



Economy will shrink by just 6-7 per cent

OUR BUREAU Chennai, November 9

If there is one economist who has seen it and experienced it all, it is Dr C Rangarajan, former RBI Governor & former Chairman, Prime Minister Economic Advisory Council. Whether it was the monumental reforms of 1991 or the 2008 global financial crisis, he was at the forefront. He spoke on India's present economic crisis during a conversation with Raghuvir Srinivasan, Editor, BusinessLine, at the BusinessLine Knowledge Series webinar on 'Is India's Economic Recovery Sustainable?'.



A lot of indicators point to a recovery. Is the ongoing economic recovery sustainable? First of all we need to understand the nature of the current problem. The economic crisis that we are facing is different from the economic crisis that we have faced earlier. This is the first economic crisis which has been triggered by a non-economic factor—a pandemic. It is the attempt to prevent the spread of the virus through such measures as lockdown which has resulted in the

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economic activity coming to a grinding halt. To me, the removal of lockdown or reducing the restrictions to a drastic extent is a necessary condition for economic growth. In the first quarter, the GDP fell by 23.9 per cent and that is the period in which we had the most severe lockdown. Now, as we move away, it is quite possible for the economy to pick up. My view is that, possibly the second quarter will also have negative growth. Perhaps, it may be half of what it was in the first quarter. During the next two quarters, I believe the economy will start picking up and we may end the year with a rate of growth, which will still be negative for the year as a whole, but less than what has been projected in some quarters like minus 10 per cent and so on. Maybe minus 6 to 7 per cent is a possibility. The big question, however, is that there should be no resurgence of the virus. Our economy was not in the pink of health in run-up to the pandemic. I agree with you. That is why I am using the word 'recovery' in a very cautious way. Recovery is not really bey-

ond the 2019-20 level. Even that year had a slowdown with only a 4.2 per cent rate of growth. We have lost one half of the year but the second half year, we may be able to compensate a little bit and reach the level of 2019-20. What do you think the Centre should do to ensure that recovery sustains not just for the second half of the year but into the next fiscal as well? The usual argument is that in a weak demand situation there is a role for the government. That is to increase the government expenditure which is a traditional Keynesian argument that is always put forward and I suppose it is correct. In fact, the traditional Keynesian argument does not make any distinction between one type of expenditure from the other. That is why the famous saying 'digging the holes and filling them back up again' also became popular. But I think we need to move away from that. I think there is a need for government expenditure to sustain the demand at a particular level. Here, I have a view that the government should raise capital expenditure. Capital expenditure has stronger forward and backward linkages than other types of expenditures. Government of India should come forward with good programme of investment expenditure of not only government but also of PSUs. That will actually pull the economy much more than anything else. The government has already announced an infra-

structure pipeline and I think there should be a pipeline by PSU units and put together may be 2 per cent of GDP must be spent on capital expenditure. I think that will be the real step forward in pulling the economy. The trajectory of inflation is now trending towards 6-6.3 per cent. Are you happy with that? The inflation that we are seeing now has to be seen not just in the context of demand-supply imbalances but also in the context of what we are doing overall in order to be able to push the

but not to the level of 4 per cent. Pumping liquidity does not necessarily mean the money supply also increases because it all depends upon what the banks do with the liquidity that has been given to them. If they really lend and if they are in a position to give credit in a larger way then money supply will increase otherwise it won't. I do not know at this point how aggressively the banks will lend or the bank themselves will find adequate borrowers. We are essentially in a situation where liquidity is increasing but output is not higher. Therefore, we may be able to live with that considering the very special situation that we are placed in. Are you comfortable with the accommodative stance of monetary policy of the RBI? Accommodative monetary stance is perhaps warranted by the situation in which we are placed. The economy is going down. We are even talking about a negative growth rate which is unheard of in the recent period. Therefore, to some extent we really have to take care of the situation and I do not fault with an accommodative monetary policy. But I have two concerns: One is the impact on inflation. The monetary authorities should take a stand on how far they will be willing to let the inflation go. Secondly, the increase in the Reserve Money (RM), which is what the actions of the central bank results in, will lead to an increase in money supply only when the banks begin to lend. There are two points here the monetary authorities should be careful of: When we require all the banks to lend, I think we need to be somewhat careful about it. I think there is a need to ensure that banks lend in this situation but we also have to be careful because it should

