution-oriented mindset to forge the fabric of the new normal. It is the kind of black swan event that may come just once in our lifetime; we will be amiss to waste the crisis. In his 2019 book *Online Courts and The Future of Justice*, noted author Richard Susskind contemplated the justice delivery system becoming an online service as glaringly obvious. The technological and ubiquitous judicial reform that we will see in the next few months will stand true to this observation.

The author is managing partner, Cyril Amarchand Mangaldas

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Focusing multilateral money

World Bank and IMF must step up to protect pvt sector, govts

The World Bank group, which includes the bank, the private sector-focused International Finance Corporation (IFC), and the loan guarantee-focused Multilateral Investment Guarantee Agency (MIGA), has now moved to address the fast-spreading public health and economic crisis caused by the novel coronavirus. The initial spending approved was worth \$1.9 billion, and is due to be spent in 25 countries. However, more than 50 per cent of that money will be spent in India, which is to get \$1 billion of it. This infusion of money is welcome, and is an indication that the bank is cognizant of its primary purpose. The money going to Indian efforts to combat Covid-19 is not a reflection of India's fiscal constraints — though those are substantial. The fact is that the bank's lending can be focused on the immediate requirements of the public health system swiftly. The group has already indicated that its final lending to deal with the crisis might approach \$160 billion. The IFC is reportedly setting aside \$8 billion for supporting the private sector and keeping open global supply chains, and the MIGA will have to work to ensure that governments across the developing world have access to capital markets if they need to fund the purchase of life-saving equipment and medicines.

It is important that the World Bank group's lending be targeted specifically at those pressure points where it can make a specific difference, rather than merely be used to supplement state resources in countries like India. For example, the World Bank must lead efforts to ensure that the private sector across the world feels secure in re-focusing its efforts on producing essentials like ventilators and personal protective equipment. The bank should thus focus particularly on ensuring that its spending provides some security against risk to producers who wish to shift their production lines in this manner. This could be done, for example, through procurement guarantees or open procurement offers — a suggestion from former chief economic advisor Arvind Subramanian. The World Bank, after all, was set up after the Second World War to reconstruct the market economies of Europe. It should not be seen, during a pandemic that has had effects on the global economy similar to a world war, as just another multilateral agency focused on helping governments, but one that must support and broaden the market institutions that can ramp up productive capacity and, eventually, restore economies to health.

It is not just the World Bank that must step up. The International Monetary Fund's (IMF's) duty is to protect the international financial system and to ensure that countries remain solvent through crises. It will be sorely tested at a time when \$90 billion has been sucked out of the developing world — a situation far worse than the financial crisis of 2008. The IMF has said that about 90 countries have already approached it for assistance. It must be given whatever resources necessary to augment its emergency financial capacity to meet this crisis. It is important to note that the financial crisis must not lead to an insolvency crisis for governments as much as for companies. The world must keep in mind that heavily indebted poor countries will be forced to deploy state resources towards augmenting their health sectors. They will not be able to keep to repayment schedule — so mass debt forgiveness must also be discussed.

Good, on paper

Govt's moves on farm marketing are difficult to implement

The series of initiatives taken by the government to mitigate farmers' marketing-related woes in the wake of the Covid-19 pandemic looks good on paper. The most notable among these moves include asking the states to restrict the jurisdiction of the mandis run by the agricultural produce marketing committees (APMCs) to their physical premises for three months and declare warehouses as deemed agricultural markets. It has also mooted permitting Farmers' Producer Organisations (FPOs) to trade directly through the electronic National Agricultural Market (e-NAM) without taking the stocks to the market yards. The underlying objectives of these measures, quite obviously, are to encourage out-of-mandi transactions of farm goods and deferred sale by farmers by keeping their produce in the recognised warehouses, thus, decongesting the mandis during the Covid-19 crisis. Additionally, these moves would facilitate an unhindered supply of farm commodities to bulk buyers, retail chains, and agro-processors without over-burdening the regular marketing infrastructure, which is handicapped due to the paucity of labour, transport, and other necessities.

The problem as usual is implementation. After all, these have to be executed by states whose past record in such matters does not inspire much confidence. Only two states, Telangana and Andhra Pradesh, have designated warehouses as deemed markets. The others are still mum on this issue. Besides, bypassing the APMC markets through on-farm deals or trading through the e-NAM requires some changes in the marketing laws of many states and that may take time unless carried out through the Ordinance route. The Centre can only play a facilitating role, which it has by altering the e-NAM's operating software to allow direct transactions by the accredited warehouses and FPOs and recognising warehouse receipts as negotiable instruments (virtual money).

Even presuming, for argument's sake, that most states do the needful quickly, the buyers may still be reluctant to procure stocks through online trading because of quality concerns. Most warehouses and FPOs lack credible assaying and grading facilities. The government has allowed them to upload the self-assessed quality parameters along with the photos of the stocks, but whether this would satisfy the buyers is debatable. This apart, shifting the delivery obligation from seller to buyer, as is sought to be done under the new online marketing norms, may also deter the customers because it adds to the costs and hassles. No doubt, the government has launched a new transport logistics module to help the e-NAM customers to access transport facilities, but this may be of little avail if the scarcity of labour, truck drivers, and their helpers continues to mar the transport sector. Moreover, the e-NAM itself is still far from ready to serve as a unified agricultural market for the country as a whole. Several preconditions need to be fulfilled before it can attract inter-state deals. These include single trading licence valid in all states, uniform marketing levies and single-point payment of these charges. In the absence of these imperatives, the e-NAM has virtually been rendered as an electronic platform for conducting business within a particular mandi or with the mandis of the same or neighbouring states only. These issues need to be resolved expeditiously to ensure smooth marketing of the anticipated bumper rabi harvest.

ILLUSTRATION: BINAY SINHA

End lockdown or not?

Extending the lockdown could lead to more deaths

The current three-week nationwide lockdown because of Covid-19 is slated to end at midnight of April 14. Sometime before then, the government will have to announce its decision between three possible choices: (a) extension of the lockdown by a few more weeks; (b) a phased or staggered lifting of the lockdown; and (c) a complete and immediate end to the lockdown. Media reports of last week's interaction between the prime minister and state chief ministers indicate that the latter were consulted for suggestions about how to have a phased or staggered lifting of the lockdown restrictions. Other reports suggest that extension of the lockdown by a few more weeks remains a live possibility. Here I want to argue that this option would be a bad choice for India.

A PIECE OF MY MIND

SHANKAR ACHARYA

In the global "war" against Covid-19, lockdowns have become a weapon of choice in China, the United States, and most major European nations. (Interestingly, it has not been implemented in either Germany or South Korea, two countries with the lowest fatality rates, defined as the ratio of deaths to Covid-confirmed cases). There are at least four important differences between India and these countries, which makes a prolonged recourse to lockdown a much less desirable approach for India.

First, India is a much poorer country, with average incomes a fifth of even China's and more than 20 times less than in the US or Europe; and with 20 per cent of households living below a minimally defined poverty line, while another 20-30 per cent have incomes only modestly higher. What this means is that nearly half the population is close to subsistence standards of living, with little reserves to ride out fluctuations in incomes, caused by sudden shocks like the current lockdown. They have little alternative to reducing already low levels of consumption of even basic items like food if the lockdown is prolonged.

Second, about 80 per cent of India's labour force is in the informal/unorganised sector, comprising casual labour and the self-employed, typically with low average earnings, often below recommended minimum wage levels. In a lockdown situation, where at least half of all economic activity has come to a grinding halt, they are the workers who are taking the biggest hit in terms of job losses and earnings. The hundreds of thousands of migrant daily wagers, seen on TV sets, trudging many scores of miles to their distant homes vividly demonstrated this. The latest survey data from the Centre for Monitoring the Indian Economy shows massive loss of jobs and declines in labour force participation rates in the last week of March. And precisely because this vast labour force is in the unorganised sector, it is difficult to protect or compensate them significantly through ramping up of government income/consumption support programmes.

Third, as in other poor countries, India's patchwork of welfare programmes fall far short of European style national welfare safety nets like unemployment insurance and universal public health service provision.

Fourth, our extant availability of health infrastructure and services is incomparably worse than in the countries mentioned above. In those nations, the basic logic of a lockdown has been to provide a breathing space during which key medical facilities (such as critical care hospital beds, ventilators and personal protection equipment for medical staff) is procured, manufactured and organised to step up capacity to meet the anticipated peak, or near-peak, requirements of Covid-19 patients needing hospitalisation and critical care. (As reported currently, that seems to have averaged around 10 per cent of those who have tested positive in these countries). This is the so-called "flattening the curve" strategy, while waiting for that time in the future (12-18 months?) when reliable anti-viral medicines or vaccines against Covid-19 become widely available. In the Indian context, the goal of ramping up available facilities to meet likely peak Covid hospitalisation needs is probably an impossible dream, whether the lockdown is maintained for three weeks or three months. What has not been achieved in 70 years simply cannot be done in a few weeks.

So what is the current lockdown achieving, other than the pervasive shutdown of economic activity and massive job losses, especially among poorer segments? Well, a few things. First, by slowing the transmission of the disease, the lockdown is buying some time to enhance and organise the availability of hospital facilities and critical medical equipment (though starting from a very low and inadequate base), and to increase capacities for screening, testing and quarantining. Second, it has brought home to the general public, in a dramatic manner, the seriousness of the pandemic crisis and the associated need for public action to minimise the perils and costs. This should increase adherence in the post-lockdown phase to non-lockdown norms such as "social distancing", frequent hand-washing, mask-wearing as needed and proscription of large social/religious gatherings. (Of course, most of this is not possible in India's densely populated and poor urban slums, which house nearly 100 million people. Nor in many thousands of poor villages without running water). However, these gains are being achieved at enormous economic and human cost.

In rich countries suffering lockdown, the debate on costs and benefits of prolonging lockdowns is active. Often, this debate is cast in binary terms: The weighing of likely Covid deaths avoided by "flattening the curve" versus the economic costs of shutdowns. For India, such a binary discussion is too simplistic. This is so for the simple reason that prolonged lockdowns will also lead to higher (than normal) rates of morbidity and death (especially among the poorer half of the population) as the loss of incomes and reduced consumption of nutrients and other essentials render people vulnerable to a wide array of disease vectors such as tuberculosis, diarrheal diseases, respiratory ailments, cardiovascular diseases, diabetes and so on, not to mention Covid-19 itself, as well as sheer starvation deaths.

