ASSOCHAM in the News

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03rd March 2020

New Covid-19 Cases in India Spook Dalal St
Sensex and Nifty tumble after rising up to 2% in early trade

Crash Card
Two new Covid-19 cases in India dent local markets as rest of the world rallies

Sensex Intraday

<table>
<thead>
<tr>
<th>Price</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>39,500</td>
<td></td>
</tr>
<tr>
<td>38,910.95</td>
<td>-0.18</td>
</tr>
<tr>
<td>38,000</td>
<td></td>
</tr>
<tr>
<td>38,144.02</td>
<td>-0.24</td>
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</table>

TOP LOSERS

<table>
<thead>
<tr>
<th>Price</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tata Steel</td>
<td>364.20</td>
</tr>
<tr>
<td>M&amp;M</td>
<td>458.70</td>
</tr>
<tr>
<td>RIL</td>
<td>1314.85</td>
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<tr>
<td>ONGC</td>
<td>89.10</td>
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<tr>
<td>Hero MotoCorp</td>
<td>1974.00</td>
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TOP BEST 500

<table>
<thead>
<tr>
<th>Price</th>
<th>% Change</th>
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</thead>
<tbody>
<tr>
<td>Future Consumer</td>
<td>12.40</td>
</tr>
<tr>
<td>Parag Milk Foods</td>
<td>78.80</td>
</tr>
<tr>
<td>Dish TV India</td>
<td>8.10</td>
</tr>
<tr>
<td>Oil India</td>
<td>101.75</td>
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Our Bureau

Mumbai: The stock market failed to wriggle out of bear grip and fell for the seventh straight session on Monday after the government announced two fresh cases of Covid-19 in the country. Shares rose 2% in early trade but plunged later to end with losses

Self-quarantine Imposed

From Page 1

Travel approval has also been made more stringent. "Each geography has to determine whether they will encourage visitors or not," said Hitenstra Dave, head of global banking and markets at HSBC India. Any travel that has to be undertaken now requires a higher level of approval... A lot of roadshows are now phone shows."

Employees are also being screened for recent travel to affected countries. Visitors to the BNP Paribas office in Mumbai are asked whether they have been to China recently. The bank has imposed a global 14-day self-quarantine on people from high-risk countries during which they work from home. Non-essential travel in the Asia-Pacific has been either postponed or cancelled. Following the cancellation of the Mobile World Congress in Barcelona due to the outbreak, the Cellular Operators Association of India (COAI) said it's lost about Rs 15 lakh in advances that won't be refunded.

COAI, which represents Reliance Jio, Infocomm, Bharti Airtel and Vodafone Idea, has also "cancelled a string of upcoming meetings in India of the 3GPP on telecom standards, as many international participants won't be able to come due to business travel restrictions," said Rajan Mathews, director general of the lobby group.

A Nestle India spokesperson said international travel has been curtailed across all its markets. "As a precaution, we, along with all Nestle worldwide, have stopped travel to mainland China. Our priority is the safety of our employees. We will continue to review this measure in light of external developments."

Consumer goods and healthcare company Reckitt Benckiser has also issued advisories to employees that they should undertake work-related travel only when absolutely necessary. "We’re asking employees to defer non-essential travel during this time,” an Amazon India spokesperson told ET.

Amazon India employees received an email Monday morning asking them to refrain from traveling overseas, said a person with knowledge of the matter. Flipkart is "continuously monitoring the situation and have advised our employees to minimise non-essential travel”, a spokesperson told ET.

"Twitter has informed its employees and notified partners that it is suspending all non-critical business travel and events,” said the company. The policy is effective immediately and will continue until the World Health Organization or Centers for Disease Control deem it appropriate to step back from pandemic precautionary measures or when a vaccine becomes available,” wrote Jennifer Christie, chief HR officer at Twitter, in a blogpost on March 1.

Facebook is not cancelling international travel, but has put temporary restrictions on business travel to Italy, South Korea and South Korea due to the outbreak. "Our priority is the health and safety of our teams. We continue to monitor the situation and update our guidance to employees,” a Facebook spokesperson said.

Paytm has stopped overseas travel by staff as a precautionary measure. "If possible take personal transport for travelling to the office and other places, avoid public gatherings and wear N95 grade masks for ensuring safety," the company said in an advisory. "Avoid non-essential international travel and keep yourself updated about the guidelines from health authorities."

