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INDUSTRY OUTLOOK

ECONOMIC DIGEST (June 2020)

9 July 2020

1. Fed's Powell says the US economy has bounced back quicker than expected — but warns failure to contain the virus will create new hurdles-Business Insider

The US is rushing into economic recovery but still faces several risks on its way to pre-pandemic highs, Federal Reserve Chairman Jerome Powell said. Economic indicators tracking unemployment, consumer spending and manufacturing have largely swung higher in recent months as states reopen and activity resumes. The optimistic signals foreshadow a V-shaped rebound desired by investors, but the central bank chair emphasized that a full recovery hinges on curbing the coronavirus' spread. "We have entered an important new phase and have done so sooner than expected," Powell said in a statement set for Tuesday testimony before the House financial Services Committee. "While this bounceback in economic activity is welcome, it also presents new challenges — notably, the need to keep the virus in check".

Powell's comments arrive as COVID-19 cases spike throughout the US. Texas, Florida, and Arizona are among the states playing host to new virus hotspots and reinstating lockdown measures to contain the outbreak. Fears of a second wave of coronavirus cases will weigh on consumer confidence and could prematurely freeze the nation's rebound. "The path forward for the economy is extraordinarily uncertain and will depend in large part on our success in containing the virus. A full recovery is unlikely until people are confident that it is safe to reengage in a broad range of activities," the Chair added.

The central bank is also concerned with the unevenness of the labor market's slump. May's jobs report posted an unexpected decline in unemployment to 13.3 % from 14.7%. Investors cheered the positive outcome, but Powell noted "the [labor market] pain has not been evenly spread". More than 20 million Americans remain unemployed, and the leap in joblessness disproportionately hit lower-wage workers, workers, women, African Americans, and Hispanics. June data will further detail the labor market's recovery and whether such populations experienced a more substantial improvement in employment over the past month. The central bank chief again shied away from explicitly calling for additional congressional stimulus. Legislators have repeatedly asked Powell whether he thinks more fiscal easing is necessary, only to hear the chairman clarify that such actions are up to Congress and not the Fed. "All levels of government" should implement relief policy" for as long as needed" to ensure the economy doesn't slide into a deeper depression.

2. Finance Ministry report says green shoots in economy visible, lists indicators that show revival-FE

The finance ministry has asserted that "green shoots" have started to emerge in the economy, even as it acknowledges that the International Monetary Fund has pegged India's FY21 growth at minus 4.5%. Highlighting several data points in its monthly macro-economic report to buttress its assumption of a nascent recovery, the DEA has said total digital retail financial transactions via NPCI platforms rose sharply from Rs 6.71 lakh crore in April to Rs 9.65 lakh crore in May. Consumption of petroleum products jumped 47% from 99.37 lakh tonnes in April to 146.46 lakh tonnes in May. Kharif sowing climbed 104.3% year on year, with Rabi procurement in full flow with respect to oilseeds, pulses and wheat due to a bumper harvest.

Within just two months, India, starting from scratch, has become the world's second largest manufacturer of personal protective equipment (PPE). Electricity consumption saw lower y-o-y contraction from minus 24% in April to minus 15.2% in May to minus 11.3% in June (until June 28). Total assessable value of e-way bills picked up by a massive 130% in May, compared with April, tracking a surge in inter and intra-state road-based movement of tradable goods.

In June, it further rose by 34% over the preceding month. Sustaining the momentum in economic activity, railway freight traffic improved by 26% in May (8.26 crore tonnes) over April 2020 (6.54 crore tonnes). Average daily electronic toll collections, yet another indicator of freight movement by road, increased from Rs 8.25 crore in April to Rs 36.84 crore in May and further to Rs 50.9 crore in June (till June 28). Purchasing Managers Index (Manufacturing) has also consistently improved from 27.4 in April to 30.8 in May and further to 47.2 in June. In support, India's forex reserves at $505.6 billion as on June 19, continue to provide a crucial cushion to external shocks on the back of higher FDI, portfolio flows and low oil prices. This recovery is also evident in the GST collections for June 2020 that clocked Rs. 90,917 crore at gross levels, 46% higher than May and 181% over April. "These green shoots have a conducive policy environment to grow further and nudge the economy early on the path of economic recovery and growth," it said.

3. Economy to shrink 5% this year, fiscal stimulus not enough to support growth: S&P-FPJ

S&P Global Ratings said Indian economy will shrink 5 % in the current fiscal. In a report on emerging markets titled 'Financial Conditions Reflect Optimism, Lockdown Fatigue Emerges', S&P said the services sectors, which are large employers, have been severely affected, leading to widespread job losses. "Migrant workers have been geographically displaced, and we expect it will take some time to unwind this process. There will be supply chain disruptions over the transition period," S&P said.