I think there is a need to ensure that banks lend in this situation but we also have to be careful because it should not become a burden. Loans of today should not become NPAs of tomorrow.

increasing. That way we will end up with some inflation but may not necessarily be at this level. It may be at 6 per cent level. Would you be comfortable with 6 per cent inflation level? None would prefer that level of inflation and in the long run it is not a good policy. Perhaps one would have to tolerate the level of inflation which is not high but much

not become a burden. Loans of today should not become NPAs of tomorrow. Where do you see the fiscal deficit by the end of this year? The Government indicated a fiscal deficit of 3.5 per cent of GDP in its Budget. Many people, while discussing the Budget, had some doubts about even the credibility of that number. After that Covid happened. A colleague of mine and I did a calculation. You are really looking at 14 per cent of GDP. It is very high but I have come to a reluctant conclusion that it is unavoidable and we really have to live with it this year. We need to see how we can slowly slide it down without harming the economy.

If there are three immediate reforms that the government should embark upon in the next six months to a year, what should they be? I will list three sets of reforms. One, in the financial system, particularly with respect to banks. I personally think that the banking system cannot carry forward with this load of NPAs and therefore recapitalisation has to be looked at more exhaustively in a more expanded way.

At the same time, the key question is why are we getting into this situation? We have been recapitalising every year from 1991 onwards so we should not get into this situation. This raises a critical question, what is the relationship between public sector banks and the government. What is the kind of relationship that we should establish to enable the public sector banks to function independently? The second suggestion is that we need to look at reforms of specific sectors rather than general in nature. For instance, reforms for the power sector, telecom sector. These are the areas where some considerable thought has to be given and we basically need to apply the principle of liberalisation to every sector. Third, is what I call governance reforms. Government always talks of ease of doing business but what is ease of doing business with the government, which is equally important.

I really think that we moved away from the system saying that controls are coming in the way of efficiency but we should not move to a situation in which regulations simply substitute controls. Too many regulations come in the way of innovation and too little regula-

I personally think that the banking system cannot carry forward with this load of NPAs and therefore recapitalisation has to be looked at more exhaustively in a more expanded way. tions creates instability and therefore we need to strike a balance between the two. Let us take some questions from audience...

Radhika Merwin: How do we address the issue of lost GDP? Lost GDP has to be compensated by higher growth in the subsequent years but as far as the individual units are concerned, if they are closed, it is going to be very difficult to reopen them. I think the time has come to revive the kind of development banks that we had before.

We thought the bond market will replace the development banks and the long-term capital will come through the bond market but that has not happened. **Tony: If lowering the GST for a short while can help consumption and recovery, what's the government's concern for this approach?** I think the government's concern is that it does not have enough revenue.

Compensation has come in because of the fact that you are not collecting as much revenue as you have collected before and people are saying there is a shortfall. It is not that the government is now collecting more revenue through GST than what was existing before GST. Therefore, the whole question of lowering GST further does not arise.

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EXTRACT OF STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30.09.2020

(₹ in Lakhs except earnings per share)

