Fiscal deficit at 115% of target

Gap between revenue, expenditure at ₹9.13 trn, against ₹7.9 trn estimated in Budget for full year

DILASHA SETH
New Delhi, 29 October

Facing severe revenue stress because of muted economic activity during the Covid-19 pandemic, the Union government's fiscal deficit soared to 115 per cent of the full Budget estimates in the first half of 2020-21.

The gap between the Centre's revenue and expenditure touched ₹9.13 trillion between April and September, the government data showed. During the same period last year, the fiscal deficit stood at 92.6 per cent of the Budget target. The fiscal deficit had breached the Budget target in July itself as the economy faced the most stringent lockdown in the first quarter.

A fiscal deficit arises when government spending exceeds revenues. While the government is facing a sharp revenue shortfall, it is maintaining spending to infuse demand in the economy by way of stimulus.

The Budget estimates fixed in February no longer hold due to the pandemic and the targets will undergo a sharp revision once government revisits the projections. However, the government is sticking to its enhanced gross market borrowing target of ₹12 trillion for FY21.

FACING REVENUE SHORTFALL

(₹ trillion)	Apr-Sep	2020-21 (BE)	% of BE
Net tax revenue	4.58	16.36	28.0
Non-tax revenue	0.92	3.85	24.0
Non-debt capital receipt	0.14	2.25	6.5
Total revenue	5.65	22.46	25.2
Revenue expenditure	13.13	26.30	49.9
Capital expenditure	1.65	4.12	40.3
Total expenditure	14.70	30.42	48.6
Fiscal deficit	9.13	7.96	114.8

BE: Budget Estimates; Source: Controller General of Accounts

Experts estimate the fiscal deficit to exceed 8 per cent of GDP, as against 3.5 per cent estimated for the current fiscal year.

Madan Sabnavis, chief economist, CARE Ratings, said while the fiscal deficit will slip sharply this year to around 9 per cent of GDP, a lot depends on revenue collections picking up in the second half. "The reports of consumerism picking-up hold the key. However, this needs to be sustained. The other challenges are in the area of disinvestment where there has not been much movement. The government does have some aggressive plans which need to materialise in the next 5 months," he said.

The Centre will borrow ₹4.34 trillion, or about 34 per cent of the full-year target in the second half, which will account for stimulus measures and lower-than-expected disinvestment revenues, according to the government.

The fiscal slippage was largely on account of a 32.3 per cent decline in revenue receipts, even as capital spending was also down 12 per cent in the first half.

For April to September, tax and non-tax revenues continued getting hit due to the slowdown in economic activity. According to the data by the Controller General of Accounts, net tax revenue was 28 per cent of the FY21 BE (Budget estimate), against 36.8 per cent for the same period last year. Non-tax revenue was 24 per cent, compared to 66.7 per cent the corresponding period last year, and non-tax capital receipts, which include divestment, was 6.5 per cent, compared to 17.2 per cent a year ago.

Govt brings new law via Ordinance to manage air quality in Delhi-NCR

SHREYA JAI
New Delhi, 29 October

In a first, the Centre has come up with a law, through an Ordinance, for tackling air pollution in the Delhi-National Capital Region (NCR) and setting up a commission for it.

The commission will have the authority to shut down or regulate water and electricity supply to industries or sites which cause air pollution. It will also have the powers to seize and search under the Code of Criminal Procedure, 1973 and also issue a warrant.

The President signed the ordinance on Thursday titled 'The Commission for air quality management in National Capital Region and adjoining areas, 2020'.

This is the first time that the Centre has formed a legislative commission for air pollution. The commission can slap a penalty of ₹1 crore and/or five-year jail term to those flouting air pollution norms.

The already existing Environment Pollution (prevention & control) Authority (EPCA), formed in 1998, has been dissolved. The EPCA was formed after a Supreme Court order two decades back but its powers and functions were limited, especially regarding coordination with states.

Commenting on the ordinance, Sunil Dahiya, analyst with the Centre for Research on Energy and Clean Air, said the issue would be with regard to the implementation as EPCA had similar powers.

"EPCA had almost similar powers but failed miserably in cleaning the air even after being in force for more than 20 years. The question of whether it's a positive move or just a distraction and wasteful exercise will be decided on the fact whether the ordinance changes the status quo when it comes to ground implementation and action on polluters or not," said Dahiya.