S&P forecast Indian economy to shrink by 5 % in the current fiscal and said growth will rebound to 8.5 % in 2021-22. It projected growth to be 6.5 % in 2022-23. India's GDP growth slumped to a 11-year low of 4.2 % in 2019-20. "The central bank has cut policy rates by 115 basis points since February, but policy traction remains low as banks remain unwilling to lend. New direct fiscal stimulus worth 1.2 % of GDP won't be enough to provide significant growth support," S&P said. Rating agencies Fitch and Crisil too had projected a 5 % contraction of Indian economy, while Moody's forecast economy to shrink by 4 %. World Bank too estimates Indian economy to contract 3.2 % in 2020-21.

The government had last month announced Rs 20.97 lakh crore economic package, which include liquidity support from the RBI. S&P had earlier said that the government's stimulus package, with a headline amount of 10 S&P of GDP, has about 1.2 % of direct stimulus measures, which is low relative to countries with similar economic impacts from the pandemic. The remaining 8.8 % of the package includes liquidity support measures and credit guarantees that will not directly support growth.

4. Economy shows signs of bottoming out-Mint

India's eight infrastructure sectors showed signs of bottoming out in May while the country's fiscal showed increasing signs of stress even as the current account turned positive in the March quarter on the back of lower imports—all three impacted by the unfolding coronavirus pandemic in India. The eight infrastructure sectors contracted sharply for the third month in a row in May though lower than the record dip in April, with only fertilizer production (7.5%) registering positive growth. In May, the core sector data shrank 23.4% compared to 37% in April, mostly due to large dip in outputs of steel (48.4%), cement (22.2), electricity (15.6) and refinery products (21.3%).

This is in line with expectation that April will be the worst hit due to the nationwide lockdown to contain the coronavirus outbreak while things will start to look up from May onwards. PM Modi and chairman of the 15th Finance Commission NK Singh have said that multiple green shoots of recovery are visible in the economy quoting fertilizer production numbers, auto sales and robust employment print. The manufacturing Purchasing Manager's Index (PMI) released by IHS Markit earlier this month stood at 30.8 in May, slightly better than 27.4 recorded in April but still well below the 50 mark that divides contraction from expansion. Maruti Suzuki India Ltd (MSIL), the country's largest carmaker, reported sales of 18,539 vehicles in May after failing to sell a single unit in the preceding month. Maruti restarted production in a phased manner at two of its units last month after the government eased lockdown curbs. Unemployment rate has fallen sharply in recent weeks, coming close to the pre-lockdown weeks, according to CMIE data.

The Fitch Ratings in its latest Global Economic Outlook (GEO) released said it still expects India's GDP to contract by 5% in FY21. "In India, where authorities imposed one of the most stringent lockdowns globally to try to halt the spread of the virus, measures are being relaxed only very gradually; with a limited policy easing response and ongoing financial sector fragilities, we have pared our 2021 forecast to 8% from 9.5% in the previous GEO". Data separately released by the Controller General of Accounts (CGA) showed India's fiscal deficit breached 58.6% in the first two months (April-May) of FY21 against 52% during the same period a year ago. With a severe squeeze in revenue receipts amid a marginal contraction in total spending, the central government's fiscal deficit widened to Rs. 4.7 trillion in the first two months amid rising demand for resources. PM Modi announced extension of free ration to 80 crore Indians for another five months at a cost of ₹90,000 crore which would put additional pressure on the fiscal.

5. India records marginal surplus on current account in January-March on lower trade deficit-FE

India recorded a current account surplus of USD 0.6 billion or 0.1 % of GDP for the January-March quarter against a deficit of USD 4.6 billion or 0.7 % of GDP in the year-ago period. For the fiscal year 2019-20, the current account deficit narrowed to 0.9 % of the GDP compared to 2.1 % in FY2018-19. Lower trade deficit was an important reason for the improvement in the current account balances both for the March quarter and the whole fiscal year. The surplus in the current account in the March quarter was primarily on account of a lower trade deficit at USD 35 billion and a sharp rise in net invisible receipts at USD 35.6 billion as compared with the corresponding period of last year. The net services receipts increased to USD 22 billion in March quarter as against the year-ago's USD 21.3 billion on the back of a rise in net earnings from computer and travel services on a year-on-year basis.
Private transfer receipts, mainly representing remittances by Indians employed overseas, increased 14.8 %to USD 20.6 billion for the reporting quarter. The net outgo from the primary income account, which primarily reflects the net overseas investment income payments, decreased to USD 4.8 billion from USD 6.9 billion a year ago. The net foreign direct investment nearly doubled to USD 12 billion for the March quarter as against the USD 6.4 billion in the year-ago period, while foreign portfolio investments (FPIs) declined by USD 13.7 billion during the three month period as against an increase of USD 9.4 billion in the year-ago period.

