

SENSEX CLAWS BACK SOME LOSSES
The benchmark BSE SENSEX has logged around 6% gains over the past week as Indian markets caught up to improving global sentiments. However, poor GDP numbers released on Friday may see sentiment take a downturn



NEW POLICY

DPIIT TO RELEASE DRAFT E-COMMERCE POLICY VERY SOON

The Department for Promotion of Industry and Internal Trade (DPIIT) will "very soon" put out a draft e-commerce policy in the public domain to seek views and comments. DPIIT Secretary Guruprasad Mohapatra said on Saturday. Noting that e-commerce is a fast emerging sector, he said that it was difficult to predict where it will go in the next couple of years. The government in February last year had already released a draft national e-commerce policy, proposing setting up a legal and technological framework for restrictions on cross-border data flow. But, several foreign e-commerce firms have raised concerns over the data guidelines.

NO TAKERS

INSTITUTIONAL INVESTMENT IN REAL ESTATE DROPS 12% IN FY20

Institutional investment in Indian real estate fell 12 per cent to \$4.48 billion (around ₹33,800 crore) last fiscal year on lower economic growth and uncertainty over the coronavirus pandemic, US-based property consultant Vestian said. "The fiscal year 2020 saw a total institutional investment of \$4,480 million. This depicted a decline of 12 per cent when compared with the quantum of investment in the previous year fiscal year 2019," Vestian said in the report. During the fourth quarter of the last fiscal, institutional investment in real estate dropped 44 per cent to \$727 million compared with the same period of the previous financial year.

LICENCE PORTAL

NEW ONLINE PLATFORM TO ISSUE PERMITS TO FOOD BUSINESSES

Food regulator FSSAI on Saturday said it has launched a new online platform for granting licences and registration to food business operators (FBOs) as well as regulatory compliances. Since 2011, the FSSAI's online licensing platform FLRS (Food Licensing and Registration System) has issued 70 lakh licenses/registrations till date. Over 35 lakh licenses/registrations are actively transacting on it. "FSSAI is launching its cloud based, upgraded new food safety compliance online platform called Food Safety Compliance System (FoSCoS)," the regulator said in a statement. The new URL will replace the existing one.

GURBIR SINGH

NEWSCOPE

LOCUSTS, SPARROWS & THE GLOBAL WARMING LINK

People in Mumbai got the scare of their lives last week. Groggy from Covid-fatigue, they saw a new pandemic staring at them through their windows. Locust swarms. Fortunately, these fears turned out to be the result of 'WhatsApp rumour mills'.

Other cities like Jaipur have not been so lucky. In recent days, locust swarms of horrendous size extending several kilometers in the air have invaded Rajasthan, Punjab, Madhya Pradesh, and have now drifted into the Vidharbha region of Maharashtra, devouring crops and vegetation in their path.

Normally a once-in-30-years phenomenon, this biblical-style plague from the sky has only added to the misery of the corona virus lockdown. This invasion couldn't have come at a worse time.

On the streets of Jaipur and in farms across the north, people are out with insecticide sprayers, and clanging vessels in an attempt to save their crops. In the corridors of power, the old environmentalists and climate-change wallahs, the perennial prophets of doom, are back in demand.

Rain havoc

The sheer size of these swarms make them unmanageable. Travelling with the wind, these mile-long swarms can travel 150 km in a day; and with 40 million insects to a square kilometer, feed on the equivalent of their own body weight, and consume what 35,000 people eat in a day. As much as 50,000 hectares of croplands may have been destroyed so far, creating the possibility of food shortage if the swarms multiply.

It appears the problem originated with heavy unseasonal rains in the Horn of Africa and Kenya. These were triggered by the Indian Ocean phenomenon called the 'Dipole'—wherein the warmer waters move to the West of the Ocean near Africa and the cooler waters drift to the East towards Australia. Last year end, the Dipole was amplified by rising temperatures due to global warming, thereby pushing more warm water towards the African coast.

