

IN BRIEF

**SAIL comes out with smart garbage bins**

NEW DELHI
State-owned SAIL has said it had come out with smart steel garbage bins that can emit signals to the collection vehicles about the fill-up position. "The smart garbage bins, made up of stainless steel, not only collect unbridled garbage but also send signals to the collection vehicles about the fill-up position," Steel Authority of India Ltd. (SAIL) said. There will be separate bins for recyclable waste and non-recyclable waste, it said. P71

Trimble, IIT-M in pact for 3D research and training

CHENNAI
Trimble will work with IIT-Madras to establish a state-of-the-art technology lab for architecture, engineering, construction. The lab will expand the leadership of IIT Madras in training and research in 3D building design, digital fabrication and sustainable built environment. "The aim is to enable IIT Madras integrate Trimble's solutions across its curricula," according to a statement.

ASK Group's PE arm invests ₹326 cr. in realty

CHENNAI
ASK Property Investment Advisors, the real estate PE arm of ASK Group, will invest ₹326 crore in residential-focussed properties in NCR, Bengaluru and Mumbai. The properties belong to QVC Realty Developers, Tridhaatu Realty and TVS Emerald. The investments are in line with the fund's strategy of investing in residential-focussed projects in the top five cities, Sunil Rohokale, MD & CEO, ASK group, said.

Builders get GST leeway till March 31

GST Council allows them to choose between old and new rates for under-construction properties

SPECIAL CORRESPONDENT
NEW DELHI

The GST Council, in its 34th meeting on Tuesday, decided to allow builders of properties under construction up to March 31, 2019, to choose between the old GST rate of 12% with input tax credits (ITC) and the lower rate without ITC announced in the previous meeting. New constructions on and after April 1 will be taxed at the new rate.

The council had, in its previous meeting, said that the GST rate for under-construction properties would be reduced and the option of availing input tax credit would be removed.

As such, it set the tax rate for normal under-construction residential properties at 5% without ITC, and the rate



Lower rates will be applicable for developers who sourced 80% of their inputs from registered suppliers. ■ NAGARA GOPAL

for affordable housing under-construction projects at 1% without ITC.

Developers, however, pointed out that the problem was how to treat the input tax credit already availed. The Council said it would de-

liberate on the issue, and Tuesday's decision was an attempt to address that.

"The GST Council has decided that for under-construction properties up to March 31, 2019, the developer will have the option of go-

ing for the old rate or the new rate," Revenue Secretary Ajay Bhushan Pandey said at a press conference following the video-conference meeting.

"They will have to make this choice within a set time-frame, which will be decided over the next few days in consultation with the States."

Decision on window

"The decision will be on whether this window will be 15 days or 30 days," Mr. Pandey added. "New construction on April 1 [and] onwards will have to be at the new rate."

The council also said that these lower GST rates would be applicable for developers who sourced 80% of their inputs and input services from

registered suppliers.

"On shortfall of purchases from 80%, tax shall be paid by the builder at the rate of 18% on RCM [Reverse Charge Mechanism] basis," the government said in a press release. "However, tax on cement purchased from unregistered persons shall be paid at the rate of 28% under RCM, and on capital goods under RCM at applicable rates."

"The pragmatic move to segregate under construction projects from new projects would provide relief to builders who were worried about the loss of input tax credit," M.S. Mani, partner at Deloitte India said.

"This would also enable them to price the loss of input tax credits in the new projects."

Economists want further interest rate cut

Meet Das ahead of monetary policy, cite concerns over economic growth

MANOJIT SAHA
MUMBAI

A group of economists who met Reserve Bank of India Governor Shaktikanta Das on Tuesday cited concerns over economic growth and suggested further reduction of the interest rate to boost economic activity.

The meeting was part of consultations prior to the monetary policy, which will be announced on April 4. Apart from Mr. Das, other senior RBI officials were present.

"Economists have suggested further reduction in interest rate which is required to boost economic growth which is still sluggish," said an official who was part of the meeting.

According to officials present in the meeting, most



economists expect GDP growth for the next financial year to be below 7%.