6. Why is FPI inflow positive for the month of June already?-FPJ

The Foreign Portfolio Investors (FPIs) inflow in the month of June was dominated mainly by two companies — Reliance Industries and Kotak Mahindra Bank. FPI inflow was positive by USD 2.41 billion versus USD 1.93 billion for the entire month of May 2020. "This sudden spurt in FPI flow in first four days of June is on account of Reliance Industries' Rights Issue closing on Tuesday 2 June and the company reporting on 3 June that the rights issue was oversubscribed by 1.59 times and also on account of Kotak Mahindra bank stake sale of 2.83 per cent by promotor Uday Kotak on June 2, 2020," said Arjun Yash Mahajan, Head - Institutional Business, Reliance Securities. Due to these two corporate actions/events, FPIs participated in large numbers. "Finally, add to these two events, the broader benchmark Nifty Index saw a breakout and added over 4.5 % since the close on May 29, 2020." The current rally saw money flow into automobiles, private banks, and pharmaceuticals as there was continued hope of the worst being behind. "However, this rally is based on optimism and some caution is advised at these levels. It will not hurt to book profit and sit on the sidelines to wait for better entry levels and also for more clarity to emerge of COVID-19 led disruptions caused in April and May 2020," advised Mahajan.

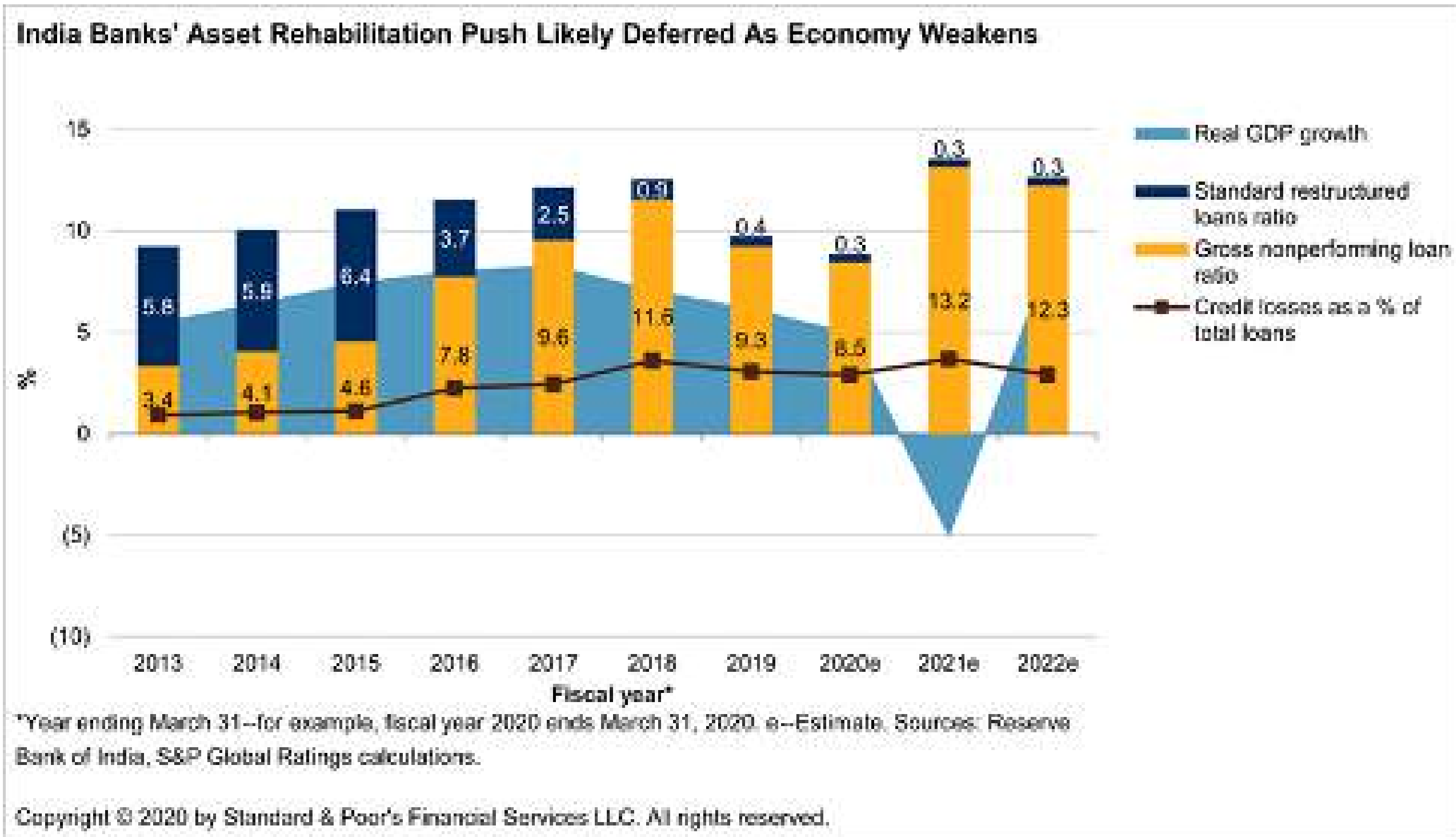
7. India's hiring activities holding up better than many economies: Report-ET