So, it's not just about GDP foregone in lockdowns. There are human deaths on both sides of the balance: Those Covid ones saved versus the other extra ones caused by prolonged lockdowns (mostly among the poorer half of the population). No one knows the numbers on either side. It will be a matter of "informed" judgement. Mine is clear: There should be no extension of the current nationwide lockdown beyond April 14.

And let's hope that the Covid-19 virus weakens in the summer heat and our virus/bacteria-rich environment, as many have speculated!

The writer is honorary professor at ICRIER and former chief economic adviser to the Government of India. Views are personal

Establish fiscal council to scale up spending

There is now a body of expert analysis on economic recovery after the lockdown. In this column, I distill the key common messages and briefly expand on fiscal issues.

There seems to be consensus on the following:

1. *We should now be thinking of how we can restart activities in low infection regions with adequate precautions.* This involves more targeted lockdowns; identify pockets which have to be kept under close watch and continued lockdown, while restarting activities in other areas which can then (a) produce goods and services, (b) generate resources to help the lockdown areas. The largest employers in the organised sector can make arrangements for healthy workers to return but employers must collectively plan to open the entire supply chain. Governments should approve these plans and facilitate movement. This needs to be done before the lockdown ends.

2. This will not help the poor and non-salaried working classes or the unorganised sector. *Income support will, therefore, be needed.* While direct transfers may help, they will not have comprehensive reach; nor can the government afford the entire burden. Non-government organisations and the private sector will have to supplement government effort. If this is not done, then there will be unintended consequences, such as we have just experienced with the movement of migrant labour. People will try anything they can to survive and that would inevitably mean widespread defiance of restrictions.

3. *Focus on businesses with good prospects of survival, rather than attempting a universal effort.* Protect the viability of such businesses selectively. This will be politically difficult but necessary.

4. *Design a comprehensive strategy on how to successfully open all transport linkages, first domestic, and then international.* This will require innovation so that such transportation can happen consistent with social distancing norms. Overcrowding, even crowding, is necessarily now a thing of the past. This will mean investments in expanding transport infrastructure and accepting that the unit cost of transport will necessarily be higher in the future; this will have to be accounted for in reworked business models. Businesses will have to get used to more frugal logistics, which means considerable decentralisation of production and distribution; the lowest cost sourcing principle that worked in a globalised world will no longer apply.

5. *Testing must be ramped up* immediately so that targeted lifting of the lockdown is possible. It should be publicly funded and is a worthwhile cause to spend money on by the plethora of relief funds that have sprung up, for these funds will not address macro-fiscal constraints.

RATHIN ROY

6. *External account stability challenges exist but are manageable.* India's reserve position is comfortable. Oil prices are low. While dollar liquidity is falling, the US Fed is acting robustly, though an International Monetary Fund-led initiative is now urgently needed. But for our domestic needs, we currently have enough to finance imports and are partially protected by our relatively low engagement in global supply chains.

On the fiscal challenge, while the consensus is for relaxing the hard fiscal constraints, some worry that we do not have the luxury to do what developed countries have done. This is only partially true; we may be a poor country, but we have a large GDP and the best way to counteract the biggest threat to the fisc — a collapse in revenues — would be to step up economic activity. I do not think tax relief will play much of a role here.

I have elsewhere outlined a graded approach to the financing challenge[1]. Essentially, this involves converting stock reserves into flow resources. First, mobilise the ₹1-trillion unspent balances in different government accounts over six months. For immediate spending, open a ways and means advances (WMA) window of ₹400 billion, which can be extinguished as unspent balances are mobilised. Second, issue a Covid specific consol — a fixed income product on which interest is paid but there is no commitment to repay the principal. This is a useful instrument in a war-like situation. Successive budgets starting, say, FY23, can specify windows in which these consols will be amortised. Even with our true fiscal deficit at around 4.5 per cent of GDP, this can comfortably mobilise an equivalent amount with no immediate consequences for the debt-GDP ratio. We can then turn to nuclear options like deficit monetisation.

But before going nuclear, India will have to address the big fiscal prudence challenge, which is not captured by the fiscal deficit/GDP metric. Government spending repeatedly does not reach its targets; unspent balances are a reflection of this. This is not acceptable now. Public spending must be carefully monitored to ensure that it is demonstrably reaching the intended beneficiaries, otherwise there will be serious macroeconomic consequences— including inflation hotspots— even before monetisation is contemplated.

It is important for the government to announce a financing widow at scale using this graded approach. In my view, it should do so immediately. But that does not mean that spending is indiscriminately approved. There must be concrete spending plans, and within three months, we must have hard evidence in the public domain that such spending is being fully targeted to the purposes intended, whether income support, or working capital support, or medical procurement. To oversee this, to ramp up fiscal capacity, and to maintain national fiscal credibility, establishing a fiscal council is of the first importance.

The writer is director, National Institute of Public Finance and Policy. Views are personal

1. "Govt needs to protect national wealth and alleviate loss of national income", Indian Express, April 2, 2020

Tamil Nadu's political mothership

BOOK REVIEW

SUDHA G TILAK

Charismatic and controversial, J Jayalalithaa, the late chief minister of Tamil Nadu, broke news regularly during her public life as both an actress and a politician. The Indian subcontinent had led the unequal feminism march and thrown up more female prime ministers and chief ministers before other parts of the First World. Each one of them — whether it is Indira Gandhi, Benazir Bhutto, Chandrika Kumaratunga, Khaleda Zia or Sheikh Hasina — had the path to their entry into politics smoothened by a parent or spouse.

Six-time chief minister of Tamil Nadu, Jayalalithaa was unusual because her political journey did not involve a relative, nor did she start out as a professional politician or even activist. She was a professional film star who was ushered into politics by her former colleague and mentor, matinee idol and chief minister, M G Ramachandran. To interpret the relationship in Shakespearean terms he was the grizzled, besotted Caesar to her *ingenue* but whiplash-smart Cleopatra.

Jayalalithaa was truly a lone empress loved fiercely by her party followers and loathed by her political adversaries. And irony of ironies, while political figures with family support have had to contend with accusations of ushering in feudal and dynastic rule, the lack of a family of her own and the borrowed "family" of dubious friends who ruled Jayalalithaa's home offered an example of the toxic exploitation and vicious control that is part of the circle of those in supreme power. In fact, the courts showed that Jayalalithaa's prison sentences were linked directly to the corrupt practices in which her friends were deeply involved.

Even as she assumed mythical forms as a female matriarch to the over 60 million Tamils, Jayalalithaa was revered as a goddess of protection to her followers and an agent of punishment to her foes. Jayalalithaa's life is an extraordinary study in personal ethics and social pressure; it is a twisted feminist fable of exploitation and vengeance and the vicious alchemy of power, politics and corruption. And the many secrets that surrounded her gave much grist to the whisper galleries and paparazzi and as a weapon for insult by her predominantly male chauvinist detractors. If there was drama in the real world, on the stage in Tamil Nadu, with its culture of hyperbole and high-octane theatrics, Jayalalithaa was centre stage playing the lead to her audience.

The Lone Empress: A Portrait of Jayalalithaa by veteran journalist and novelist Vaasanthi is a clear-eyed portrayal of an extraordinary woman, a compelling read by those who want to recapitulate the times and turbulence of Jayalalithaa's political career. The author had been a prominent editor of a news magazine in Chennai at the same time as the gargantuan cut-outs of the chief minister made their appearance all over Chennai and the grisly treatment of the press by her government became notorious. Her ground-level knowledge shows in her meticulous details of political activities of the time.

THE LONE EMPRESS: A Portrait Of Jayalalithaa
Author: Vaasanthi
Publisher: Penguin
Pages: 377
Price: ₹599

Following Jayalalithaa's death on December 5, 2016, several publishers were quick to leverage the shock and interest around her passing to release books on the life and times of one of India's most controversial female public figures. Ms Vaasanthi's first book *Amma* was released within a few months after Jayalalithaa's passing. This second one, *The Lone Empress* had been a detailed and researched book on which she began work in 2009. The author writes that it caused her much agony that a pre-release interview in a magazine sensationalised the book and in 2011, Jayalalithaa, very much in the seat of power, worked the courts and brought a stay order against its release. The book has finally now made its way to the readers in an updated version after Jayalalithaa's death.

The feisty chief minister needn't have acted in haste. Ms Vaasanthi's portrait is a balanced one employing the journalistic approach to gathering facts and referencing published news without sensationalism. The author shows empathy for Jayalalithaa as a female artiste fighting for her own place in the gender-skewed male-dominated movie industry through her early years. Authorial compassion is also evident to the antagonistic resistance and public humiliations Jayalalithaa endured as a politician. Ms Vaasanthi has avoided speculation and theorising on many of Jayalalithaa's unpredictable political moves but laid bare the facts. She has extensively interviewed people connected with Jayalalithaa's early years in Karnataka and Tamil Nadu to narrate her tragic family circumstances, her many talents and the dignity with which she conducted herself in school.

The book faithfully follows the chronological journey of Jayalalithaa's chequered political career, the fractious episodes with national politicians, her acerbic war with her *bete noir*, M Karunanidhi and the murky world of her home that had turned into an impregnable fortress after the entry of her friend, Sasikala and her family. Ms Vaasanthi's book is an important record of one of India's most enigmatic and polemic female leaders who has left an indelible mark on Indian politics.

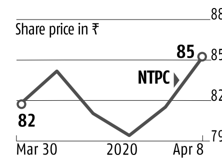
Business Standard

The Smart Investor

NEW DELHI | THURSDAY, 9 APRIL 2020

WWW.SMARTINVESTOR.IN FOR INFORMED DECISION MAKING

QUICK TAKE: STEADY EARNINGS OUTLOOK FOR NTPC



With an uptick of 4.4 per cent, NTPC was the second highest gainer in the Sensex. While falling power demand and higher working capital needs are negatives, analysts see little impact on the existing earnings base of NTPC, given the relatively stable and regulated nature of the business

"Irony? Kerala State Development Loan auction weighted average coupon – 8.18%. Highest cut-off at tail – 8.96%. SBI MCLR 7.40%. State's borrowing cost is higher than corporates notwithstanding fixed vs floating rate and tenure"

NILESH SHAH
MD, Kotak Mahindra AMC

Sebi eases norms for investment via non-FATF nations

Move to benefit investors from countries and regions like Mauritius, Cayman Islands who are eyeing Category-I licence

ASHLEY COUTINHO
Mumbai, 8 April

The Securities and Exchange Board of India (Sebi) has relaxed its guidelines for foreign portfolio investors (FPIs) seeking a Category-I licence, a move seen giving a boost to overseas investment in stocks.

