

Economy

MONDAY, MAY 11, 2020



FISCAL DEFICIT

Duvvuri Subbarao, former RBI governor

Additional borrowings will now take the fiscal deficit to the range of 13-14% of the GDP. That is exceedingly high and will have all the negative consequences of high fiscal deficit.

Quick View

Life policy grace period extended again

IRDAI HAS FURTHER extended the grace period for renewal of life insurance policies whose premium was due in March till May 31 in wake of the extension of lockdown. On March 23 and April 4, IRDAI had announced additional grace period of 30 days.

Coal output to hit record in FY21

INDIA WILL PRODUCE a record 700 million tonne of coal in the current fiscal ending March 2021, helping cut down on imports, coal secretary Anil Jain said.

MSME credit guarantee scheme

THE GOVERNMENT IS working on a credit guarantee scheme to enable banks to provide additional 10-15% working capital to MSMEs for payment of wages, sources said.

● PANEL FORMED

Govt to sweeten oil & gas PSCs

ANUPAM CHATTERJEE
New Delhi, May 10

WITH DOMESTIC CRUDE production becoming increasingly unviable in the low global oil price regime, the government has decided to revise production sharing contracts (PSC) of private oil producers to spur investments. In this regard, the Ministry of Petroleum and Natural Gas has formed a committee which will "suggest ways of attracting investment in exploration, enhancing production and eliminating obstacles".

As FE reported, the profit of private domestic crude oil producers from PSC fields has dwindled to as low as

20 cents per barrel. When crude ruled at \$60 per barrel in January, these producers used to make a profit of around \$6/barrel. "The scope of the committee would include to review existing PSCs, suggest methodology for increased exploration and production activities and changes required in existing policies/guidelines on implementation of these contracts," the ministry's order, reviewed by FE, said.

According to sources, the industry has requested the government to defer and reduce the royalty, cess and profit it receives from domestic crude oil producers under the PSC regime. They also want PSCs, slated to be renewed in



September, to be extended till FY21-end.

Other demands include removal of the ceiling on gas price for deepwater, ultra-deep water and high-pressure-high-temperature fields and zero GST on exploration and development activities. Apart from Cairn Oil and Gas, a key player, other private firms engaged in domestic crude production include Selan Oil, Hindustan

Oil Exploration Company and Sun Petrochemicals.

Oil and gas minister Dharmendra Pradhan recently said after the coronavirus crisis, global energy companies are likely to shift their focus of supply chain to the areas of demand, wherein they will try to explore and tap locally available resources. "We have opened up to policy reform our domestic sector," Pradhan told IHS Markit vice-chairman Daniel Yergin, adding that "I am confident that when there is a resurgence in demand, domestic production will get priority and we are expecting a good amount of investment in that area due to our progressive policy."

Rail to run select passenger trains from tomorrow

PRESS TRUST OF INDIA
New Delhi, May 10

THE INDIAN RAILWAYS will gradually restart passenger train operations from May 12, initially with 15 pairs of trains, the national transporter said on Sunday. These trains will be run as special trains from New Delhi station connecting Dibrugarh, Agartala, Howrah, Patna, Bilaspur, Ranchi, Bhubaneswar, Secunderabad, Bengaluru, Chennai, Thiruvananthapuram, Madgaon, Mumbai Central, Ahmedabad and Jammu Tawi.

All passenger train services were suspended due to a lockdown announced on March 25.

After resumption of these 15 services, railways will start more special services on new routes, based on the available coaches after reserving 20,000 coaches for Covid care centres and adequate number of coaches being reserved to enable operation of up to 300 trains everyday as "Shramik Special" for stranded migrants.

Booking for reservation in these trains will start at 4 pm on May 11 and will be available only on the IRCTC website (<https://www.irctc.co.in/>).

Ticket booking counters at railway stations will remain closed and no counter tickets (including platform tickets) will be issued, it said.

Delhi sees 5-fold rise in Covid patients needing ventilator support

MALLICA JOSHI
New Delhi, May 10

IN THE LAST 10 days, the number of Covid-19 patients in the Intensive Care Units (ICUs) of Delhi hospitals has almost doubled, while the number of people on ventilator support has risen over five times.

On Sunday, the Delhi government said in its health bulletin that 91 Covid-19 patients are admitted in ICUs and 27 are on ventilator support across the 10 hospitals where they are being treated (AIIMS Delhi and Jhajjar campuses are counted as one). On May 1, there were 49 in ICU and 5 on ventilator support.