India has been holding up better in hiring than other economies as the COVID-19 pandemic has caused disruptions across the globe with reports of layoffs, furlough and organisations freezing their hiring intentions across sectors. The trend in job postings was roughly in line with last year's trend until the second week of March, global job site Indeed said in a report adding that the slowdown accelerated in the second half of March and through April to May, reflecting lockdowns on economic activities. As of mid-June, job postings on Indeed India declined by 51 % than in 2019. Among global markets, hiring activities in the UK declined by 60 % and 61 % in Mexico and a few countries in Europe. However, India is worse off than countries, including the US where the job postings have declined by 29 %, Singapore by 32 % and Australia by 42 %.
The impact of COVID-19 has not been evenly spread across sectors as some of them like software technology, medical professional and marketing have experienced a surge in job postings. Similarly, jobs including delivery and IT manager saw a steady increase as well, each tracking well above February 2020. However, a few sectors have experienced sharp falls in hiring activities, reflecting the widespread shutdown of economic activities. The hardest-hit sectors include childcare where the job postings declined by 78 % compared with last year's trend, food preparation by 78 %, hospitality and tourism 77 % and cleaning and sanitation 74 %.

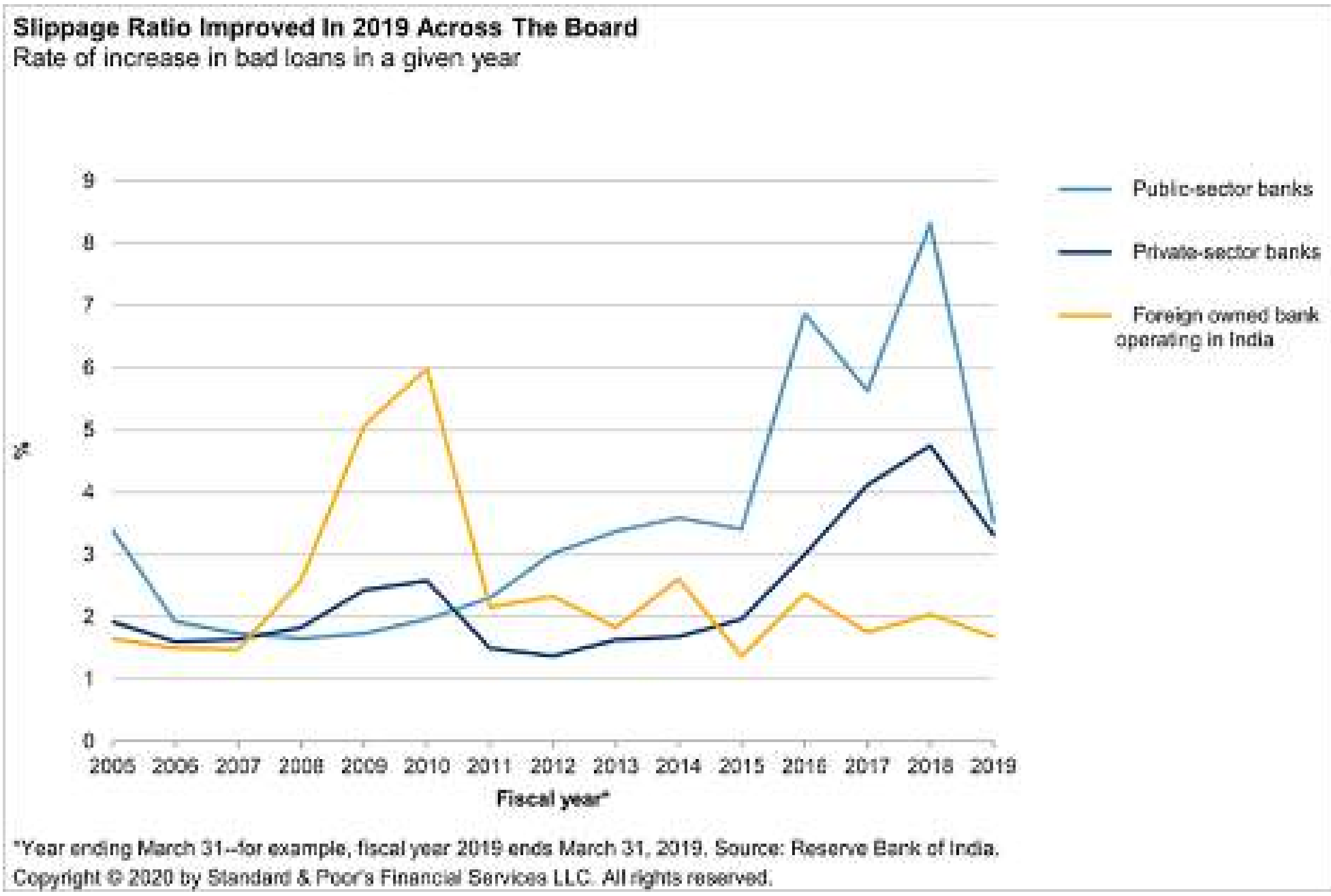
8. COVID and Indian Banks: One Step Forward, Two Steps Back-Moneylife