Investors from countries which are not Financial Action Task Force (FATF) members can still qualify for such registrations if the countries are specified by the Indian government. The move may benefit funds and investments routed through countries, such as Mauritius and those from West Asia, and aid overseas flows coming into India, said experts.

At present, the FATF has 39 members, including Australia, Singapore, Luxembourg, South Korea, the US, the UK, and China. West Asian nations, such as Bahrain, Oman, Qatar, Kuwait, and the UAE are not its members.

Nearly 80 per cent of FPIs were put under Category-I after the reclassification of three categories into two in September last year. Being part of Category I implies lower compliance burden, simplified know-your-customer (KYC) norms and documentation requirements, and fewer investment restrictions. Such investors can subscribe and issue offshore derivative instruments and are not subject to indirect transfer provisions.

Prior to the reclassification, less than 3 per cent FPIs were part of Category-I and more than four-fifths were part of Category-II. About 13 per cent of the funds were classified as Category-III.

"The move will expand the list of countries eligible for the Category-I status beyond the FATF member countries. It will not only mean fewer KYC requirements for FPIs from such countries but also exemption from indirect share transfer regulations," said Rajesh Gandhi, partner, Deloitte India. "Along with the MSCI index rejig, this will help boost inflows into India, especially from India-focused funds."

Experts reckon non-FATF countries, such as Mauritius and those from West Asia, may now lobby to get included in the list of specified countries to be put out by the Indian government.

"It is a well-established fact the Category-I FPI funds enjoy larger acceptability among investors, which is why non-FATF countries and regions, such as Dubai, Cayman Islands, and Mauritius, will try to get the exemption from the Government of India," said Neha Malviya, director, Wilson Financial Services.

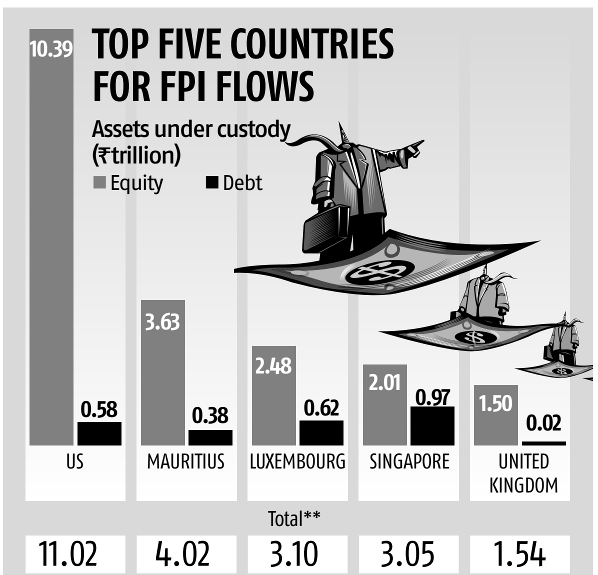
Most funds coming from Mauritius, Cayman Islands, Cyprus, and the British Virgin Islands are currently classified as Category-II. Despite its treaty amendment with India, Mauritius remains the second-largest source of FPI money.

"It is for the first time that, in addition to the FATF members, government-notified countries will qualify for Category I registration. Mauritius, Cayman and Indonesia figure among the prominent non-FATF member countries, which are relevant for secondary investment in Indian stock markets," said Sunil Gidwani, partner, Nangia Andersen.

According to Gidwani, qualifying for Category-I will provide FPIs with greater flexibility of operations and help them attract new investors. "Registering as Category-I FPIs makes the process of accessing the Indian markets much easier at the time of entry because of lesser due diligence and documentation. Such FPIs can issue P-notes to overseas investors and will not be required to comply with offshore transfer tax provisions," Gidwani said.

This year's Budget had clarified that Category-II FPIs would be subject to indirect transfer provisions, which were earlier applicable to unregulated funds falling under Category-III.

More on business-standard.com



*as of February 29, 2020; **includes hybrid funds
Source: NSDL

Market rally loses steam over fears of extended lockdown

SUNDAR SETHURAMAN
Mumbai, 8 April

The Indian markets posted strong gains in early Wednesday trade, with the benchmark indices adding 4 per cent to previous day's 9-per cent gain, but the rally lost steam over fears of an extended lockdown amid rising Covid-19 cases in the country.

Also, the weak opening of the European markets and a sharp deprecation in the rupee against the dollar weighed on stock prices.

The Sensex after climbing past 31,200, settled at 29,894 — down 173.25 points, or 0.58 per cent, over the previous day's close. The Nifty closed at 8,749, down 44 points, or 0.5 per cent, after touching an intra-day high of 9,132.

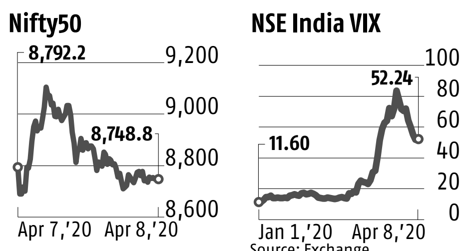
Index heavyweights, such as Hindustan Unilever, HDFC Bank, and ICICI Bank, came off sharply from their day's highs. Overseas investors were net-buyers for the second day in a row. On Wednesday, they bought shares worth nearly ₹1,943 crore, while domestic investors took money off the table, dumping equities worth ₹1,758 crore. Despite foreign inflows, the rupee ended at a record low of 76.38 against a dollar, down nearly 1 per cent over Tuesday's close of 75.63.

A day earlier, the Indian markets had logged their biggest daily jump in 11 years on optimism that the spread of the virus was deaccelerating in Europe, which had emerged as the Covid-19 hotspot after Wuhan.

The market breadth was strong for the second day in a row, with nearly two advancing stock for every one declining. The mid- and small-cap indices ended with nearly 2 per cent gain.

"Momentum indicators indicate the possibility of further upside towards 9,300-9,400. Support zone for the index is at seen at 8,500-8,700. The current upmove is broad-based and hence, expect positivity to continue for few more trading sessions," said Sahaj Agrawal, head of research-derivatives, Kotak Securities.

There were, however, equal number of advancing and declining stocks among the Sensex and the Nifty components. Top Sensex gainers were Sun Pharma, NTPC, and IndusInd Bank — each gaining around 4 per cent. Tata Group firms TCS and Titan were the worst-performing Sensex stocks, each declining over 3 per cent.



Source: Exchange

TAKING STOCK

Nifty50: The newsmakers

GAINERS	Apr 08,'20	% Change*
Vedanta	70.3	5.3
Sun Pharma	436.7	4.6
NTPC	85.2	4.5
Bharti Infratel	166.4	4.2
Cipla	512.8	4.2
LOSERS		
TCS	1,705.5	-3.9
Titan	913.5	-3.6
Shree Cement	16,064	-3.4
Hindalco	100.9	-3.0
BPCL	342.3	-2.5

*Change over previous day's close
Source: Bloomberg · Compiled by *BS* Research Bureau

Frequency of analyst calls rises

SACHIN P MAMPATTA
Mumbai, 8 April

The number of times companies communicated with investors and analysts through meetings, calls, and presentations saw a rise after Covid-19 took a hold on the economy.

The latest March numbers came in as the highest in five years, for which data was available. The total number of investor outreach programs rose from 2,609 in March 2019 to 2,728 in March 2020, show numbers from corporate tracker *nseinfobase.com*.

Investors reached out for information on issues, such as shutdown in operations, number of days it could last, and supply chain issues, said Amit Tandon, founder and managing director of Institutional Investor Advisory Services India (IiAS), which advises on corporate governance issues and helps investors vote on company decisions.

Many questions also arose because of the novelty of the situation, which has struck across geographies at the same time, according to him. "What you are seeing is completely unprecedented," he said.

Such meetings typically involve firms reaching out to analysts or investors to speak about their entity, and resolve queries that may arise during operations. More such queries tend to come up during such periods, as was seen since the lockdown was announced.

Another factor could be issues surrounding YES Bank. This may have contributed to an increase in the number of meetings in early March, but Covid-19 and subsequent actions by the regulator led to greater uncertainty, thus necessitating a higher number of investor engagements, according to Pranav Haldea, managing director of PRIME Database, which manages *nse-infobase.com*.

"We're going through a very turbulent and volatile period. During such times, it becomes even more vital to engage with investors. The highest increase has been in banks and other financial services," said Haldea.

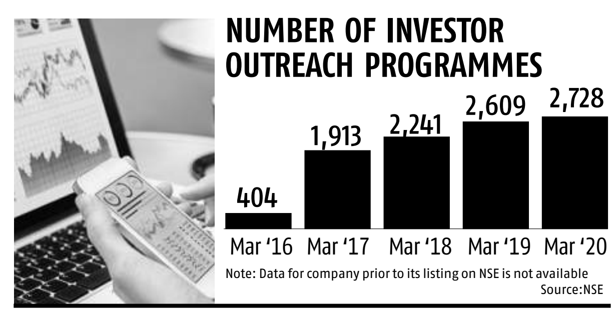
The Reserve Bank of India had imposed restrictions on withdrawals from YES Bank, on March 5. The bank fell short of capital after failing to raise money from investors, which triggered fears of similar issues in other banks. They have since sought to reassure investors about their position.

Banking, term lending, financial services, and investment companies accounted for two-thirds of such meetings/calls. Banking and term lending institutions had 631 meetings in March 2019. This doubled to 1,263 in March 2020.

Financial services and investment firms saw such instances increase from 409 to 577 during the period. The long-term trend has also been one of increasing instances of meetings.

There were under 2,000 meetings in March 2017. It rose 42.6 per cent to 2,728 in March 2020. Another segment that saw an increase in the number of meetings, as compared to last year, was the automobile segment.