With 4,781 "active" cases in the city till Sunday, this works out to 1.9 per cent in the ICU and 0.56 per cent on ventilator support. On May 1, 0.19% of active cases needed ventilator support, while 1.95% were in the ICU. The number of people requiring ventilator support saw a sharp spike in the last 24 hours, from 18 on Saturday to 27 on Sunday.

The number of people in the ICU touched 92 on May 5, then dipped to 84 (May 6) and 87 (May 7) before settling at 91 for three days.

While government hospitals in Delhi have 389 ICU beds and around 300 ventilators, private hospitals have a total of 3,000 ICU beds and around 250 ventilators

"The percentage of people requiring ICU facilities has remained more or less the same over the past few weeks. Those requiring ventilator support have gone up, though. In some cases, we have seen that people have been unwell for some time but because their test reports were delayed, they did not know they were suffering from Covid-19. Some reached the hospital late," said a Delhi government official.

According to Delhi government officials, as the number of positive cases rises, so does the proportion of those requiring specialised care.

While government hospitals in Delhi have 389 ICU beds and around 300 ventilators, private hospitals have a total of 3,000 ICU beds and around 250 ventilators.

The administration said it is ready to deal with an increased patient load.

India needs large fiscal stimulus: Kaushik Basu

BIJAY KUMAR SINGH
New Delhi, May 10

INDIA NEEDS A large fiscal stimulus as the country faces big risk of slowdown in the economic growth due to Covid-19, former chief economist of World Bank Kaushik Basu said on Sunday. He also suggested that the government may need monetisation by the Reserve Bank of India.

In an interview to PTI, Basu said inequality in India is



already very high, and the coronavirus pandemic will

make it rise further. "There are dark clouds over every economy in the world, and India is no exception. We do need a large fiscal stimulus. India has the FRBM Act, 2003, for fiscal management and to make sure that government does not overspend. But the FRBM is a sophisticated piece of legislation that recognises that during times of natural calamity, we should be allowed to run up larger deficit," he said.

The Centre must give states the freedom to spend more, respecting India's federal structure, Basu said, adding that if this continues for too long, it can unleash inflation, so this will have to be a short-period intervention.

"I am in favour of wealth being taxed and inheritance being taxed. No one should be born into extreme poverty and that cannot be corrected without a wealth tax and inheritance tax," he stressed. PTI

From the Front Page

States may need succour, revenues likely to plunge

MOREOVER, CENTRAL tax devolution contracted by 11% in FY20 from ₹7.4 lakh

crore in FY19.

On Friday, the government upped the gross borrowing target for 2020-21 by ₹4.2 lakh crore to ₹12 lakh crore; earlier it had planned to mop up ₹7.8 lakh crore.

Export hubs: Curbs stifle manufacturing; cash crunch, labour woes bite

BANKS ARE willing to enhance the working capital limit but only with additional conditions and documentations, which are difficult to manage in times of a lockdown.

As such, export credit as of March 27 grew just 3.5% year-on-year even on a hugely favourable base (it had contracted 45% y-o-y a year earlier), while overall priority-sector loans grew 5.8%.

Over a half of export orders have been cancelled, with key markets — the US and the EU — bearing the brunt of the pandemic, and many buyers have held up payment for supplies already made.

Some exporters warn of a 60% slide year-on-year in exports in the first half of FY21 (merchandise exports stood at almost \$160 billion in the April-September period last fiscal), with a more precipitous fall in the June quarter. It's not until July that manufacturing will get back to some semblance of normalcy, that, too, if the migrant workers are back on time (which seems unlikely at the moment) and the government steps in quickly with substantial relief, exporters say.

According to Rafeeqe Ahmed, chairman of major leather exporter Farida Group, units in Chennai have resumed operations in a limited manner from Friday. But stringent social distancing norms are hurting the viability of operations in labour-intensive sectors like leather, as several functions are typically performed by workers in close proximity. Several buyers have delayed payments, eroding his company's cash flows.

Merchandise exports, which had already contracted by 1.5% y-o-y up to February, ended the last fiscal with a 4.8% fall to \$314.3 billion, thanks to an almost 35% crash in March.

Even in certain "green zones", manufacturing couldn't resume normally as firms supplying components to them are located in the restricted areas. In some cases, exporters want their inventory to be cleared before starting fresh production, anticipating a demand shock.