The COVID-19 pandemic may set back the recovery of India's banking sector by years, which could hit credit flows and, ultimately, the economy. NPLs in India will hit a fresh high, raising credit costs, and putting pressure on ratings, says S&P. According to a report "COVID And Indian Banks: One Step Forward, Two Steps Back," published by S&P Global Ratings, Indian banks' NPL ratio could increase by about 50% in the current fiscal year and it will take 12-18 months to get Indian financial institutions sector recovery back on track, leading us to our recent negative ratings actions on lenders. "In our base case, we expect the NPL to shoot up to 13%-14% of total loans in the fiscal year ending 31 March 2021, compared with an estimated 8.5% in the previous fiscal year," says S&P Global Ratings credit analyst Deepali Seth-Chhabria. "Moreover, the resolution of these bad-debt situations will likely unfold slowly, which means banks may also be saddled with a huge stock of bad loans next year. We assume only about a 100 bps improvement in nonperforming loans in fiscal 2022."

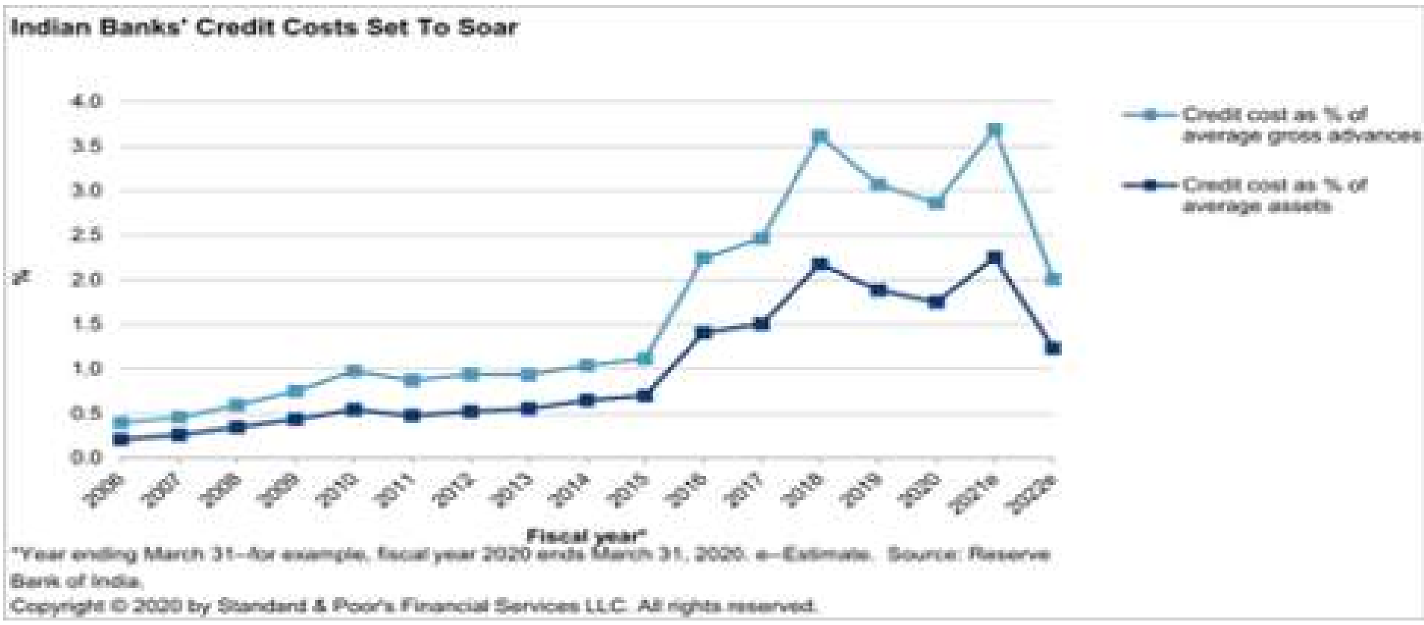
After years of deterioration, asset quality in the Indian banking system had improved over the past 18 months, helped by higher write-offs, slower accretion of bad loans, and resolution of some big cases under the new bankruptcy law. Nevertheless, Indian banks were still working through a formidable overhang of nonperforming assets when the COVID crisis struck and this largely derailed that rehabilitation process. "We believe that the effect on finance companies will be more pronounced than on banks," said S&P Global Ratings credit analyst Geeta Chugh. "Some finance companies lend to weaker customers and have high reliance on wholesale funding. These companies were already facing a trust deficit since the 2018 default of Infrastructure Leasing & Financial Services (IL&FS). Finance companies also face accentuated liquidity risks due to high proportion of borrowers opting for loan moratorium." S&P says it assumes India's GDP will contract 5% in the fiscal year ending 31 March 2021, which will translate into diminished asset quality for Indian financial institutions over the next couple of years.