This set off heavy rains in arid areas in the Horn of Africa and the Arabian Peninsula, while the cooler water in the East created the drought and bush fires in Australia a few months ago. In the desert regions of Africa, these rains sprung vegetation unnaturally and became the breeding ground for the larvae of desert locusts which multiplied on huge swathes of land undetected for months.

By the time these breeding grounds were discovered, the swarms had lifted spreading havoc in Somalia, Ethiopia and Kenya. The science magazine Nature points out that it is these swarms that have crossed the Red Sea to Yemen and Saudi Arabia and even reached Iran, Pakistan and finally Rajasthan, in India. The destruction wrought will threaten the food supplies of 20 million people later this season as well as pasture for millions of heads of cattle, Nature estimates.

Sparrows in China

Man, plant and animal life, forests, weather conditions, the sources of water and air—the totality we call Nature—works as a tenuous balance between these various parts. If the balance is disturbed, the reaction can often be apocalyptic.

When the Chinese Communists defeated the pro-West Kuomintang forces and took power in 1949, they also took charge of a country plagued with infectious diseases like tuberculosis, cholera, malaria, and smallpox. In response, the new government set up one of the largest and most effective public healthcare systems. By around 1958, the focus of the health campaign came down to eradicating pests.

that were carriers of disease and pestilence. The 'four pests' campaign, as it was known, homed down on the mosquito, the cause of malaria, rodents that spread plague and ate the corn, flies that carried chol-

era, and the sparrow that ate up China's granaries.

It was a movement of unimaginable proportions, from the nursery schools to the factories, children and adults were mobilized through posters and lectures to go after the creatures. It was a textbook success story. With the vermin decimated, hygiene was restored, and malaria and small pox wiped out. Discover magazine reports 1 billion sparrows and 1.5 billion rats were killed, and 100 million kilograms of flies and 11 million kilograms of mosquitoes were annihilated. But what was not realized is that the sparrow while eating some grain, kept a watchful eye over the fields and held other vermin like the locust at

bay. With the birds out of the way, the locusts swarms invaded the grain fields with abandon, creating an ecological disaster for China. Discover estimates that 20 to 30 million people may have perished from mass starvation in the 1958-62 period.

As we are learning ever so often, a disturbed Nature hits back. As forests are decimated, and temperatures rise, and the icecaps in the Arctic melt, the Oceans begin to rise and become warmer. The effects are there everywhere: raging bushfires in Australia, locusts in Africa, and unbearable heat in the Indo-Gangetic plains. We can, of course, keep ignoring the signals at our own peril.



FOOD SECURITY THREATENED

20 mn people may see their food supplies threatened due to the locust swarm

DELICATE BALANCE

20-30 mn people may have died of starvation in China between 1958-62 after a mass extermination of over a billion sparrows and countless other 'pests' led to an explosion in the numbers of locusts

Fiscal deficit may increase up to 5.5% of GDP in FY21

Data released on Friday by the Comptroller General of Accounts shows that fiscal deficit for FY20 has risen to as much as 4.59%

ANURADHA SHUKLA @ New Delhi

WITH high expenditure needed to boost the economy from the slump caused by the Covid-19 pandemic coupled with forecasts of subdued revenue collections, finance ministry officials expect the fiscal deficit for the current fiscal year to rise to as much as 5.2-5.5 per cent of the year's GDP.

"Last year, it was worse than anticipated. Going by the current scenario, the financial year started with a lockdown, so revenue collection will be subdued. Expenditure will be high in order to boost the economy. So, preliminary internal assessments suggest that fiscal deficit will be between 5.2 to 5.5 per cent of GDP," a senior finance ministry source said.