At the same time, retail inflation – the central bank's main yardstick for policy-making – is expected to be under 4%, the medium term target of the RBI.

"While the economists have noted sticky core inflation and benign food infla-

tion, the headline inflation is expected to remain well within the central bank's target range," said an official.

Economists also highlighted uncertain global growth which might prompt the Federal Reserve to hold interest rates.

Domestic issues

On the domestic front, they said the NBFC crisis was not yet completely behind, the rural sector was still sluggish, and overall, there were uncertainties due to the general elections, which was holding back private sector investment.

In the last policy meeting in February, the RBI had reduced interest rate by 25 bps to 6.25% for the first time since August 2017, in a bid to revive economic growth.

This, as it projected retail inflation to be below its target of 4% for the next 12 months.

The RBI projected growth for the next financial year at 7.4%. The central bank also revised inflation projection downwards to 2.8% for January-March, 3.2-3.4% for the first half of next financial year, and 3.9% for the third quarter 2019-20, assuming a normal monsoon.

In the last policy, Mr. Das emphasised on acting 'decisively and timely' to address growth concerns once the objective of price stability was achieved.

Apart from interest rates, several other issues came up for discussion, including the recent decision to inject rupee liquidity into the system through long-term foreign exchange buy/sell swap.

'Continue recovery from Singh brothers'

PRESS TRUST OF INDIA
NEW DELHI

SEBI on Tuesday directed Fortis Healthcare Ltd. (FHL) and Fortis Hospitals Ltd. (FHL) to continue efforts to recover more than ₹403 crore from Shivinder Mohan Singh and Malvinder Mohan Singh as well as seven other entities.

The latest ruling confirms SEBI's interim order where it had found that the Singh brothers, along with seven entities diverted ₹403 crore from FHL, for the ultimate benefit of parent company – RHC Holding Pvt Ltd – and group company Religare Finvest Ltd. The brothers have also been asked not to associate themselves with the affairs of FHL and FHL.

'Borrowers cautious after IBC kicked in'

'Code made 60-70% recovery possible'

SANJAY VIJAYAKUMAR
CHENNAI

With the advent of Insolvency and Bankruptcy code (IBC), borrowers are cautious about taking more money from banks, V.G. Kannan, chief executive of the Indian Banks' Association (IBA), said.

"Big borrowers now know that they would be in trouble if they borrow and don't repay. The strict measures by RBI on lending are making banks and borrowers cautious. It is good to have good growth in small amounts than bad growth in large amounts," he said.

Mr. Kannan was speaking at an event on 'Knowledge Forum on IBC' organised by the National e-Governance Services Limited (NeSL) in association with The Institute of Cost Accountants of India.

Mr. Kannan also pointed out that earlier the recovery ratios in India were in single digit, when compared to other countries.

"We had mechanisms like Debt Recovery Tribunal and Board for Industrial and Financial Reconstruction (BIFR). But due to the long legal process, recovery and resolution was not happening. But the IBC, despite some delays, has made 60-70% recovery possible now," he said.

'Bankers empowered'

"The IBC has made bankers realise what their powers are and work at recovery and resolution of loan assets at a faster pace," he added.

Mr. Kannan also pointed out that the RBI's February 12 circular has helped borrowers and bankers to sit together and find a resolution for debt.

"In the last one-and-a-



Padmaja Chunduru

half years, IBC has set a lot of precedence. This is going to help in faster resolution within the 180 days' time-frame in the future," he said. Speaking at the event, Padmaja Chunduru, MD and CEO, Indian Bank, said the concept of creditor-in-control was well established now with IBC.

Many customers are telling us we will make the payment and please don't go to National Company Law Tribunal (NCLT). That is a nice position to be in.

"Borrowers assure us they would make the payment in order to avoid facing NCLT proceedings. Promoters become apprehensive of losing control and come to the negotiating table, and bankers feel empowered about it," she said.

She also pointed out some issues under IBC that needed to be fixed. "India is the only country which has the concept of financial creditors and operational creditors.

As a financial creditor, I have given a loan after obtaining security and under the assumption that the loan is covered. But other financial creditors pop up in some form and my security goes for a toss. This needs to be clarified."