S&P expects credit growth to remain weak in the current fiscal year. "We estimate low single digit loan growth for the system for the current year, mainly driven by government-guaranteed small businesses loans and the capitalisation of accumulated interest." On 26 May 2020, the Indian government launched Rs3 trillion emergency credit scheme for MSMEs to help them weather the pandemic. "Otherwise, lending should remain slow due to tepid demand, and because banks have turned risk averse (despite ample liquidity). Among the risks to our assumptions, the government may push public-sector banks to revive credit growth to support the economy," S&P says.
S&P sees slippages to shoot up in banking sector. It says, "In our base case, we estimate the banking sector's bad loan accretion will be 6% of existing loans in the current fiscal year, much higher than other large Asian banking sectors. If RBI allows restructuring of loans, it may reduce the level of slippage this fiscal. However, in our view, restructuring may not resolve the problem. It may just defer NPL recognition, as it did a few years ago."



At that time, S&P says, following rampant restructuring, the RBI had to come up with an asset quality review and withdrew forbearance on the majority of restructured loans, leading to exceptionally high credit costs.



9. Bank loans to industries grew just 1.7% as of May 22, overall credit growth at 6.8%-Moneycontrol

A slowing economy and impact of COVID-19 outbreak have severely affected bank credit growth. On a year-on year basis, the non-food credit growth slowed to just 6.8 % as of May 22, 2020, compared to 11.4 % in the previous year. So far in this fiscal year, growth has actually contracted by 2 %. Demand for retail and corporate loans was hit hard after COVID-19 outbreak forced the government to announce a nationwide lockdown in the last week of March. But credit growth had taken a severe hit even before that, in line with the slowdown in economic growth in India.Credit to industries slowed to just 1.7 % on a y-o-y basis as on May 22 as against 6.4 % in the 12 months before that. In this fiscal so far, bank credit to industries contracted by 1.5 %. Among the industry group, loans to large industries grew just 2.8 % as against 7.4 % last year while that to medium sized companies contracted by 5.3 % compared with a growth of 3 % in the previous year. Loans to micro and small companies contracted by 3.4 % compared with a growth of 1.1 %. Loans to agriculture and allied activities too slowed to 3.5 % in the 12 months ending May 22 as against a growth of 7.8 % in the year ago.

The slowdown in credit growth affected the personal loans segment as well. Personal loans stood at 10.6 % for the 12 months ending May 22 as against 16.9 % in the previous year. In that segment, housing loans grew 13 % as against 18.7 per cent while vehicle loans grew at 6.3 % as against 5.7 % in the year ago period. Banks have slowed lending not because of liquidity issues but due to general slowdown in the demand situation. The economic uncertainty has forced companies to shelve their expansion plans and preserve capital. Hence, there is not much demand for corporate loans. With rising job losses and pay cuts having an adverse impact on consumer sentiments, retail borrowers too have put on hold their buying plans. With lockdown rules easing and economic activities picking up, banks expect improvement in bank credit growth in the months ahead.

10. Loan recasts to only defer problem, not solve it: S&P-Hindu

Amid reports of the RBI mulling restructuring of loans, global rating agency S&P said that a loan recast would only defer recognition of NPAs and not solve the problem. Operational outages and the recession because of the pandemic will have a deeper and longer impact on lenders than previously assumed, and estimated the gross non-performing assets ratio to rise up to 14% in FY21 from the 8.5% in FY20. "The COVID-19 pandemic may set back the recovery of India's banking sector by years, which could hit credit flows and, ultimately, the economy". The pandemic has led to prolonged lockdowns and a chilling of economic activity, forcing the RBI to declare a six-month voluntary moratorium on loan repayments till September. "... restructuring may not resolve the problem. It may just defer NPL recognition, as it did a few years ago," the agency said. In the past, rampant restructuring had led the RBI to come up with an asset quality review and withdrew forbearance on the majority of restructured loans, leading to exceptionally high credit costs on banks.

In its base case, the agency expects slippages or the addition to the NPAs to come at 6% during the fiscal. If the RBI allows for restructuring of loans, it may reduce the loan slippages this fiscal, it noted. Loan recoveries will be set back by years because of the COVID-19 pandemic, which will lead to a spike in the industry's NPAs ratio. The NPAs of Indian banks will shoot-up to 13-14% at the end of FY21, up from the 8.5% in FY20, Standard & Poor's credit analyst Deepali Seth-Chhabria said.