Sl. No.	Particulars	Standalone			Consolidated		
		Quarter ended 30.09.2020 (Unaudited)	Quarter ended 30.09.2019 (Unaudited)	Quarter ended 30.09.2020 (Unaudited)	Quarter ended 30.09.2019 (Unaudited)	Quarter ended 30.09.2020 (Unaudited)	Quarter ended 30.09.2019 (Unaudited)
1.	Total Income from Operations	1,05,088	1,81,767	1,26,145	1,35,160	2,42,645	1,43,523
2.	Net Profit/(Loss) for the period (before Tax, Exceptional and/or Extraordinary items)	7,837	11,700	5,823	10,716	16,369	5,140
3.	Net Profit/(Loss) for the period before Tax (after Exceptional and/or Extraordinary items)	7,837	11,700	5,823	10,716	16,369	5,140
4.	Net Profit/(Loss) for the period after Tax (after Exceptional and/or Extraordinary items)	6,015	8,921	4,585	7,781	11,967	4,532
5.	Total Comprehensive Income for the period [(Comprising Profit/(Loss) for the period (after Tax) and Other Comprehensive Income (after tax)]	6,077	8,985	4,627	7,859	12,406	4,515
6.	Equity Share Capital	735	735	735	735	735	735
7.	Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of the previous year		1,46,316			1,77,725	
8.	Earnings Per Share (of ₹ 1/- each)	8.18	12.13	6.24	10.47	16.07	6.14
	(a) Basic (in ₹)	8.18	12.13	6.24	10.47	16.07	6.14
	(b) Diluted (in ₹)						

Notes:

- The above Standalone and Consolidated results of the company were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on November 9, 2020.
- The financial results of the Company have been prepared in accordance with Indian Accounting Standards (IndAS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended thereat.
- The Company has considered the possible effects that may arise out of the still unfolding COVID-19 pandemic on the Company's operations and the carrying amounts of property, plant & equipment, intangible assets, investments, inventories, trade receivables, etc. For this purpose, the Company has considered internal and external sources of information up to the date of approval of the Standalone Financial Results, including credit reports and related information, economic forecasts, market value of certain investments etc. Based on the current estimates, the Company does not expect any significant impact on such carrying values. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of the Standalone Financial Results.
- The Company has earlier informed that in terms of settlement of arbitration arrived at with M/s. Cavite Biofuels Producers Inc. (CBPI), the Company had acquired CBPI with its related assets and liabilities and group companies through its wholly owned subsidiary Isgpec Investments Pte Ltd. on October 3, 2019. As permitted under Ind AS 103 'Business Combination', upto the quarter ended June 30, 2020, the Company had reported provisional amounts of items for which fair valuation was required to be done. During the quarter ended September 30, 2020, the Company has completed the initial accounting at fair value at the acquisition date and thus the comparative information for the year ended March 31, 2020 and quarter ended June 30, 2020 has been revised.
- The Code on Social Security 2020, relating to employee benefits during employment and post-employment benefits, has been notified in the Official Gazette on September 29, 2020. The effective date from which the Code will come into effect is yet to be notified and the rules are yet to be framed. The Company will evaluate and will give appropriate impact in the financial statements in the period in which the Code becomes effective and the related rules are published.
- The above is an extract of the detailed format of Quarterly/Annual Financial Results filed with the Stock Exchange under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Quarterly/Annual Financial Results are available on the Stock exchange website, www.bseindia.com and on the Company's website www.isgpec.com.

FOR ISGEC HEAVY ENGINEERING LIMITED
(Aditya Puri)
Managing Director

KERALA CASHEW BOARD LIMITED (KCB)

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e-Tender Notice Date: 06.11.2020

Kerala Cashew Board Limited invites e-Tenders (e-Tender ID- 2020_KCBL_398688_1) through Government e-procurement portal for supply of 1000-3000 Metric Tonnes of quality Dried Raw Cashew Nut of 2020 crop of TANZANIA origin with the following quality specifications:
Outturn : 51 lbs per 80 Kg bag Nut Count : 200 Numbers per Kg

Last date for submission and uploading e-tenders : 1700 hours on 24th November 2020
 Opening of e-tender : 1100 hours on 25th November 2020

All details can be viewed, downloaded and applied through the e-procurement portal www.etenders.kerala.gov.in

CHAIRMAN & MANAGING DIRECTOR

TELANGANA STATE POWER GENERATION CORPORATION LIMITED

VIDYUT Soudha : HYDERABAD - 500 082.