Finance Minister Nirmala Sitharaman, in her budget speech in February, had invoked the 0.5 per cent escape clause to revise the fiscal deficit target for FY20 from 3.3 per

FUTURE BLEAK

- Ministry concerned with spread of pandemic in high-revenue states
- Much will depend on how quickly the economy is able to restart, officials say

cent to 3.8 per cent. However, according to data released on Friday by the Comptroller General of Accounts (CGA), the fiscal deficit for financial year 2019-20 now stands at 4.59 per cent, a breach of 0.7 per cent or a ₹1.69 lakh crore increase in India's deficit.

According to the date released, the government's revenue for the fiscal ended March 31, 2020 was ₹16.82 lakh crore, which was just 91 per cent of the full year's target of ₹18.50 lakh crore. And, this is not just because of the Covid-19 pandemic. For the past three con-

secutive years, the government has consistently missed its tax revenue targets. If the CGA data for April is to be believed, there has been a clear contraction in revenue collections amidst the lockdown, with net tax revenue for April standing at ₹21,412 crore, against April 2019 collections of ₹71,637 crore. Total revenue was ₹27,183 crore, compared with ₹94,930 crore for the same period last year. However, expenditure for April was ₹3.07 lakh crore against ₹2.55 lakh crore in April 2019.

The officials added that the finance ministry was concerned over the spread of the pandemic in high-revenue generating states like Maharashtra and Gujarat. "Much will depend on how quickly we restart economic activities. Cases in industrial states are a matter of concern. So, we will be lucky if revenue collection meet even previous year level," the official added.

Luxury segment banks on revenge spending

SESA SEN @ New Delhi

AFTER weeks of shutdowns and snowballing losses, India's \$14.7 billion luxury market is betting on 'revenge spending' to revive business as stores reopen. A bout of aggressive spending across the small luxury segment, such as premium lipsticks, and high-end purchases like property may give demand a leg-up as shopping-starved consumers flush with cash indulge in retail therapy, experts say.

"We do see a drop in demand, but it may not be as significant for luxury residential properties. With the return of... normalcy, we expect a rebound in to be faster since, for wealthy families, this is also the best time to buy at attractive valuations," said Amit Goyal, CEO of India Sotheby's International Realty. In the medium to long-term, however, buyers are expected to invest in bigger residences with demarcated workspaces and wide-ranging amenities. Lower mortgage rates and prices will also be attractive to buyers sit-

ting on the fence, Goyal added.

A common term in retail, 'revenge buying' was recently seen in China's Guangzhou where French luxury goods-maker Hermes announced a record \$2.7 million in sales on the day its store re-opened in April. "While retailers are pinning hopes on a similar trend in India, the phenomenon is a very short term spending behaviour and cannot be sustained," warned Dillon Bhatt of Millwood Kane International.

Fashion and beauty are expected to be among the biggest beneficiaries of the trend. High-end fashion brands are already leveraging digital mediums, boosting online sales, and Bhatt believes the personal luxury segment will recover faster supported by demand from Gen Z. Sundeep Chugh, CEO and MD of Benetton India says most of its high-street stores are open and that demand has been steady. "Our casual wear... as well as innerwear are the most coveted since most people continue working from home," Chugh said.

REALTY

Use govt land to develop rental housing, says report

ARSHAD KHAN @ New Delhi

TO provide housing facilities to a large section of people, including migrant workers, the government should channelise its own land for the development of rental housing, says a joint report by RICS and Knight Frank India. The report notes that owing to poor rental yields, much of India's housing property remains vacated at urban centres.

"If a portion of government-owned land masses is utilised by the government or its agencies for development of rental housing properties, the incremental cost would be limited to only the construction cost. The rental yields, when calculated on the incremental cost to government (instead of the market value of the property), would work out to a range of 10-18 per cent, which would make rental housing projects feasible," the report said.

Rental yields in most cities continue to be very low. The maximum rental yields observed are about 5 per cent and the lower bracket is close to 1.5 per cent. Such low yields are perceived to be insufficient to cover the risk of renting the property. Beside low yield, risk of property litigations, the Rent Control Act, high cost of transaction and the lack of an organised marketplace act as impediments to development of rental housing market. The report also says that there are around 5 lakh houses lying vacant in Mumbai alone. In Delhi and Bengaluru, the number stands at 3 lakh each.