Against seven members of the EPCA, the new commission will have 18 members, including a chairperson and secretary as well as eight associate members from different ministries. It will have "exclusive jurisdiction" in the NCR on matters relating to air quality management. It has been provided discretionary authority to search, seize any polluting site and issue a warrant.

Apart from seven central ministries, the commission will have also representation from five states, Central Pollution Control Board, Indian Space Research Organisation, NITI Ayog, pollution experts and NGOs. It will co-ordinate with the states of Punjab, Haryana, Rajasthan, Delhi and Uttar Pradesh to plan, execute and monitor programmes for "prevention, control and abatement of air pollution."

"The participation of states in the commission is extremely important as it sets up a fora for collective decision making and implementation among different political bodies. The precedence accorded to decisions of the commission with respect to those of the Central and State Pollution Control Boards is important as it will ensure harmonisation of actions in all the states. Mutually inconsistent actions among states (for example gradual response action plan on NCR and paddy stubble burning in upwind states) impede short-term air quality improvements and long-term solutions," said Ajay Mathur, director general, TERI.

The commission will also formulate parameters for air quality, emissions and discharge of environmental pollutants, including stubble burning and monitor its adherence. It will also have powers to inspect sites and investigate as well as carry out researches relating to air pollution.

"It will provide a mechanism and the means to implement in NCR the National Clean Air Programme, National Air Quality Monitoring Programme and National Ambient Air Quality Standards," said the ordinance.

In case of any dispute with regard to the commission and its order, the case would be heard only at the National Green Tribunal.

Those opting for lower tax regime ineligible for LTC

DILASHA SETH & INDIVJAL DHASMANA
New Delhi, 29 October

Those who have opted for the lower tax regime provided in the 2020-21 Budget are not eligible for the recently announced incentive package through leave travel concession (LTC), the finance ministry clarified on Thursday.

"...as this exemption is in lieu of the exemption provided for LTC fare, an employee who has exercised an option to pay income tax under concessional tax regime... shall not be entitled to this exemption," said the department of revenue under the ministry.

The department clarified this point while expanding the scheme to employees of the private sector, public sector units, and state governments.

The clarification noted non-central government employees would get tax exemption on cash allowance, subject to a maximum of ₹36,000 per person as deemed LTC fare.

Other rules like spending three times the deemed LTC fare on those goods which attract goods and services tax (GST) of 12 per cent or more remain the same as were there for central government employees.

However, those private-sector employees who spend less than three times of the deemed LTC fare on specified expenditure will get proportionately reduced cash and income tax benefit, the clarification said.

NBFCs need to monitor roll-over risks, says CEA

SHRIMI CHOUDHARY
New Delhi, 29 October

Chief Economic Adviser (CEA) K V Subramanian on Thursday said non-banking financial companies (NBFCs) need to take steps to contain risk in "zombie lending" and should take financial inclusion to the bottom of the pyramid. NBFCs have been under duress following a series of defaults by IL&FS group companies since September last year.

"While regulators are mandated to monitor interconnected risk at individual levels, every NBFC needs to monitor its rollover risk and interconnected risk," Subramanian said during a summit on NBFCs by FICCI.

Simple things like tracking related-party transactions as well as promoter shareholding that is pledged and quality of financial statements can ensure NBFCs' ability and willingness to repay, he said. Subramanian also suggested a way to solve the problem – by adopting technology and use of available data to screen sketchy borrowers. "The problems of financial inclusion and bad debts from large loans given to corporates remain the same from 50 years back to today. We are not using enough data analytics and machine learning in the financial sector. The financial sector has to lead growth. Technology usage can be far higher in the financial sector," he said.

He also raised concerns over liquid debt mutual funds. "We have liquid debt MFs investing in commercial papers that are issued by NBFCs." It generates a certain interconnectedness which poses significant amount of systemic risks, the veteran economist highlighted.