The sector has had to shut down operations during the lockdown. The number of investor outreach programmes rose from 148 in March 2019, to 160 in March 2020.



Note: Data for company prior to its listing on NSE is not available
Source:NSE

IDBI Bank plans to raise ₹7,500 cr via rupee bond

Private sector lender IDBI Bank on Wednesday said it has targeted to raise up to ₹7,500 crore through rupee bond in the current financial year.

The board of directors, at its meeting held on Wednesday, has approved the rupee bond borrowing limit of ₹7,500 crore for 2020-21 (FY21) to be borrowed in one or more tranches, IDBI Bank said in a regulatory filing.

The borrowing programme comprises additional Tier-I bonds up to ₹3,000 crore, Basel-III Tier-2 bonds up to ₹3,500 crore and senior/infrastructure bonds up to ₹1,000 crore by way of private placement in FY21.

Separately, it said that the board of directors has also approved the proposal to sell bank's stake of up to 27 per cent in its life insurance joint venture IFLI. **PTI**

THE COMPASS

Street may be ignoring potential headwinds for Jubilant

Some analysts point at likely risks from an extended lockdown that aren't priced in

SHREEPAD S AUTE

In the current uncertain times, the stock of Jubilant FoodWorks (Jubilant) — the Indian franchise for Domino's Pizza — is among the top outperformers in the discretionary retail space. While Jubilant's stock has shed about 16 per cent over the last month, those of Titan, Trent, Bata, and Westlife Development, among others, have fallen 20-34 per cent during the same period.

Some analysts now believe the recent correction adequately factors in the near-term pain for Jubilant. And, fast recovery in top line post the lockdown, with support from online delivery and raw material tailwinds, will support the stock. However, there are factors that could play spoilsport, which investors should be cognizant of.

To start with, there is still no clarity on the lifting of the lockdown. If the lockdown gets extended, it will severely hurt the wallet of households and their spending power, and consequently, Jubilant's earnings.

Besides the closure of mall stores, higher chances of cancellation of key events, such as the Indian Premier League, will pull down Jubilant's top line, say analysts. This, along with the higher share of fixed-cost (approximately 60 per cent of the overall cost structure), will directly take a toll on its earnings.

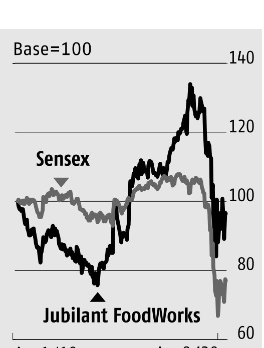
With just 14 days of the lockdown falling in the June quarter, analysts at PhillipCapital estimate around 25 per cent decline in Jubilant's same-store-sales growth (SSSG, a key performance indicator for retailers) in Q1, and 21-35 per cent earnings cut for FY21-FY22. This sufficiently indicates potential damage to Jubilant's performance in the event of a prolonged lockdown.

Nonetheless, even after the lockdown, how the demand for discretionary food like pizza and burger pans out is still a question. Pay cuts, job losses, and preference towards home-made food could eat into the overall demand for such non-essential food items. Even now, the company has witnessed pressure on delivery in recent times, according to HDFC Securities.

Further, promoter stake sale and exuberance among online delivery players to grab market share are some other risk factors for Jubilant, say analysts at PhillipCapital, which believes the near-term pressures are priced in.

What though offers comfort is Jubilant's debt-free balance sheet, good cash position, and strong brand equity.

For now, investors may be better off waiting for clarity to emerge on the lockdown and a revival in delivery demand, as the stock's current valuation of 46x its FY21 estimated earnings is still not attractive, given the current scenario.



Compiled by BS Research Bureau

Investors give thumbs up to Cadila's health card

HCQ export to US for Covid treatment is the icing on the cake

UJJVAL JAUHARI

Shares of Cadila Healthcare, which had seen a lacklustre trend for almost a year before the revival a fortnight back, have surged more than 28 per cent in two days.

The stock scaled its 52-week high of ₹366.55 in intra-day trade on Wednesday, before closing at ₹350. Street sentiment has improved of late, given that the company is expected to benefit from hydroxychloroquine (HCQ) supplies to the US.

A company spokesperson said monthly HCQ production had already been ramped up from 3 tonnes to 20-30 tonnes (more than 100 million tablets) to meet requirements. In addition, Cadila will scale it up further to 40-50 tonnes in the coming months, if the need arises.

Besides the improving US outlook, the company's domestic prospects remain strong too.

The same is growing at a pace of about 10 per cent, and complements Cadila, which receives about 40 per cent of its revenues from India.

Analysts expect the pharma business to deliver double-digit revenue growth, with key brands (like Complan) showing signs of revival

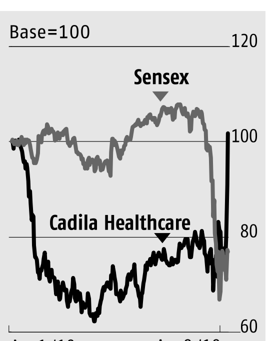
Analysts at Nirmal Bang Institutional Equities say the firm's performance in the March quarter should be aided by growth in domestic business, and the seasonally strong wellness business.

Though the growth in its wellness business may be lower than normal given the present scenario, its prospects remain strong. The consumer wellness business, which contributes 13 per cent to revenues and is housed under a separately listed company — Zydus Wellness —is expected to see traction from strong brands such as Sugar Free, Nutralite, and Everyuth, along with Complan, Glucon-D, Nycil.

Analysts expect the wellness segment to deliver double-digit revenue growth, with key brands (like Complan) showing signs of revival.

With liquidity limited in the Zydus Wellness (Cadila holds 63.5 per cent stake) counter, CLSA says Cadila is the recommended way for institutional investors to play the improving consumer business, even as gains from steady growth of its core pharma segment will continue.

Analysts feel the Street is not bullish on the wellness business in Cadila's overall valuations. Assigning a 20 per cent holding company discount to its wellness business, CLSA had maintained positive outlook for the stock, which is trading at 22x its FY21 estimated earnings.



Compiled by BS Research Bureau

Most agri commodities now trading below MSP

Labour shortage, logistics issue and *mandi* closure disrupt supply; fears of unharvested crop going waste worsen outlook

DILIP KUMAR JHA
Mumbai, 8 April

Prices of most agricultural commodities have slipped below their minimum support price (MSP) because of lockdown-triggered labour and logistic problems, which created supply pressure on *mandis* near major production centres, even as remote agricultural produce market committees (APMCs) remain deserted.

While black gram (*urad* beans) at Karnataka's Sedan *mandi* is selling at ₹ 4,200 a quintal — at a 26 per cent discount to its MSP of ₹5,700 a quintal — pearl millet and wheat in Etawah (Uttar Pradesh) and Saja (Chhattisgarh) are selling at a discount of 22 per cent and 30 per cent, respectively, to the MSPs.

All farm commodities, including paddy, oilseed and horticultural products, have recorded a sharp decline in their prices over the last two weeks following disruptions in farm-to-*mandi*-to-consumer transportation following the 21-day nationwide lockdown.

"Farmers are currently unable to sell their produce because of disruptions in logistics services and labour shortage. Hence, they are selling their commodities in distress in nearby *mandis*, resulting in their prices fall below the MSP," said Madan Sabnavis, chief economist, CARE Ratings.

While the government has relaxed logistics norms and allowed inter-state movement of trucks with some riders, transportation of agricultural commodities remained restricted. This restriction, on the other hand, has resulted in a jump in consumer prices.

Meanwhile, the matured wheat crop in hundreds of hectares in Punjab, Haryana and Uttar Pradesh is waiting to get harvested. Similarly, horticultural crops — onion and seasonal fruits, including grapes, pineapple and mango, remain unharvested in Maharashtra, Gujarat, and Madhya Pradesh. Farmers are struggling to harvest green and leafy vegetables in Maharashtra, Karnataka, Tamil Nadu, Punjab, and Gujarat.

"Harvesting of the matured agricultural crop cannot wait. Hence, unharvested crop, either because of labour shortage or logistics issue, is a clear wastage of farm produce. And based on their experience from these hardships, farmers would take a decision whether to sow the same crop or switch to some other remunerative crop next season," said Vijay Sardana, a renowned expert in agricultural commodities.

The nationwide lockdown to prevent the spread of coronavirus has sent the agricultural and horticulture sector into a tizzy. Migrant workers, mostly from Uttar Pradesh, Bihar, and West Bengal, had started returning home after the restriction was imposed, resulting in a huge shortage of workforce.

Sabnavis says problems in the supply of farm commodities will remain until the Covid-19 situation eases.

SELLING CHEAP

Commodities trading below their MSP (₹/quintal)

	Centre	Traded price	MSP	% price below MSP
PULSES				
Green gram	Rona (Karnataka)	5,695	7,050	-19.2
Arhar	Gulbarga (Karnataka)	5,048	5,800	-13.0
CEREALS				
Jowar	Manvi (Karnataka)	2,003	2,550	-21.5
Paddy	Raichur (Karnataka)	1,621	1,815	-10.7
Maize	Shikaripura (Karnataka)	1,590	1,760	-9.7
Wheat	Saja (Chhattisgarh)	1,700	1,840	-7.6
OILSEEDS				
Groundnut	Kottur (Karnataka)	3,534	5,090	-30.6
Soybean	Hubli (Karnataka)	3,158	3,710	-14.9
Mustard	Samsabad (UP)	3,800	4,200	-9.5

Data for the period of April 1 to April 8, 2020
Source: AgMarknet.gov.in · Compiled by *BS* Research Bureau

Stopping SIP set to become simpler

Many fund houses don't yet offer the pause facility but are scrambling to put one in place for investors

SANJAY KUMAR SINGH

YOUR MONEY

With the coronavirus-related lockdown hitting cash flows, many companies have announced salary cuts and even layoffs. This has had a knock-on effect on systematic investment plans (SIPs) of mutual funds, with many investors looking to pause or stop them.

If you wish to pause your SIP, check with your fund house whether it offers this facility. Only a limited number of fund houses do so at present. Many that don't have the pause facility at all are scrambling to offer it at the earliest, as it works in their favour if their customers pause, and not stop.