The report lauded the government's latest announcement to promote the creation of rental housing for migrant workers through a Public Private Partnership model. "We wouldn't have faced the challenges we have seen with migrant workers... had they had viable living conditions... the recent announcements made by the Finance Minister on providing affordable Rental Housing are commendable," said Nimish Gupta FRICS- MD, South Asia said.

'Directory of laid-off staff to help recruiters'

BISMAL MALIK @ Bengaluru

AFTER global firms like Uber, Airbnb, homegrown food delivery major Zomato has become the latest to bring out a unique "talent directory" of its laid-off employees to help them find new sources of employment. At a time when start-ups have gone for major retrenchments to cut costs, many companies in healthcare, FMCG, e-commerce and advanced IT sectors are still hiring.

According to Zomato, the idea behind a live list of laid-off employees is to assist recruitment agencies and hiring managers find the best prospects for job roles through location, resumes and qualification filters.

Zomato CEO Deepinder Goyal tweeted that hiring managers who seek more details of laid-off employees can write to the company directly.

"Zomato has been built by some of the most passionate people, who have brought us closer to our vision every day. A humble request to all organizations that are hiring to review the Zomato Talent Directory," Goyal tweeted.

He had earlier announced that nearly 13 per cent of the food tech company's workforce (nearly 520 employees) would be laid-off, going on to note that the pandemic has not left enough work for departing employees. Zomato's mainstay, its food delivery business, has shrunk since the outbreak of COVID-19 (orders plummeting by 80% over the past two months) and the company has chosen to foray into the delivery of essentials and alcohol to cater to new markets emerging out of the crisis. Zomato has also cut salaries for the rest of its employees by as much as 50%.



MCL provides ALS ambulance to DHH, Sambalpur

MCL is providing an Advance Life Support Ambulance to the District Headquarter Hospital, Sambalpur under its CSR initiative. The unit is an ICU-enabled ambulance equipped with Advance Life Saving medical equipment including a ventilator. Such an ambulance was much needed for Sambalpur district, and will bridge the gap between the requirement and availability of ambulance services with high-end instrumentation. MCL has deposited a sum of ₹31.34 lakhs to Collector, Sambalpur for its procurement.



Vellore's annual credit plan for FY2020-21 launched by Collector, top district bankers

The Annual Credit Plan 2020-21 for Vellore District was released by the District Collector A Shanmuga Sundaram last week in the presence of V N Maya, Indian Bank, Zonal Manager, Vellore, B John Theodisius, Lead District Manager, Vellore, G Suresh Kumar, IINDSETI Director, Vellore, K Jeyam, Managing Director, Vellore District Central Cooperative Bank, G Sivalingam, District Coordinator, Indian Overseas Bank and P Balamurali, District Coordinator, State Bank of India. According to the plan, total financial outlay for the year for the district is ₹4,301.98 crore.

Business & Beyond

SCI reports net profit of ₹302.35 cr for FY20

The Shipping Corporation of India Limited (SCI) declared its audited financial results for the quarter and year ended March 31, 2020, posting a net profit of ₹113.75 crore for quarter against a net profit of ₹45.99 crore for the corresponding quarter of last year. With this, SCI has reported a net profit of ₹302.35 crore against a net loss of ₹21.99 crore recorded in the year FY19. Though the outbreak of COVID-19 has severely impacted business operations across all industries, timely and effective measures taken by SCI have helped to minimise disruption of operations, the company said.

Made in India Red Chief shoes

Red Chief, a well established home-grown leather footwear brand, has been making shoes in the country for over 23 years. Now, with the government promoting indigenous industry with the Vocal for Local campaign, the company says it is engaged with local suppliers and manufacturers. Akhilesh Singh, Chief Operating Officer, says, "Our end-to-end process from footwear design, procuring raw material to manufacturing, all are done within India".