T.No.e-03/CE(C&C)/SE(C&C)/DE(C)/A3/2020-21

KTSPS(O&M) - Purchase, Collection and Removal of Coal Mill Rejects available at KTSPS(O&M), Paloncha, Bhadradi Kothagudem Dist for a contract period of 24 months from the date of issue of sale order on "As is where is Basis". Inspection Open & Closing Date: 09.11.2020 at 10:30 Hrs & 03.12.2020 at 17:00 Hrs. Auction Date: 22.12.2020 from 12:00 Hrs to 15:00 Hrs.

T.No.e-05/CE/Civil/Thermal/KTSPS-V&VI/TSGENCO/2020-21

KTSPS-V & VI Stages - Sale of Scrap materials available at KTSPS-V & VI Stages, Paloncha, Bhadradi Kothagudem Dist on "As is where is Basis" through e-auction. Value of the works: ₹.91,80,000/-. Inspection Open & Closing Date: 09.11.2020 at 10:00 Hrs & 20.11.2020 at 16:00 Hrs. Auction Date: 23.11.2020 from 11:00 Hrs.

T.No.e-98/CE/O&M/KTSPS-V&VI/EM&MRT/DEP1/P21/2020-21

KTSPS-V&VI Stages - Procurement of Numerical over Current & Earth Fault protection Relays for 6.6 KV HT, 415V LT Boards of Unit-9 & 10 required for KTSPS-V & VI Stages, Paloncha, Bhadradi Kothagudem Dist. Value of the works: ₹.20,00,000/-. Scheduled Open & Closing Date: 04.11.2020 at 17:00 Hrs & 25.11.2020 at 15:30 Hrs.

T.No.e-01/PCT/CE/TPC/KTSPS-VII/AWS/2020-21

KTSPS-VII Stage - Basic & Detailed Design, Engineering, Supply, Erection, Testing & Commissioning including Civil works of Ash Water Recovery System pertaining to KTSPS Stage-VII (1x800 MW), Paloncha, Bhadradi Kothagudem Dist. Value of the works: ₹.12.0 Cr/-. Schedule extended to 16.11.2020 at 15:00 Hrs.

For further Details: www.tsgenco.co.in & <https://tender.telangana.gov.in>, <https://auction.telangana.gov.in>

VENKY'S (INDIA) LIMITED

V H GROUP

(CIN : L01222PN1976PLC017422)

Registered and Corporate Office: "Venkateshwara House",
 S. No. 114/A/2, Pune - Sinhadag Road, Pune 411 030. www.venkys.com

EXTRACT OF STATEMENT OF FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30th SEPTEMBER, 2020

(₹ in Lacs)

Sr. No.	Particulars	Quarter Ended 30/09/2020 (Unaudited)	Year Ended 31/03/2020 (Audited)	Quarter Ended 30/09/2019 (Audited)
		₹	₹	₹
1.	Total income from operations	70,206	326,102	81,466
2.	Net Profit for the period (before Tax and Exceptional Items)	4,862	(4,970)	(737)
3.	Net Profit for the period before tax (after Exceptional items)	4,862	(4,970)	(737)
4.	Net Profit for the period after tax (after Exceptional items)	3,636	(2,716)	1,359
5.	Total Comprehensive Income for the period [Comprising Profit for the period (after tax) and Other Comprehensive Income (after tax)]	3,645	(3,127)	1,357
6.	Equity Share Capital	1,409	1,409	1,409
7.	Other equity	-	82,217	-
8.	Earnings Per Share (of ₹ 10/- each) (* not annualised) (for continuing and discontinued operations):			
	a) Basic:	*25.81	(19.28)	*9.65
	b) Diluted:	25.81	(19.28)	9.65

Note: The above is an extract of the detailed format of Quarterly and Half yearly Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Quarterly and Half yearly Financial Results are available on the Stock Exchange websites and also on Company's website www.venkys.com

For Venky's (India) Limited

B. Balaji Rao
Managing Director
DIN : 00013551

Place : Pune
Date : November 9, 2020