LAURUS Labs
Knowledge . Innovation . Excellence

Laurus Labs Limited

Regd.Office: Plot No.21, Jawaharlal Nehru Pharma City, Parawada, Visakhapatnam - 531 021, Andhra Pradesh, India.
Corporate Office: 2nd Floor, Serene Chambers, Road No. 7, Banjara Hills, Hyderabad - 500 034, Telangana, India.
Tel: +91 40 3980 4333 ; Fax: +91 40 3980 4320 ; E-mail: secretarial@lauruslabs.com; Website: www.lauruslabs.com

(CIN: L24239AP2005PLC047518)

Extract of Unaudited Consolidated Financial Results of Laurus Labs Limited for the quarter and half year ended September 30, 2020 which are prepared in compliance with Indian Accounting Standards. (₹ in Crores)

SL. No.	Particulars	Quarter ended			Half year ended		Year ended
		30-Sep-20	30-Jun-20	30-Sep-19	30-Sep-20	30-Sep-19	31-Mar-20
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Total revenue from operations	1,138.84	974.32	712.42	2,113.16	1,262.99	2,831.72
2	Net Profit for the period (Before tax, Exceptional and/or Extraordinary items)	314.31	221.47	65.77	535.78	85.16	293.61
3	Net Profit for the period before tax (After Exceptional and/or Extraordinary items)	314.31	221.47	65.77	535.78	85.16	293.61
4	Net Profit for the period after tax (After Exceptional and/or Extraordinary items)	242.27	171.78	56.55	414.05	71.65	255.27
5	Total Comprehensive Income for the period	250.68	172.51	56.44	423.19	72.17	243.90
6	Equity Share Capital	107.20	106.91	106.91	107.20	106.91	106.91
7	Reserves (Excluding Revaluation Reserve) as shown in the Audited Balance Sheet						1,662.86
8	Earnings Per Share (of ₹ 2/- each)						
	1. Basic : ₹ *	4.53	3.21	1.06	7.74	1.35	4.79
	2. Diluted : ₹ *	4.50	3.21	1.06	7.71	1.34	4.79

* Not annualised for quarter and half year ended. The equity shares of the Company of ₹ 10/ has been sub-divided into 5 equity shares of ₹ 2/- each w.e.f. September 30, 2020, accordingly EPS has been restated for all the periods presented.

Notes :

1. Additional information on Unaudited standalone financial results for the quarter and half year ended September 30, 2020 (₹ in Crores)

SL. No.	Particulars	Quarter ended			Half year ended		Year ended
		30-Sep-20	30-Jun-20	30-Sep-19	30-Sep-20	30-Sep-19	31-Mar-20
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Total revenue from operations	1,127.30	970.41	705.86	2,097.71	1,247.12	2,797.34
2	Profit before tax	312.49	208.84	68.35	521.33	89.61	304.48
3	Profit after tax	237.59	158.78	59.54	396.37	76.57	267.05
4	Total Comprehensive Income for the period	245.94	160.39	59.83	406.33	77.57	257.43

2. The above is an extract of the detailed format of Quarterly/Half yearly Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarterly/Half yearly Financial Results are available on the websites of the Stock Exchanges and the Company namely www.bseindia.com, www.nseindia.com and www.lauruslabs.com

3. The above financial results of the Company as reviewed by the Audit Committee has been approved by the Board of Directors at its meeting held on October 29, 2020.

By order of the Board
For Laurus Labs Limited

Dr. Satyanarayana Chava
Whole Time Director & Chief Executive Officer

Place: Hyderabad
Date : October 29, 2020

100% rise in rural children with access to smartphones: Survey

VINAY UMARJI
Ahmedabad, 29 October

Despite disruptions caused by the Covid-19 pandemic and the nationwide lockdown, rural school education saw improvements across parameters, and access to learning material increased for both government and private school going children.

This was aided by doubling of share of school-going kids in rural households with smartphones from 36 per cent in 2018 to 62 per cent by 2020, according to the latest Annual Status of Education Report (Rural) (ASER) 2020 Wave 1 survey. The survey found that around 11 per cent of families bought a new phone after the lockdown, of which 80 per cent were smartphones.

While the Covid-19 crisis interrupted its alternate-year calendar, making it impossible to conduct the nationwide 'basic' ASER survey in 2020, non-government organisation (NGO) Pratham conducted the ASER 2020 Wave 1 survey via phone calls to capture the impact on children's education.

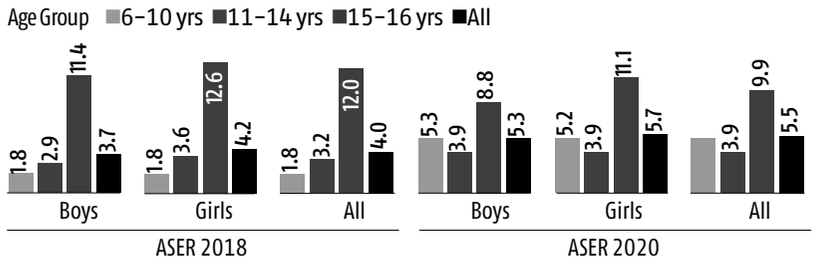
Schools have not yet reopened and governments and schools are reaching out to children through a variety of remote means and the survey was designed to capture this. It explores the provision of, and access to, remote education mechanisms and material in rural areas, and the ways in which children, families, and educators are engaging with these.