'Resolution will be slow'

Resolution of stressed or bad-debt situations will likely unfold slowly, which will leave banks saddled with a huge stock of bad loans next year as well, the agency said, estimating an improvement of only 1 percentage point in the NPA ratio in FY22. Non-bank financial companies will be worse hit than banks because of lending to weaker sections, reliance on wholesale funding, and liquidity difficulties because of a higher proportion of borrowers opting for default. NPAs had been reducing over the past 18 months, after hitting a peak of 11.6% in March 2018, when the RBI had undertaken an exhaustive asset quality review leading to emergence of high amounts of hidden stress coming out. "Businesses' operational outages and the recession will have a deeper and longer effect on lenders than we previously assumed," it said. From a sectoral perspective, airlines, hotels, malls, multiplexes, restaurants, and retail may see a significant loss of revenue and profits due to the outbreak, while highly leveraged sectors like real estate developers, telecom companies and power firms may remain a source of increased bad debt.

11. Profits at top private banks nearly halve on Covid provisioning- BS

The March 2020 quarter numbers of top private sector banks — HDFC Bank, ICICI Bank, Axis Bank, Kotak Mahindra Bank, and IndusInd Bank — shows that Covid-19 related provisioning has dented their profits. On a cumulative basis, the Covid provisioning at Rs.8,678 crore has shaved off 45 % of their Profit Before Tax (PBT). In other words, had these banks not made the provisions, their combined reported PBT of Rs.10,792 crore would have been higher at Rs.19,740 crore. Due to a likely deterioration in borrowers' credit profile, banks were mandated to make provisions in Q4. The RBI had earlier announced a three-month moratorium for repayments due between March and May (now extended to August) and had asked banks to make at least 10 % provisions for such accounts, which were overdue as of 1st March.

12. Public Banks fare better than private in usage of PoS machines- DH

As private banks have gone on establishing Point of Sale (PoS) systems at a rate way higher than PSBs their efficiency in the same has taken a severe hit. A DH analysis of data on PoS systems and transactions (both in volume as well as value terms) shows that with 66 transactions per month per PoS, private banks' efficiency is just one-third of PSBs in terms of volume. Public lenders, on their part are seeing above 187 transactions per PoS per month. The efficiency of private lenders is also 36% lower than the banking average when it comes to PoS systems. The overall banking system witnessed 103 transactions per PoS in March.

13. Moratorium without interest waiver more detrimental- BS

The government should not prioritise economics over health, the Supreme Court said. The observation came a day after the RBI filed an affidavit saying it was against a forced waiver of interest during the six-month moratorium period as it would affect the financial health of banks and jeopardise the interests of depositors. The court observed that such a stand was "detrimental", and sought a response from the Finance Ministry and the RBI. "While on one end you are granting moratorium, on the other nothing (no relief) on interest. This is more detrimental in such challenging times," it said.

14. Banks to turn cautious on retail loans- FE

The COVID-19 crisis presents a set of conundrums for lenders in India on retail loans, wherein despite being flush with liquidity, they are likely to take a cautious stance on extending credit fearing a surge in asset quality issues. Despite demand for personal loans and credit cards, the lenders are likely to stay away from these segments due to asset quality concerns, credit information company Transunion Cibil said. The lenders will prefer the low-risk home loans segment for their retail credit growth, but demand for such credit is set to decline the most as houses become unaffordable and the economic conditions make one defer purchases.

15. Eleven years of NPS: Voluntary subscribers at just 13 lakh- FE

Eleven years after the National Pension Scheme (NPS) was made available to all Indian workers and despite its initial hard-selling by the government as an attractive and credible social security cover, the pension scheme has seen just 12.7 lakh voluntary subscribers, other than the employees in the government sector (where it is mandatory for new recruits since January 1, 2004), and the employees in the private corporate sector. India has a workforce of 45 crore. As many as 68 lakh government employees with the Centre and state governments and PSUs are now enrolled under the NPS; additionally, there are 9.92 lakh people employed in the private corporate sector subscribing to the scheme, as on April 30, 2020.

16. SBI, IBA tell SC move may hit credit flows- FE

Reinforcing the view taken by the banking regulator RBI, SBI told the Supreme Court that grant of interest waiver on term loans for six months due to the Covid lockdown is not "advisable" as it would cast a huge burden on the banks, erode flow of funds to industry and businesses and result in depositors losing faith in the banking sector. It further said that any such waiver can be granted by the government out of the exchequer and the same cannot be given by the banks where credit is created out of depositors' funds.