The number of months for which you can pause varies from one fund house to another. "In our case, SIP can be paused for a minimum of one month and a maximum of three months. The SIP pause tenure cannot exceed three months," says Chintan Haria, head-product development and Strategy, ICICI Prudential Mutual Fund. Raghvendra Nath, managing director, Ladderup Wealth Management, informs that the pause period varies from one to six months within the industry.

The procedure for pausing, in case of ICICI Prudential MF, is as follows. Investors need to send an email to the fund house mentioning their folio number, along with the start and end date. The SIP restarts automatically once the pause period ends. Mirae Asset Investment Managers intends to provide a pause button on its web site in a day or two.

The pause notice needs to be sent to the fund house in advance. The exact notice period varies from one fund house to another. In the case of ICICI Prudential MF, it needs to be sent 30 days prior to the next SIP date. The fund house allows investors to pause only once during the tenure.

Bear in mind the route followed for investing. "If CAMS or Karvy is the registrar and transfer agent (RTA), investors need to inform the fund house to pause their SIP. But if they have invested through a platform like, say, MF Utility, they need to inform that platform. The criterion to follow is: Who sends the debit instruction to the bank?" says Nath.

Platforms like Scripbox have made it easy for customers to pause. "Customers need to go to the dashboard and click on the skip SIP option," says Prateek Mehta, co-founder, Scripbox. They can decide to pause just 48 hours in advance. In case of some platforms, the notice may have to be given 15 days in advance. Scripbox allows its investors to skip SIP an unlimited number of times. In case of some, the SIP mandate may get cancelled if it is not honoured three-six months in a row.

Stopping an SIP: The procedure for stopping an SIP has become very simple today. "We have provided a button on our web site for stopping the SIP. There is also an email ID on our website that people can write to," says Swarup Mohanty, chief executive officer, Mirae Asset Investment Managers India. The Association of Mutual Funds in India (under instruction from the regulator) recently asked all fund houses to provide the stop facility on their web sites. Earlier, investors had to send a physical letter to their fund house to stop their SIP. "A physical letter should ideally be sent two-three weeks in advance," says Nath. On platforms, again, you can stop your SIP with just a click.

These procedures remain the same, irrespective of whether the bank and the fund house belong to the same or different groups.

Remember to pause or stop on time or you could end up paying a fine. "If there is no money in your account when the SIP is due, your bank could charge a fine of ₹200-300," says Nath.

PAY HEED TO EXIT LOAD

The exit load should not exceed your investment horizon

- In the case of equity funds, most fund houses charge an exit load of 1 per cent for one year
- In the case of debt funds, it is zero in liquid funds after seven days
- Funds with longer duration — like credit risk — can charge an exit load for up to one year (usual rate is 1 per cent)
- Exit loads are used to get investors to stay for longer

Strategy for meeting goals

FRANKLY SPEAKING

HARSH ROONGTA

Mangesh has been a client of a long time. He is an aggressive risk-taker and believes in high allocation to equities. When we had started the planning exercise in 2015, some of his goals, such as overseas higher education for his child was due in late 2020. Since the funds were required for a medium-term period of five years, we had planned for a monthly systematic investment plan in balanced funds. He initially wanted a more aggressive selection, but after a discussion, agreed on our recommendation. In the last review in 2019, his daughter had already secured admission to a very prestigious overseas university. The balanced fund earmarked had also done quite well, and the amount required in 2020 had already been achieved. We recommended the balanced fund should be shifted by way of systematic monthly transfer to the liquid fund of the same fund house over the next 12 months. This would ensure there is no risk to the corpus. We had a brief discussion and were able to convince him to do the same. The plan was put into effect, and fortunately, most of the shift had already happened before the March market crash. If the market stays at the same level, there may be a small non-material gap that can be easily be met from Mangesh's other sources. Mangesh is naturally very happy.

Moving money from equity to debt in the last stages of any financial goal ensures that the corpus does not erode suddenly due to a fall in the stock market

Thanks to the "Mutual Fund Sahi Hai" most investors are aware of the need for doing a SIP in an equity mutual fund. However, very few investors are informed about an equally pressing need for tapering their investment into a debt mutual fund as the goal comes near.

Let's look at some numbers. Say, your daughter needs to go for higher education after 10 years, and you estimate the current cost at ₹10 lakh, which will become around ₹20 lakh in 10 years. You have been told that if you make a monthly SIP of ₹10,000 in the Nifty index, it should give you the required amount.

Over 10 years and 120 instalments, you would invest ₹12 lakh in the Nifty 50 index. The worst possible outcome of this exercise would be that your investment would grow by a minuscule one per cent a year to only 12.58 lakh. And this is the situation if you had started 10-year SIP on March 23, 2010, and encashed on March 23, 2020, when Nifty had reached a low point of 7,603. Unfortunately, if you sold one month earlier, you have had ₹20 lakh in your hands. Alas, at that time, you did not factor in a massive fall in just one month.

If only you had done two things during the same 120-month SIP:

- Take stock at the end of 8 years and transferred the balance (around 14.50 lakh) in 24 equal instalments into a liquid fund; and
- The balance 24 instalments of ₹10,000 were made in the same liquid fund, you would have ended up very close at ₹19 lakh (9 per cent a year). There can be many other such combinations.

The relevance of debt, thus, becomes essential in case of such situations.

The writer is a Sebi-registered investment advisor

BUDGET: ₹50 LAKH –₹1 CRORE

REALTY CHECK

Business Standard **brings you a snapshot of average current rates and unit sizes in localities that offer property in the price range of ₹50 lakh and ₹1 crore. If you are looking at buying real estate, an idea about prevailing rates would come in handy**

	Avg price (₹/sq ft)	Avg unit size (sq ft)
BHOPAL		
Kolar road	2,600	2,389
Bawadiya Kalan	3,900	1,900
Salaiya	3,620	1,824
Ayodhya Bypass	2,940	1,902
Misrod	3,050	2,004
Hoshangabad Road	3,500	1,780
Shahpura	2,980	1,930
Airport Road	3,610	1,604
COIMBATORE		
Singanallur	5,246	1,471
Saravanampatty	3,807	1,712
Peelamedu	4,928	1,459
Kalapatti	4,487	1,634
Ganapathy	4,855	1,415
Neelambur	2,953	2,474
Kovai Pudur	3,819	2,091
Trichy Road	5,100	1,465
INDORE		
Mahalakshmi Nagar	3,258	2,084
Bhicholi Mardana	3,374	2,014
Pipliyahana	3,134	2,362
AB Bypass Road	2,546	2,495
Super Corridor	2,913	2,190
Nipania	3,430	2,002
Snehlataganj	3,400	1,798
Sanwer Road	3,290	1,808
LUCKNOW		
Sushant Golf City	3,871	1,586
Gomti Nagar	3,718	1,642
Vrindavan Yojna	3,646	1,694
Butler Colony	4,005	1,573
Gomti Nagar Extension	3,473	1,636
Haibat Mau Mawaiya	3,450	1,800
SURAT		
Dindoli	3,660	1,941
Vesu	3,571	2,371
Pal Gam	3,947	2,391

Note

- The ticket price range considered for the above data points is between ₹50 lakh and ₹1 crore
- All the data points discussed in the above table refer to primary market only
- Above residential data set comprises of residential apartments only
- Above residential data is representative of organised real estate developers only
- The top performing micromarkets based on sales during last year (February–2019 to January–2020) is represented on the above table
- Data points are updated till January 2020

Note: Analysis includes apartments and villa only   Source : PropTiger DataLabs Mar'20

Time to scout for good rates

You can raise cheaper personal loans online to repay unsecured loans. For home loans, banks are taking documents online, but property verification may take time

BINDISHA SARANG

The Covid-19 pandemic has led to a sharp drop in interest rates by banks. State Bank of India, the country's largest bank, announced cut in the marginal cost of the fund-based lending rate at 7.4 per cent on Tuesday. It had already cut the external benchmark linked lending rate and repo linked lending rate to 7.05 per cent and 6.65 per cent. Most other banks have also cut their lending and deposit rates substantially. And while you are sitting at home, you can use this opportunity to switch lenders, especially in case of unsecured personal or credit card loans.

These rate cuts come at a time when many employees are facing salary cuts, which will crimp their spending ability significantly. Aditya Mishra, Founder and CEO Switchme.in says: "Currently, interest rates are a low seem only around 2007-2008 pre-financial crisis, giving a big opportunity for customers overall."

The opportunity Mishra is talking about is loan switching or loan transfer. Adhil Shetty, CEO BankBzaaar says, "A loan transfer is a way of consolidating your debts for better financial management. Fundamentally, in a loan transfer, you shift your existing loan to a new lender to avail lower interest rates, a higher loan amount, or both. "This means you get to switch to lower rates; you can also choose a longer tenure, reduces your EMI burden and some lender make even give you a top-up facility," he adds.

Personal Loans: You can either go for a regular personal loan with the new lender or even a Coronavirus loans. Virendra Sethi, head, mortgages and retail assets, Bank of Baroda says: "Our special Covid-19 personal loan starts at a rate of interest of 10.25 per cent per annum and comes with a maximum tenure of 5 years. You can use the loan for non-speculative purposes like paying off a high-interest loan like credit card or personal loan."

Union Bank of India's Covid personal loan rate stands at 7.20 per cent is only for existing borrowers. However, the application can be made online or through their app. Muchal Venkatesh, general manager, retail banking, Union Bank of India, says: "These loans will help them pay off their existing debts, at a much cheaper rate."

Digital players are offering loans to both existing and new customers. But the paperwork has become more detailed

While PSU banks are focusing on existing lenders, digital lenders like Money tap are offering loans to both new and existing customers as well. Bala Parthasarathy, Co-founder & CEO, MoneyTap says, "Our process is fully digital, but keeping in mind the current scenario we have becomes stricter regarding the kind of borrowers lend to. The loan can be disbursed within two days." As far as personal loan repayment goes, Venkatesh says: "It's a 10-minute process, but a bank visit is needed."

Home loan: There no question that home loans too are available at attractive rates. With time at hand, there's no harm in looking for switching your loan to a lender that offers a better deal. Mishra says, "Currently lenders like SBI, BoB, HDFC and like are accepting applications for switching home loans. All documents have to be provided digitally." Third-party aggregators like Switchme approach several lenders on your behalf and zero down on a suitable match. Almost all process happens digitally barring the last couple of steps.