Pratham CEO Rukmini Banerji told *Business Standard* that apart from those with access to smartphones and other assets reporting more access to education in rural India, engagement of families and rural communities also rose after the lockdown. "Not only did the entire machinery of rural school system do well in getting textbooks to students, the survey data shows support and engagement at home at every level even among less educated families improving. With the National Education Policy (NEP) looking to engage community and family in education, the survey shows that a good ground already exists for this and can be explored further once schools reopen," said Banerji. About 60 per cent of all children in both types of schools reported using textbooks during the reference week.

Different remote learning mechanisms have been tried out. "We should now take a look at what has worked during this fertile period of experimentation and take it further," she added. The increase in smartphone ownership was similar in households of children enrolled in government and private schools. One in every 10 households bought a new phone to support their children's education after schools closed in March.

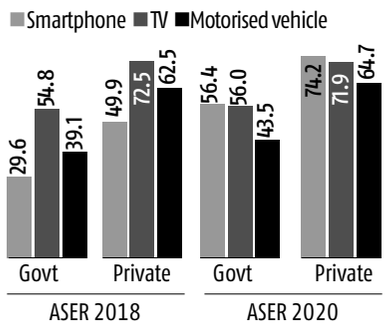
Also, the more educated the parents, the more help their children received.

% CHILDREN NOT ENROLLED IN SCHOOL

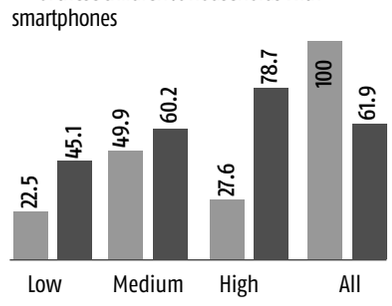


% ENROLLED CHILDREN WITH SELECTED ASSETS AVAILABLE AT HOME

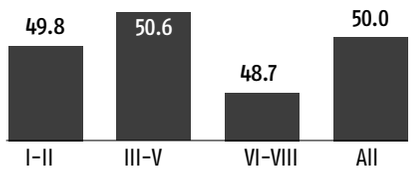
Household resource %Children



PARENTS' EDUCATION AND HOUSEHOLD RESOURCES IN ENROLLMENT



%SCHOOL RESPONDENTS WHO RECEIVED TRAINING TO CONDUCT REMOTE TEACHING-LEARNING ACTIVITIES



Source: ASER 2020 Wave 1 Survey

Among families where both parents have completed class IX or more, about 45 per cent of children received help from their mothers, with trends being similar for government and private school children.

Regardless of school type, WhatsApp was by far the most common medium for sharing learning material, followed by phone calls and visits. While 67.3 per cent government school children received material via WhatsApp, 87.2 per cent private school children did so.

Overall, 20 per cent of rural children were reported to have had no textbooks, with share of those from West Bengal, Nagaland, and Assam standing at a whopping 98 per cent.

Further, the disruptions resulted in over five per cent of rural children in the 6-10 years age group being unable to enroll in schools, compared to 1.8 per cent in 2018. On the other hand, enrolments rose for 15-16-year-olds. Moreover, with private schools witnessing a drop in enrolment across all age groups, government schools saw the trend shift in their favour.

However, according to ASER, since schools are closed, many young children have not yet secured admissions to class I. The increase in children in the 6-10 years age group not enrolled is, therefore, likely more a reflection of children waiting to enroll in school rather than of dropping out. Among students who did not have access to leaarning material, the top reason was their school not sending them. While 68.5 per cent government schools did not send any material to those who did not have access, 66.9 per cent of private schools did not do so. Even though only a third of all children received material from their schools during the reference week, households reported that most children did do some learning activity during that week.

While the proportion of children doing different types of activities was similar for government and private schools, 28.7 per cent of private school children reported using recorded video lessons, as opposed to 18.3 per cent for government schools. Further, 17.7 per cent children in private schools accessed live online classes as compared to 8.1 per cent of government school children.