Bigbasket CEO and cofounder Hari Menon said, "There won’t be any travel to the Far East for now. For instance, there was a conference in Thailand which the category team was to attend but they are not going now."

Cognizant has also stopped all travel to affected countries and restricted non-essential travel to neighbouring countries, a company executive with direct knowledge of the matter told ET.

IT companies are also seeing clients cancelling visits. The UBs CIO who was due to visit India mid-February cancelled his trip due to travel restrictions. Several companies have flagged clients cancelling visits until the threat of contagion has passed.

Franklin Templeton has suspended a business travel to China, Hong Kong, Singapore, northern Italy, South Korea and Japan.

“We are also discouraging personal travel to these regions, as well as non-business critical travel to Asia,” he said. “Administratively, we have asked employees who have travelled to these areas or who have household members who have done so, to work from home for 14 days. We continue to update our travel policy as we receive new information.”

Samsung Electronics is learnt to have sharply cut back on international travel of executives amid the coronavirus outbreak in South Korea. Business meetings are largely being conducted using the video-conferencing route, people aware of the matter said.

Telecom industry sources said that with the Covid-19 outbreak spreading across South Korea, Iran, Dubai, Italy, Belgium and US, overseas travel plans of Bharti Airtel executives to Africa could be impacted in the near future as most flights to Africa are via Middle East or southern Europe. Airtel declined to respond to ET’s specific queries.

Cotton yarn and textile exporters have also cancelled trips. "The safety of the employees is our number one priority and hence we have issued an outright ban on travel to China and neighbouring countries up to April 15," said Sanjay K Jain, MD of New Delhi-based
Proposed Dividend Distribution Tax on InvITs, REITs may Hit Six Planned Trusts

It's also likely to bring proposed REITs including K Raheja, Blackstone, Brookfield & Prestige Estates, to a halt...

Sobia Khan@timesgroup.com

Bengaluru: The central government’s decision to implement dividend distribution tax (DDT) on infrastructure investment trusts (InvIT) and real estate investment trusts (REIT) will severely impact at least six such trusts planned over the next one year.

The proposed tax framework in the Budget 2020 could also bring the proposed REITs including K Raheja, Blackstone, Brookfield and Prestige Estates, to a grinding halt.

According to the new decision, unit holders will need to pay tax on dividend income from special purpose vehicles (SPV) received and distributed by REIT/InvIT leading to double taxation in the hands of SPV and unit holders. This is expected to adversely impact returns in the hands of unit holders and affect foreign investments.

“There have been representations by various industry bodies and global funds but the central board of direct taxes (CBDT) seems to be in no mood to reconsider it. The government has said it will look into it but nothing has been done,” said the MD of a fund planning to list for REIT.

Several global funds and industry lobby groups like Asia Pacific Real estate Associations, CIPFA, Blackstone, ASSOCHAM, and CREDAI have raised the concern with the removal of DDT.

“The government’s inconsistent tax policy does not create a conducive environment for investors in India and will significantly impact issuances of business trusts. It will also significantly impact asset valuation,” said a fund manager, who wrote to the PMO and finance ministry.

Earlier, dividend received by REIT/InvIT from 100% SPV was not liable to DDT and not taxable either in the hands of REIT/InvIT or investors. The success and growing popularity of REIT and Invits have led to the announcement of a number of new business trusts looking to raise over ₹1,50,000 crore over the next few years.

The removal of DDT is also significant as the government is looking to monetise its assets through REITs and the budget proposals may pose a serious impediment. “It took nine years for the first InvIT/REIT to list in India, since securities and exchange board of India (Sebi) first came out with draft regulations in 2008,” a representation to the central government spelt out.

According to industry bodies and funds, a reversal of the tax framework would send a negative signal to investors, increasing risk perception due to an uncertain policy regime especially when long term investors are looking to invest with a 15-20 year horizon.

“We have requested the government to consider continuance of the existing framework for InvITs and REITs. There needs to be some sanctity of government policy and instruments. The removal of DDT will make InvITs and REITs unattractive, negatively impacting future listings / capital raises and long term investments in India’s infrastructure and real estate sectors,” said a global fund manager quoted above.

Currently some of the largest global institutional investors, sovereign wealth funds, pension funds including Brookfield, GIC, CPP, OMERS, Blackstone, amongst others, are backing these products either as sponsors or significant investors.