Sethi says, "We are currently giving in-principle sanctions. You can approach to switch your existing home loan to us directly; we also have tied-up with third-party aggregators" Once you get the sanction approval, it is only a matter of time. An NBFC official says: "Once the lockdown is over, the physical verification can happen. Only after physical verification will the disbursement happen."

It makes sense to switch: Say if you took a loan of ₹50 lakh at 8.95 per cent for 20 years in 2015, your existing equated monthly instalment (EMI) would be ₹44,826 for the next 15 years. But now if you decide to switch your loan at 7.45 per cent rate of interest, your new will be ₹40, 968. The reduction in EMI would be ₹3,862, and the total savings by ₹6,95,095 over 15 years.

Of course, it always makes sense to approach your current lender to lower rates before venturing elsewhere. M Barve, Founder, MB Wealth Financial Solution, says: "If you have been a good borrower, there will negotiating power with the lender. Many don't switch due to inertia, but there's no harm in checking out how much you can save."

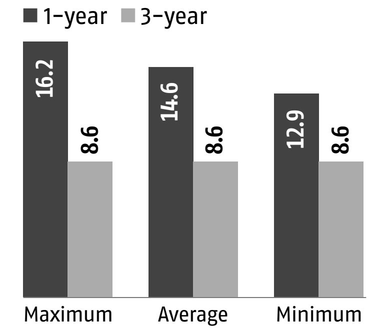
Naveen Kukreja, CEO and co-founder, Paisabazaar.com: "Opt for loan transfer only if the net savings is substantial after taking into account the efforts required for exercising the loan transfer. Else, they should continue with their existing lenders."

TIPPING POINT

Should you bet on long-duration funds?

At a time when returns from most categories of debt funds have been in the single-digit, one category whose returns will surely catch your eye is long-duration funds. These funds run an average duration of above seven years in the portfolio. Despite their good performance over the past year, most advisors are not advising people to invest in them. Government borrowings could rise, causing a spike in yields of long-term bonds. Hence, investors should stick to debt funds with average duration up to three years.

DON'T TREAT PAST RETURNS AS GUIDE (In %)



Source: mutualfundindia.com

READER'S CORNER

LIFE INSURANCE

TAPAN SINGHEL

Even as we are all battling the coronavirus pandemic, I hear there has been a rise in cyber frauds. I have already installed anti-virus software. What will cyber insurance protect me against? Will one policy cover only my laptop, or even other devices in the house, like my mobile, spouse's mobile, standard desktop, child's iPad, etc.?

Cyber cover for individuals is indeed the need of the hour, especially in these times when most people are working from home, as it means prolonged exposure to technology, and hence to possible cyber risks.

Typically, a cyber insurance policy covers all cyber threats impacting an individual arising out of any of the devices he uses that are connected to the internet, or any network, which includes his phone, laptop and common devices like the home desktop or a smart home device. It covers risks such as identity theft, malware attack and cyber stalking. It covers financial losses resulting from being an innocent victim of e-mail spoofing, phishing, IT theft and cyber extortion.

The policy also covers losses and expenses related to defence and prosecution cost related to identity theft, and cost incurred on retrieving or reinstalling data or computer programme damaged by the entry of a malware. Expenses incurred on counselling services, claim for damages against third party for privacy breach and data breach, loss due to cyber extortion, and transportation for attending Court summons are also covered by this policy. Just as health insurance has become a necessity, so has cyber insurance, in this digital era.

What is the waiting period for pre-existing diseases? Is there an IRDAI law in this regard? If while buying a policy I unknowingly did not declare a medical condition because I wasn't aware of it, and the pre-existing period is over, will the claim pass through?

According to the IRDAI guidelines released in September 2019—Standardisation of Exclusions—there are standard definitions for pre-existing diseases. According to this circular, the maximum waiting period for pre-existing illnesses is four years. Every product in the industry has a specific waiting period for pre-existing disease, within the framework of the standard definition.

If there was non-disclosure while buying the policy, your insurer will review the nature of the non-disclosed information, and then decide the admissibility of a claim or whether to continue the policy, based on its underwriting guidelines.

It is imperative for anyone buying a health insurance policy to disclose all requisite information required by the insurer in order to have a smooth claim experience. However, an insurance company may consider a genuine case on merit.

My mother is a cancer survivor. She had stage one uterine cancer two years ago. She is 67 years old. What is Pradhan Mantri Suraksha Bima Yojana? Can I buy it for her?

Pradhan-Mantri Suraksha Bima Yojna (PMSBY) is an accident insurance scheme provided by the Government of India which protects the insured against death or permanent total disability due to an accident. Every citizen of India who falls between the age group of 18 and 70 years and has a bank account can get enrolled under PMSBY. You can enrol your mother for this scheme, too, to provide her with additional financial protection.

However, health-related expenses are not covered by this plan. If you are looking to provide coverage for health care or hospitalisation expenses for your mother or other family members, please approach an insurance company and get the best possible health cover for your family. Choose a policy that fits your requirements. Insurers offer a wide variety of health insurance policies, and they also have the flexibility to customise them, depending on the buyer's needs.

Please ensure you declare your mother's pre-existing conditions clearly in the proposal form. This will allow the insurance company to take cognizance of them before underwriting the proposal. They will also be able to suggest the necessary medical tests before they accept the proposal.

Can I include my full-time domestic help in my family floater? I feel that in times of Coronavirus, everyone who stays in the house should have medical insurance.

Buying a health insurance policy is essential and should be a part of your financial planning, given the unprecedented increase in health concerns and also the rise in health care costs. Your desire to buy a cover for your domestic help is commendable. You can separately apply for an individual health insurance cover for your domestic help. You can choose a floater plan also if you are planning to cover all your family members as well. A health insurance policy ensures a life of dignity and gives you access to better treatment options. Just ensure that Coronavirus-related treatment is covered by the insurance you opt for.

The writer is MD and CEO, Bajaj Allianz General Insurance. The views expressed are the expert's own. Send your queries to yourmoney@bsmail.in

Soap brands lay down the sword

Dettol and Lifebuoy promote hand washing with soap, setting aside their differences over hand hygiene standards

Stepping away from their traditional turf battles both HUL (*left*) and RB (*right*) say hand washing is a must, with any soap

VIVEAT SUSAN PINTO
Mumbai, 8 April

Given the magnitude and scale of the current Covid-19 crisis and the need to reinforce simple hygiene habits among people, soap brands Dettol and Lifebuoy are finding common ground. Using different tools to put forth the point of cleanliness above all and the need to wash one's hands well, the two are setting aside their age-old differences.

The two brands have been fighting a bitter battle over their ads in court for years, while one emphasises the efficacy of soap, the other pitches the potency of its handwash. In fact as recently as a month ago Hindustan Unilever (HUL) hauled RB Health (formerly Reckitt Benckiser) to the Bombay High Court over an ad spot.

The ad for Dettol Handwash, made an oblique reference to Lifebuoy soap from HUL by showing a bar similar to the latter in terms of colour and proportion.

HUL's contention in court was that not only had RB Health disparaged its brand, but was also sending a "wrong" message that suggested soap and water for hand hygiene was not as effective as handwash. RB clarified that it was emphasising on personal hygiene and restating the proven fact that liquid handwash should be preferred over bar soaps.

"Unilever has filed an ill-advised suit claiming that Lifebuoy and red colour soaps are disparaged. Reckitt unilaterally decided to hold back the advertisement till April 21, 2020 and the Bombay High Court was informed about the same," the company stated. While fighting over a bar of soap may have seemed ill-timed, experts at the time had seen nothing unusual as both Lifebuoy and Dettol are known to be combative.

However all that is now history. RB has released a new ad for Dettol soap that speaks of the importance of hand hygiene (using soap) to protect from germs. In a crisis, the brand seems to be saying that substance matters more than form.

The shift in stance, said experts, should be viewed from the prism of availability and affordability. "The fact remains that soaps is a highly penetrated category in India versus handwash, which is urban-centric," said N Chandramouli, CEO, TRA, a brand advisory and insights firm based in Mumbai.

> **"Brands have to work together to drive home a common message on hygiene and cleanliness"**
> N CHANDRAMOULI
> CEO, TRA

"Soaps are also affordable. And one soap is shared by many members within a family on an average. If there are ads that question the efficacy of soap versus handwash, it obviously raises doubts in the minds of people. The emphasis should not be on sowing doubts in a pandemic. Brands have to work together to drive home a common message on hygiene and cleanliness," he says.

Experts say that the conventional fight between Dettol and Lifebuoy now appears insignificant. In a pandemic, it is immaterial what is used to clean one's hands they say and the brands too understand that this is no time to cross swords.

Nothing prevents brands from engaging in friendly fire, though. Shweta Purandare, secretary general, Advertising Standards Council of India (ASCI), said that comparative advertising was permitted, provided claims were backed by evidence. "Having said that, it is important to be socially responsible and allay fears of consumers during a pandemic," she said.

Although permitted, it would be churlish to advertise in this manner and could do long term damage to the image of the brands. "Soap or handwash is not the point right now. Marketers have to be extremely sensitive to this given the crisis that is unfolding before us," said KS Chakravarthy, co-founder and chief creative officer, Tidal7 Brand and Digital.

In the new Dettol commercial, this is the message being reiterated and a bar of Dettol soap is visible in the commercial. Pankaj Duhan, chief marketing officer, RB South Asia, RB Health said, "In a difficult environment, Dettol has a duty to shape the right personal hygiene habits. Handwashing with any soap is accessible and highly effective."

Lifebuoy, on the other hand, has used brand ambassador Kajol to communicate the need for hand washing as a good hygiene habit. On Wednesday, HUL also announced that it was partnering with UNICEF to launch a nationwide campaign against Covid-19. "The need of the hour is simple and effective communication across both urban and rural India and our partnership with UNICEF aims to do just that," Sanjiv Mehta, chairman and managing director, HUL, said.

FROM PAGE 1

Lockdown...

The Uttar Pradesh government announced that it would seal coronavirus hotspots in 15 districts across the state from Wednesday midnight till April 14. UP Additional Chief Secretary Awanish Kumar Awasthi said 104 coronavirus hotspots had been identified across 81 police station areas in these districts. A 'complete lockdown' would be enforced, he said.