Raja M Shannugham, president of the Tirupur Exporters' Association, said 1,000 of the 1500 export-oriented garment units in Tirupur, the country's largest apparel hub, have started oper-

ation but unless the government ensures a one-year loan repayment moratorium and adequate credit at subsidised rates, the industry will be crippled. Private sector workers' dues should also be partly borne by the government, he said.

Apparel Export Promotion Council chairman A Sakthivel said a beginning has been made and garment units are operating with a relatively thin workforce, primarily to carry out sampling. However, a more precise assessment of the situation can be made only in the coming weeks.

Ajay Sahaj, director general of FIEO, said domestic supply chains are battered. Cash reserves, especially of MSMEs, are depleted after the payment of March wages and credit flow remains inadequate. Companies haven't got approval to open warehouses. Overseas demand for lifestyle products has taken a knock, as large department stores are facing the Covid hit.

Shaji Baby John, chairman and managing director at marine exporter Kings Infra Ventures, says such exports will likely drop by at least 30% year-on-year in FY21. "Many farmers had to go for panic harvesting during the initial phase of the lockdown. Although the central government stepped in immediately and declared the industry as essential services, the supply chain was disrupted by them."

However, the only silverlining is that demand will likely bounce back in the second half of this fiscal on an impending supply shortage and Indian exporters may cash in on that if they are ready, John said.

Last month, FIEO had warned of 15 million job losses in the export sector if the government didn't come out with a relief package immediately. (With inputs from Rajesh Ravi/Kochi)

Farmers lose ₹20k cr as fruits & veggies perish

"UNLESS THE situation is completely normalised, farmers will not be able to sell their produce in a seamless fashion. The demand has also slumped due to the closure of eateries," said VM Singh, convener of All India Kisan Sangharsh Samiti. He also asked the government to procure all crops including fruits, vegetables at minimum support prices, as an emergency measure.

There is technology available to keep the vegetables under cold stores, which is very capital intensive and only high

value crops can be put there, said BB Patnaik, former chairman of Central Warehousing Corporation (CWC). Besides, vegetables like cauliflower, cabbage and brinjal used to be consumed within days after harvesting, so there was never any necessity felt to develop cold storage facilities earlier, he said.

Logistics is another factor that contributed to the overall drop in mandi arrivals. Amid reports that inter-state movement of trucks was not smooth due to local authorities insisting on separate passes other than national permit licences, the Centre had last week wrote to the state governments, asking them to ensure this practice is stopped forthwith and its April 15 guidelines in this regard are truly complied with.

As many as 3.6 lakh national-permit trucks plied on Indian roads on April 30, up from 1.5 lakh on April 20 and 1.2 lakh on April 12, in what indicates a gradual improvement in inter-state commerce. However, it would be a long road ahead before the plying rate returns to over 10 lakh vehicles or 70% of the NP-registered that prevailed before the outbreak of Covid-19 pandemic.

"Farm-gate prices of perishables have fallen as the supply chain has been disrupted with trucks not plying. Also, all shops are closed, so there is no demand for products like milk, poultry and egg. The major problem is while farmers are unable to get values for their crops, at consumers' end, prices have not declined," economist Ashok Gulati had said last month.

The value of fruit and vegetables produced in the country — at prices realised by farmers — was ₹5 lakh crore in 2019-20. Production of fruit in the last fiscal was estimated at 95.74 million tonne and that of vegetables at 188 million tonne.

PM-CMs meet today: Stepping up economic activities key agenda

AS FOR further relaxation for industries, official sources said the first week of the third phase of lockdown has revealed certain aspects upon which states need to step up their administration.

Unlike previous meetings where only select CMs were shortlisted to speak, the fifth meeting will give all CMs an opportunity to share their opinion during the interaction with the Prime Minister. Min-

isters of home and health, secretaries of these departments, chief secretaries and Director Generals of Police (DGP) of all states will also be present along with the CMs in the meeting.

"Though industrial activities have been allowed in the Orange and Green zones (which together account for over 600 districts), there has not been much activity, probably due to non-availability of labour or disruption of supply chains. These need to be fixed. States need to discuss with the industry and other stakeholders to pursue industrial activity in a sustainable manner in these districts," said an official highlighting the teething troubles in leveraging the relaxations.