17. Retail credit growth to slow this year- IE

Retail lending, which has been the torchbearer of bank credit, is likely to fizzle out this fiscal both due to falling demand and lenders tightening borrower assessment norms. The steep rise in retail loans, which comprises housing, auto loans, personal loans, credit card outstanding and loans to finance consumer durables, has been dutifully making up for the slack in industrial credit offtake for the past few years. For instance, notwithstanding the slowdown, credit flow to housing loans shot up 16 % in FY20, while personal loans and credit card outstanding grew at a phenomenal 20 and 22 %, respectively. Against the single-digit growth in industrial credit, the robust rise in retail loans neutralised overall bank credit growth at 7.6 % in FY20. But double-digit growth appears uncertain this fiscal. TransUnion Cibil expects a drop in approval rates for all major retail products, especially personal loans and loans against property.

18. Why hedge fund managers aren't buying the rally in Indian stocks- Bloomberg-Print

Hedge fund managers in India are joining global peers in preparing for another rout in equities, as the rally in local stocks overlooks the pandemic and a dim economic outlook. The cautious stance has cost some professional investors so far as the S&P BSE Sensex index has rebounded 34% from a March low, helped by a flurry of stimulus measures from the Indian government and its central bank. But the jury is still out with the IMF cutting India's economic growth outlook for the year to March by the most among all major economies. "Liquidity is covering up underlying pain in terms of both economic growth and corporate profitability," said Vaibhav Sanghavi, Avendus Absolute Return Fund. "We will stay in a relatively hedged position, and not take any long call on the market until there's a clear signal about treatment or vaccine for the virus."

Moving into cash before the meltdown helped Avendus, India's largest hedge fund with Rs 50 billion ($662 million) in assets, limit losses to about 1% in March versus the 23% swoon in the NSE Nifty 50 Index. While Sanghavi has begun to invest some of that cash, the net exposure is still at 5%, versus an average 20% the manager has typically taken over the last few years. Avendus isn't alone in bracing for another selloff. Vijay Krishna Kumar, IDFC India Equity Hedge Tactical Fund and India Equity Hedge Conservative Fund, is pivoting to high-dividend companies in the utilities and energy sectors. He is skeptical of the rally in some consumer-facing stocks as the recovery in growth is still some way away. "The damage is deep and pervasive, and even more so for emerging markets such as India, which are still in the first wave of coronavirus infections and may take longer to open up fully," said Krishna Kumar.

India has the world's fourth-highest number of virus infections and its spread prompted states including Maharashtra, home to the finance hub of Mumbai, to extend the lockdown curbs imposed since March to beyond June. To be sure, one of India's newest long-short funds is betting the stocks rally will extend. Launched in August, the Rs 3-billion ($40 million) True Beacon One fund, run by Nikhil Kamath, has cut its bearish wagers since the middle of March and is now fully invested. "The selloff has priced in much of the pandemic's impact and is undervaluing many firms that will continue to grow revenue and operations even in a muted global environment," said Kamath, co-founder and chief investment officer of True Beacon. Still, wariness displayed by Avendus and IDFC is shared by many of their global peers who have loaded up on protection. For instance, a ratio tracking their long versus short positions has kept falling since late March through June, according to data compiled by JPMorgan Chase & Co.'s prime brokerage unit. "Our fair value estimates and macro analysis suggest markets will eventually bottom out lower," IDFC's Krishna Kumar said.

19. SC grants time to RBI, Centre to review moratorium scheme-Mint

The Supreme Court granted time to Central Government, the RBI and the IBA to file affidavits along with relevant documents pertaining to the details of loan moratorium scheme in a petition seeking interest waiver during the moratorium period. In March, the Central Bank allowed a threemonth moratorium on all term loans due between 1 March and 31 August amid coronavirus lockdown.

20. RBI may take up one-time restructuring- BS

A one-time restructuring of loans for India Inc may figure in discussions at the RBI's Central Board meeting on Friday — the first since the outbreak of the Covid-19 pandemic. While the Central Bank has not decided its position on the merit of such a scheme in the current situation, the affidavits to be filed in the Supreme Court by the Centre, the RBI, and the IBA with regard to the loan moratorium scheme may have a bearing. A relaxation in the delinquency period for classification of NPAs to 180 days from the current 90 days had found mention in internal meetings of the Finance Ministry also.

21. Concerns over third party apps can be redressed- FE

The National Payments Corporation of India (NPCI) said any issue with transactions on third party app providers like Google Pay can be redressed under the guidelines laid out by it and the RBI. The NPCI said that "malicious news" is floating on social media which suggests that transferring money through Google Pay is not protected by the law, since the app is unauthorised. Stating that Google Pay is a third party app provider (TPAP), the NPCI said, "All transactions made using any of the authorised TPAP are fully protected by the redressal processes guidelines of NPCI/RBI and customers already have full access to the same."

22. SEBI tweaks rule to give investors 'preferential' boost- BL

Given the poor market sentiment, the SEBI has made it easier for listed companies to mop up funds through fresh issuance of shares or preferential allotment. Under the new rule, preferential issues can be priced near the prevailing share prices.

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