The Delhi government also announced the sealing of 20 coronavirus hotspots comprising small pockets of settlements and apartment complexes, and made it compulsory for people to wear face masks when stepping outdoors. At the meeting of the floor leaders, the PM said the country had been forced to take tough decisions and must remain vigilant. He said the priority of the government was saving each and every life. "Prime Minister Modi made it clear that lockdown is not being lifted and also that the life pre-corona and post-corona will not be same," Biju Janata Dal leader Pinaki Misra said after the meeting.

₹1-trn stimulus...

The second government source said the government was also planning to partially clear tax refunds owed to small businesses within one month to provide some immediate relief. The government on Wednesday said it would also release ₹18,000 crore in tax refunds to small businesses and individuals immediately and impose expenditure curbs on a host of departments for the April-June period. K E Raghunathan, former president of the All India Manufacturers Association (AIMO), said the government should also clear long-pending dues for the sale of their products to federal and state governments, as well as state-run firms.

Federal and state governments and state-owned companies owe more than $66 billion to small businesses, the government told Parliament last month.

"We do not know how long we will be able to survive if our dues are not cleared," said Raghunathan, a small-time manufacturer of solar parts in Chennai.

Residential builders...

Bengaluru, which is the largest contributor to sales in Q1 2019, saw the highest decline in residential sales at 52 per cent in Q1 2020, JLL said. According to PropEquity, a data analytics firm, home sales have come down 27 per cent in Q1 of 2020 and launches have come down 39 per cent.

Another brokerage, Anarock Property Consultants, has predicted that housing sales are set to see a drop of 25-35 per cent this calendar year while launches are set to come down also by 25-30 per cent.

"The issue is making people rethink on big buying plans. They will be in wait and watch mode," said Sunil Rohokale, managing director and chief executive officer at ASK group, a Mumbai-based fund manager. Rohokale said people would focus on their priorities like jobs, managing household budgets, monthly payments, and so on. Developers are also sitting on a huge pile of unsold stocks. Unsold inventories increased from 442,228 units in Q4 2019 to 455,351 units in Q1 2020. Moreover, Mumbai surpassed the National Capital Region to become the market with the highest inventories, both in amount as well as value, JLL said. Consultants such as Anarock said the affordable housing segment would be the most affected due to price sensitivity in the segment.

"As much as 40 per cent of the new supply added across the top seven cities in the past few years was in the affordable segment (units priced less than ₹40 lakh). Resultantly, there is a huge under-construction supply of about 610,000 units in the affordable segment," said Anuj Puri, chairman at Anarock. Analysts such as Adhidev Chattopadhyay, research analyst at ICICI Securities, said developers with a strong balance sheet will weather the storm.

Firms weigh...

Mobile handset and consumer electronics manufacturers such as Samsung, LG and Foxconn have already apprised the government of the steps they are taking to ensure sanitisation and social distancing on the shop floor. These include shift-wise sanitisation of the factory, mandatory use of gloves and masks, and submitting the screening reports of every worker to the local authorities.

Some are going further. Says Avneet Singh Marwah, CEO of Super Plastronics, the brand licensee for Kodak and Thomson TVs in India: "We are planning to do thermal screening every two hours to minimise any possibility of slippage. This will ensure that if someone has fever, but is taking medication, they will be detected."

Meanwhile, industry is waiting for protocol guidelines from the government. Says Pradeep Jain, managing director of Jaina Group, which manufactures mobile devices for global brands: "I would like to start giving orders for thermal scanners and other products we need to install at the factory, but the government has to give us the specifications. Until then, what can we do?"

Stop pvt...

Then comes the cost of consumables, which includes the cost of the diagnostic kit and the personal protective equipment kit.

"The government can ask the private sector to step in. Any charitable trust or big corporates can buy and provide consumables. When we buy in bulk, the cost will come down significantly and can be around ₹1,000 per test," adds Velumani.

The cost of testing on the lab floor is around ₹500 per test. Some bit of it the private labs could absorb and they can also be reimbursed by the government. Thyrocare itself has brought down the cost of testing to ₹3,500 per test. Velumani says the economies of scale can only reduce the costs of conducting Covid-19 tests. For real-time polymerase chain reaction (that use nasal or throat swab), the cost can be brought down to ₹2,000 per test.

Similarly, for the blood sample-based rapid screening test, this can be brought down less than ₹500 per test using the same mechanism. Another option is to outsource the government lab testing to five-six large corporate diagnostic players who will man the public diagnostic centres and run tests 24x7. This will enable centralised procurement and testing, and faster turnarounds.

The apex court was told by the Centre that earlier 15,000 tests were conducted per day by 118 labs and later to enhance capacity, 47 private labs were allowed to conduct Covid-19 tests. On April 3, the SC had sought response from the Centre and other authorities on a plea filed by Sudhi.

The petitioner has also sought direction to the authorities for ramping-up testing facilities for Covid-19 at the earliest, 'given the escalating mortality and morbidity rate across the country'. The petition has questioned the March 17 advisory of the Indian Council of Medical Research, which capped ₹4,500 for testing of Covid-19 in private hospitals or labs, including screening and confirmatory tests.

More on business-standard.com

BS SUDOKU # 3020

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

SOLUTION TO #3019

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

Hard: ★★★★

Solution tomorrow

HOW TO PLAY

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

20 hotspots in Delhi, 104 in UP sealed

NOBODY WILL BE ALLOWED TO ENTER OR EXIT FROM THESE AREAS. GOVERNMENT WILL ENSURE DELIVERY OF ESSENTIAL ITEMS; MASKS MADE COMPULSORY IN SEVERAL STATES

VIRENDRA SINGH RAWAT & PTI
Lucknow/ New Delhi, 8 April

The Delhi government has sealed 20 Covid-19 hotspots in the national capital to combat the spread of the novel virus, Deputy Chief Minister Manish Sisodia announced on Wednesday.

According to the government, the 20 hotspots include parts of Sangam Vihar, Malviya Nagar and Jahangirpuri that have been notified as "containment areas" where people cannot go out of their houses and the government will ensure delivery of essential items.

"Nobody will be allowed to enter or exit from these areas," he said. Chief Minister Arvind Kejriwal held the meeting with ministers and top officials to discuss measures to contain the Covid-19 spread.

The total number of coronavirus cases in the national Capital on Wednesday mounted to 669, with 93 fresh cases reported in a day, according to the Delhi health department.

The Uttar Pradesh government announced that it would seal coronavirus disease (Covid-19) hotspots identified in 15 districts of the state till the end of the 21-day nationwide lockdown on April 14.

CORONAVIRUS PANDEMIC

The districts where orders will be implemented are Agra, Ghaziabad, Gautam Buddh Nagar, Lucknow, Varanasi, Shamli, Meerut, Bareilly, Bulandshahr, Kanpur, Basti, Ferozabad, Saharanpur, Maharajganj, and Sitapur.

According to the state's Additional Chief Secretary Awanish Kumar Awasthi, a total of 104 hotspots spread across 81 police station in these districts have been identified, wherein a "complete lockdown" would be enforced from midnight on Wednesday. The patrolling would be intensified in these areas to ensure compliance.

Agra had the highest number of hotspots at 22, followed by Ghaziabad with 13, and Lucknow, Gautam Buddh Nagar and Kanpur accounting for 12 hotspots each.

With the number of Covid-19 cases in UP jumping to 343 — 187 cases pertained to the religious gathering of the Tablighi Jamaat in Delhi — the state decided to seal all the affected localities to prevent the spread in the immediate vicinities.

In effect, these localities would be under a curfew-like situation with the state government announcing the cancellation of all the passes issued to locals.

"There would complete prohibition on the movement of people in these areas and the authorities would make arrangements for the doorstep delivery of all essential commodities, including food, milk, medicines," Awasthi said, adding that no shop, including banks, would be open.

He, however, clarified that the order would not be enforced in the entire district, but only in specific localities till the morning of April 15 even as he was non-committal on the lifting of the lockdown in the state after that day, saying a decision would be taken in due course.

Now, these sealed localities would be sanitised and all the affected people and those coming in direct contact of the patients would be identified.

"There would be no movement of people even within the inner lanes of these affected localities and the police would put up barricades for this purpose," UP Director General of Police (DGP) Hitesh Chandra Awasthi told the media here.

Meanwhile, the state will also issue a government order (GO) mandating every person to wear a mask when venturing outdoors to prevent the spread of the infection, said Amit Mohan Prasad, principal secretary of the state's health and family welfare department.

People in certain pockets of UP thronged shops to stock up on food items on Wednesday. As people rushed to the shops, the administration cautioned the public against panic buying and assured home delivery of essentials PHOTO:PTI

LIST OF HOTSPOTS

SEALED IN UP

1	Lucknow	12 (8 major)
2	Agra	22
3	Ghaziabad	13
4	Noida	12
5	Kanpur	12
6	Varanasi	4
7	Shamli	3
8	Meerut	7
9	Bareilly	1
10	Bulandshahr	3
11	Basti	3
12	Ferozabad	3
13	Saharanpur	4
14	Maharajganj	4
15	Sitapur	1

DELHI HOTSPOTS

1 Entire affected street near Gandhi Park, Malviya Nagar
2 Entire affected street of Gali no. 6 , L1 Sangam Vihar
3 Shahajahanabad society, plot no. 1, Sector 11, Dwarka
4 Dinpur village
5 Markaz Masjid and Nizamuddin Basti
6 Nizamuddin West (G and D blocks)
7 B Block Jahangirpuri
8 House no. 141 to 180, Gali no. 14, Kalyanpuri
9 Mansara Apartments, Vasundhara Enclave
10 3 galis of Khichripur
11 Gali no. 9, Pandav Nagar
12 Vardhaman Apartments, Mayur Vihar, Phase I extension
13 Mayurdhwaj Apartments, I P Extension, Patparganj
14 Gali no. 4, from house no. J– 3/115 (Nagar Dairy) to J– 3/108, Kishan Kunj Extension
15 Gali no 4, from house no. J– 3/101 to J – 3/107, Krishan Kunj Extension
16 Gali no. 5, A Block (from house no. A– 176 to A–189), West Vinod Nagar
17 J, K, L and H pockets, Dilshad Garden
18 G, H, J blocks, Old Seemapuri
19 F–70 to 90 block, Dilshad Colony
20 Pratap Khand, Jhilmil Colony

Wearing of masks at public places made compulsory in Delhi, UP, parts of Maharashtra (Mumbai and Pune), Odisha, J&K, Ladakh, and Chandigarh

'Modi was great': Trump buys 29 mn HCQ doses from India

A sizeable chunk of the 29 million doses of hydroxychloroquine bought by the US to combat the coronavirus pandemic is from India, President Donald Trump has said as he acknowledged that Prime Minister Narendra Modi was "great" when he sought his help to allow the sale of the anti–malaria drug to treat the growing number of Covid–19 patients in America.