AePS surge shows cash is king again, for now

ALSO, AS Anand Kumar Bajaj, founder and CEO, PayNearby, explained, beneficiaries of schemes such as the JanDhan Yojana habitually use cash, "The segment of the population that the government is making transfers to anyway deals in cash. So right now, cash is in because there is no other option," Bajaj said.

As people turn wary of using ATMs in the middle of a pandemic outbreak, banks and non-bank players in the payments system have had to find ways to reach cash to their doorsteps. In some cases, they have had to remove charges on cash transactions in order to ease the flow of money.

Ashish Ahuja, chief business officer, Fino Payments Bank, explained that at a time when remittances by migrant workers have crashed by 70%, the flow of cash needs to be eased. "We have removed charges on cash deposit transactions and tied up with BPCL to ensure cash availability with minimal movement by people. They can locate the nearest cash point using an app," Ahuja said. He added that transfers from government would continue over the next few months it was important the railroads to access these be in place.

Demand for cash is high not just in rural locations, but even in metros, with banks and fintechs getting calls from various resident welfare associations (RWAs) to offer doorstep cash withdrawal services. Suppliers of payment acceptance equipment said banks have been placing more orders for mobile and micro ATMs of late.

At the same time, the industry's drive to on-board more offline merchants for digital payments has taken a backseat as social-distancing

norms apply, according to Mahesh Ramamoorthy, regional managing director, APMEA — banking solutions, FIS. "A lot of people applied to become a merchant right after the lockdown, but not all of them could be on-boarded," Ramamoorthy told FE.

Agri start-ups to buy, move farm produce, rope in e-retailers

"AN EVEN bigger concern is the weather because excessive rain could destroy crops like it did last year," Salunkhe said. Salunkhe's firm is also being asked to ensure last-mile connectivity to residential complexes. "The last-mile delivery is not something we were considering we are being asked to try and do it," he said.

Info-edge backed Gramophone has been facilitating home deliveries and has seen a big jump in volumes of close to five times over 2019. Gramophone had been toying with the idea of introducing services for fertiliser management and soil testing services later in 2020, but co-founder and CEO Tauseef Khan told FE the demand is high, so it may launch them sooner.

Meanwhile, a clutch of bankers wants to team up with agri start-ups to try and get farmers to go digital and use sensors and data for precision farming. "Everyone wants to digitise farmers," Salunkhe said. Digitisation is, of course, of very little use if there are not enough seeds and if transportation becomes a roadblock.

"Moreover, there are credit constraints with both formal and informal sources having dried up. But government support may ease the credit situation," Khan said.

Data from Nasscom highlight the agri-tech sector received \$248 million in funding in the first six months of 2019, with nearly two-thirds going to start-ups working in the market linkage sector.

MGNREGS: Govt spends 35% of FY21 budget in 40 days

HOWEVER, IT is not immediately ascertainable if how much of the MGNREGS funds released by the Centre has actually been distributed to the workers by the state governments concerned.

However, an average of 11.72 days of employment has only been provided to rural household under the scheme so far in the current fiscal year, against the average of 48.39

days of work in the whole of 2019-20. This indicates that the even though the release of funds have been accelerated, the lockdown situation has prevented the local authorities from creating jobs on the ground. However, the average daily wage per person under the scheme in the current fiscal has been ₹204, compared with ₹182 in 2019-20, indicating that wages have indeed been increased.

After the nationwide lockdown imposed by the Centre to combat Covid-19 pandemic in the last week of March, thousands of migrant workers were seen walking to their homes hundreds of km away, as their wages dried up and public transport vanished. At one point, the government itself said around 23 lakh migrant workers were then stranded at different places in the country, many in various relief camps organised by state government authorities or by their employers or in localities where they are generally clustered. Since early this month, the Centre has been running 'Shramik special' trains to transport these workers back to their respective states and around 300 such trains have already reached their destinations, with over 3 lakh workers.

Of course, the MGNREGS funds released by the Centre so far in the current financial year includes dues to the tune of ₹8,362 crore of the last fiscal, including wage dues of ₹996 crore.

The Centre had released ₹71,420 crore under MGNREGS in 2019-20 and ₹62,125 crore in 2018-19. The revised estimate for the scheme invariably tends to be larger than the Budget Estimates made at the start of the year, in what shows the popularity of the Scheme, which is much in demand among the rural poor. Clearly, the Centre would have to allocate more funds than the budgeted ₹61,500 crore for MGNREGS in the current financial year, as the migrants who have returned home from metros and other cities would substantially increase the demand for jobs under the scheme in rural areas.

The National Rural Employment Guarantee Act was notified on September 7, 2005. It provides for a minimum of 100 days of wage employment in a financial year to every rural household whose adult member volunteers to do unskilled manual work. An additional 50 days of wage employment are provided over and above 100 days in the notified drought affected areas or natural calamity areas and to every scheduled tribe household in a forest area.

भारतीय रिज़र्व बैंक RESERVE BANK OF INDIA

www.rbi.org.in

AUCTION OF STATE GOVERNMENT SECURITIES

The following State Governments have offered to sell 4 to 10 years securities by way of auction for an aggregate amount of ₹10,750.00 crore (Face Value)

Sr. No.	State	Amount to be raised (₹ cr.)	Tenure (in years)	Type of Auction
1.	Andhra Pradesh	1,000	8	Yield based
2.	Goa	100	10	Yield based
3.	Kerala	500	4	Yield based
4.	Madhya Pradesh	1,000	10	Yield based
5.	Manipur	150	10	Yield based
6.	Punjab	500	10	Yield based
7.	Rajasthan	500	10	Yield based
8.	Tamil Nadu	1,000	5	Yield based
		1,000	10	Yield based
9.	Telangana	1,000	4	Yield based
		1,000	5	Yield based
10.	West Bengal	3,000	10	Yield based
	Total	10,750		

The auction will be conducted on Reserve Bank of India Core Banking Solution (E-Kuber) in multiple-price format on **May 12, 2020 (Tuesday)**. For further details please refer to RBI press release dated **May 08, 2020 (Friday)** on RBI website (www.rbi.org.in).

"Don't get cheated by E-mails/SMSs/Calls promising you money"

GAURAV MERCANTILES LIMITED

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UPDATING EMAIL ADDRESSES OF SHAREHOLDER

Notice is hereby given that in compliance with applicable provisions of the Companies Act, 2013, read with the General Circular No. 14/2020 dated April 8, 2020 and General Circular No. 17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs, Government of India ("MCA") in view of COVID-19 ("MCA Circulars") the Company is seeking consent of its shareholders through postal ballot ("Postal Ballot") by way of voting through electronic means ("E-voting").

In this regard, the Company intends to issue notice of the postal ballot to its shareholders whose name appears on the Register of Members. List of Beneficial Owners as on Friday, May 8, 2020 ("Cut-off Date") by sending the notice on their respective email addresses registered with their Depository Participant ("DP") or with the Company's Registrar and Share Transfer Agent, i.e. Skyline Financial Services Pvt. Ltd.

On account of threat posed by COVID-19 and in terms of the MCA Circulars, the Company will send Postal Ballot Notice in electronic form only and hard copy of Postal Ballot Notice along with Postal Ballot Forms and pre-paid business envelope will not be sent to the shareholders for this Postal Ballot. Accordingly, the communication of the assent or dissent of the shareholders would take place through the remote e-voting system only. Therefore, those shareholders who have not yet registered their email address, are requested to get their email addresses registered by following the procedure given below:

(a) Shareholders holding shares in physical form are requested to send following details to the Company's Registrar and Share Transfer Agent, Skyline Financial Services Pvt. Ltd., having office at A-505, Dattani Plaza, Andheri Kurla Road, Safed Pool, Andheri - East, Mumbai, Maharashtra - 400072 at his email address: subhashdshingreja@skylinferta.com or Contact No. 022 28511022 / 49721245.

S.No.	Particulars	Information required
i.	Full Name	
ii.	Address	
iii.	Email address	
iv.	No. of shares held	
v.	Folio no.	
vi.	Certificate No.	
vii.	Distinctive No.	
viii.	Scan copy of PAN and Aadhaar Card	

(b) Shareholders holding shares of the Company in dematerialized form but who have not registered their email address are requested to approach their respective Depository through Depository Participant and complete the registration process on or before June 8, 2020 and communicate information about such registration to Company's Registrar and Share Transfer Agent, Skyline Financial Services Pvt. Ltd., having office at A-505, Dattani Plaza, Andheri Kurla Road, Safed Pool, Andheri - East, Mumbai, Maharashtra - 400072 at his email address: subhashdshingreja@skylinferta.com or Contact No. 022 28511022 / 49721245.

For Gaurav Mercantiles Limited
Sd/-
Anukruti Agarwal
Company Secretary

Place: Mumbai
Date: May 9, 2020