"I bought millions of doses (of hydroxychloroquine). More than 29 million. I spoke to Prime Minister Modi, a lot of it (hydroxychloroquine) comes out of India. I asked him if he would release it? He was Great. He was really good," Trump told Sean Hannity of the *Fox News* .

"You know they put a stop because they wanted it for India," Trump said responding to a question on the usage of hydroxychloroquine.

Trump has threatened to put a "very powerful" hold on US' funding to the World Health Organization, accusing the UN agency of being "very China centric" and criticising it for having "missed the call" in its response to the coronavirus pandemic. PTI

WTO: Trade collapse may be worst in a generation

Drop in world commerce might be biggest since the Great Depression

SUBHAYAN CHAKRABORTY
New Delhi, 8 April

Global trade is expected to fall by 13-32 per cent in 2020 as the coronavirus disease (Covid-19) pandemic disrupts economic activity and life around the world, the World Trade Organization (WTO) said on Wednesday.

The current slump will prove to be biggest of a generation, bigger than the global financial crisis of 2008-09, WTO said in its Annual Trade Statistics and Outlook Report. The report also pointed out that in 2019, 1.7 per cent of world exports originated from India, while 2.5 per cent of imports reached the country.

The report also warned that estimates of the expected recovery in 2021 remain gravely uncertain, with outcomes depending significantly on the duration of the outbreak and the effectiveness of policy responses by nations. If the pessimistic scenario comes to fruition, it could be the most precipitous drop in global commerce since the Great Depression.

"It should be remembered that global trade was already in a difficult position when the pandemic struck and the after effects of trade tensions between the United States and China were already expected to continue for a large part of 2020," said WTO Director-General Roberto Azevedo.

The WTO has also warned that developing economies would require assistance given that the current crisis has hit almost all sectors. But trade will likely be affected more in sectors with complex value chains, particularly electronics and automotive products, it said. However, globally services trade may be most directly affected by Covid-19 through overarching transport and travel restrictions.

Merchandise trade volume already fell by 0.1 per cent in 2019, weighed down by trade tensions and slowing economic growth. Global merchandise exports in 2019 fell by 3 per cent to $18.89 trillion, while the value of commercial services exports rose a modest 2 per cent to $6.03 trillion in 2019.

India's exports had caught a rare breather in February, rising after six months before Covid-19 struck. After February's modest 2.91 per cent growth, total exports stood at $292 billion in the first 11 months of financial year 2019-20 (FY20). Imports declined in nine of 11 months for FY20, leading to a 7.30 per cent drop at $436.03 billion over the period.

Closely watched for its detailed forecast of trade movement across sectors, the annual report has chosen to avoid making hard predictions. "Whole sectors of national economies have been shut down, including hotels, restaurants, non-essential retail trade, tourism and significant shares of manufacturing. Under these circumstances, forecasting requires strong assumptions about the progress of the disease and a greater reliance on estimated rather than reported data," it said.

The company said that India remains unaffected till the 21-day lockdown

Oyo sends thousands on leave without pay, India escapes for now

BLOOMBERG
8 April

Oyo Hotels & Homes is placing thousands of its employees globally on indefinite furlough as it tries to survive through the coronavirus pandemic, according to people familiar with the matter.

Oyo said in a statement it's furloughing employees in countries excluding India without specifying numbers, adding that it's not considering job cuts at this time. The startup, one of the largest in SoftBank's portfolio, has more than $1 billion of cash in the bank and is exploring options to remain viable over at least the next 36 months, one of the people said. It hasn't yet determined the precise number of workers to be furloughed because it is sorting through local labor laws in various countries, said the person, who didn't want to be named disclosing internal discussions.

Founder Ritesh Agarwal told employees in a video message and a note that tough decisions are necessary for the health of the business, and assured workers Oyo would not make any job cuts anywhere in the globe "despite significant economic pressures."

Oyo's move — tantamount to going into hibernation — is the latest setback for Masayoshi Son's SoftBank, whose portfolio has been buffeted by WeWork's implosion and volatile share prices at once high-flying Slack Technologies Inc. and Uber Technologies Inc. The billionaire has called for greater financial discipline among the founders in his portfolio, spurring job cuts at outfits such as Zume Pizza Inc. and shutdowns of startups including Brandless Inc.

Son has been a keen supporter of founder Agarwal, helping fund the hotel company's international expansion. Oyo had been growing at a rapid clip, but, as with other travel businesses, the outbreak of Covid-19 has sideswiped the company. Its reputation also suffered due to customer complaints about bad experiences along with grievances about poor or unfair treatment from several of the more than 20,000 hotel owners in its chain.

WORLD UPDATES

- US recorded the most deaths in a single day with more than 1,800 fatalities reported on Tuesday. Total number of deaths in the country is 13,000
- British Prime Minister Boris Johnson remains clinically stable and is responding to treatment after spending his second night in intensive care at a London hospital
- Britain reported a record 938 new deaths in a day, as the total number of deaths passed 7,000
- Spain hits 14,500 coronavirus deaths, big economic slump forecast
- Almost 60% of passengers on board Antarctic cruise ship Greg Mortimer have coronavirus
- Pakistan's coronavirus cases rise to 4,072
- Swiss death toll goes past 700, positive tests near 23,000
- Tesla will reduce employees' salaries as much as 30%
- Volkswagen's record $3.6-bn dividend under review
- Fiat Chrysler in talks with unions for production restart in Italy
- Japan recorded 503 new coronavirus infections on Wednesday, its biggest daily increase since the start of the pandemic
- WHO calls for US, China to unite to fight coronavirus
- Dow Jones rose over 600 points at 23,193.55 in intra–day trade
- Chinese billionaire Ren Zhiqiang who criticised Xi Jinping over coronavirus has been put under investigation
- Pope says pandemic could be 'nature's response' to climate crisis

THOUSANDS LEAVE WUHAN AS CHINA LIFTS 76–DAY LOCKDOWN

Tens of thousands of people in Wuhan began travelling out of the sprawling city on Wednesday as China lifted its 76-day lockdown that sealed off around 11 million people in the city, even as health experts warn that the threat of a rebound in infections remains far from over. Within hours of the lifting of the travel ban, tens of thousands of people wearing masks travelled out of the city as trains, domestic flights and taxis resumed operations PHOTO: REUTERS

Now, get five-star meals at your doorstep

BRANDS OFFERING TAKEAWAY/ HOME DELIVERY

- Marriott Hotels (excluding taxes)
- JM Marriott
- Sheraton Grand
- Four Points
- Ritz Carlton
- Accor Hotels
- Novotel Hotels in Chennai, Mumbai and Visakhapatnam

GRAND HYATT
Hyatt Regency in Delhi, Gurugram, Chennai, Hyderabad, Kolkata
Pricing: 15% below the standard price

INDIAN HOTELS
Meals from restaurants in Taj Hotels across the six metros
Takeaway hampers from Taj
₹10,000 onwards
Taj gourmet hamper
₹5,000 onwards
Bakery and confectionery hamper
₹15,000 onwards
Taj wellness hamper

SHALLY SETH MOHILE
Mumbai, 8 April

India's top hotel chains have worked out a way so that food connoisseurs do not have to go though the lockdown period missing delectable food or cooking with gourmet ingredients.

With social distancing becoming the new normal, hotels such as Indian Hotels, Marriott, Grand Hyatt and Accor Group Hotels are ensuring their meals reach the doorsteps of guests. For an industry that counts heavily on the overall experience, a personalised touch and ambience to pamper its guests, this is a first.

Guests can choose their favourite cuisines from a specially curated menu at a tad lower price than what they would have paid when dining at the hotel restaurants.

Take Indian Hotels, for instance. Under its hospitality at home services, the owner of Taj hotels is offering confectionary and gourmet hampers and a hamper for spa at home. This is over and above the order takeout from the signature restaurants including Shamiana, La Patisserie, Capital Kitchen, Vista, Southern Spice, Blue Ginger, Cal 27, and Machan across Mumbai, Delhi, Bengaluru, Chennai, Hyderabad, and Kolkata.

It's even offering laundry services. Guests can drop off their clothing and linen at the hotel and pick it up, washed and pressed in 24 hours from the hotel lobby.

Marriott International, the world's largest hotel chain, too, is pulling all plugs for its guests to beat the lockdown blues. Its brands including JW Marriott, Sheraton, Ritz Carlton, and Four Points are giving the guests an option for a take away or home delivery.

"Given the current scenario and as we encourage our guests to practice social distancing, many of our hotels have introduced home deliveries," said Khushnooma Kapadia, area director of marketing, South Asia at Marriott International.

The hotels have introduced a compact menu of their signature dishes and are already seeing a positive response from local residents in their vicinity, she said. Stringent checks and safety measures are being taken while preparing, packaging and delivering these meals across homes.

While most of them have started the services in the first week of April, some like ITC Hotels, are in the process of firming up the plans.

"Being at the forefront of responsible dining, we are evaluating the perfect model for takeaway and delivery. These will be 'responsible menus' that is well suited for delivery while keeping the food nutritious," said Anil Chadha, chief operating officer, ITC Hotels, adding: "The world has certainly changed with the Covid-19 crisis."

Meanwhile, Grand Hyatt is using Swiggy's platform to serve its customers. It will also engage with Zomato in a few days. "It's a tough time for everyone and if we can bring a little joy or comfort to people, who might want to just not cook that day or have a special meal with family, we'd like to be able to facilitate that," said Chris Franzen- general manager, Grand Hyatt Mumbai and Area vice-president, Western India.