

## IN THE NEWS

### Panel to boost GST revenue to hold 1st meet tomorrow

A HIGH-LEVEL panel constituted by the government to suggest measures to augment GST revenue collection will hold its first meeting on Tuesday, a senior official said, reports **PTI**. GST collections dropped sharply to a 19-month low in September to ₹91,916 crore.

### 5G: Not allowing Huawei will be a loss, says India CEO

CHINESE TELECOM equipment maker Huawei has asserted that keeping it out of the 5G play in India will be a "loss" to telecom operators, end-consumers and vertical industries, reports **PTI**. Huawei India CEO Jay Chen further said it is now an "accepted fact that Huawei's technology is much ahead of the industry", and that the it is a "frontrunner in 5G".

### Ayodhya hearing in SC enters last leg today

THE PROTRACTED hearing in the politically sensitive Ram Janmabhoomi-Babri Masjid land dispute at Ayodhya will enter into the crucial final leg on Monday when the Supreme Court resumes proceedings on the 38th day after the week-long Dussehra break, reports **PTI**.

## TURF WAR

# India's 5G dream hit by Isro's 'power play'

### Power level of 5G base stations in 26 GHz spectrum band to be just 1/80th of the conventional norm

RISHI RAJ  
New Delhi, October 13

THE COUNTRY'S 5G dream seems to have got grounded even before it could take off as a fallout of a turf war between the Indian Space Research Organisation (Isro) and the department of telecommunications (DoT), in which the former has gained an upper hand. The space agency's view has prevailed and the government's submission for the World Radiocommunication Conference (WRC) has accordingly agreed to reduce the power level of the 5G base stations in the 26 GHz spectrum band to eightieth of conventional mobile base stations — the power level of conventional base station is 40 watt whereas the power of 5G stations in this band has been reduced to 0.5 watt. Reducing the power limit of base stations will exponentially increase the cost of 5G services as the operators will have to put

### WHY 5G LOOKS DIFFICULT



- 5G bands in India are 700 MHz, 3.5 GHz and 26 GHz
- The best band is 26 GHz because it has high speed and has a large quantum of spectrum
- Isro has put a limit on the power limit of this band
- Its power limit has been reduced to less than that of the **BTS of conventional mobile system**
- This will impair coverage of 5G and require operators to put up more number of base stations
- With high cost of spectrum and rollout, operators unlikely to buy 5G spectrum

up significantly large number of base stations compared with a conventional mobile system. It will also decrease the quality due to difficulty in finding space for these sites. If this stand gets finalised, the only spectrum available for telecom operators for 5G would be in 3.5 GHz where there's not sufficient airwaves, and on top of it, it has been priced too high

by the Telecom Regulatory Authority of India (Trai). The 5G bands in India are 700 MHz, 3.5 GHz and 26 GHz. The reason that 26 GHz band is the most important is because it enables very high 5G speeds as it has a large quantum of spectrum (over 3 GHz — 10-15 times more than 3.5 GHz).

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## BANGKOK MINISTERIAL

### RCEP trade ministers' talks end in impasse

BANIKINKAR PATTANAYAK  
New Delhi, October 13

TRADE MINISTERS AND negotiators of the 16-nation Regional Comprehensive Economic Partnership (RCEP) grouping failed to drum up a consensus on sticky issues at what was expected to be the last ministerial in Bangkok before a potential deal in November and the talks remained inconclusive, sources told **FE**. No joint statement will be issued, as certain key issues are yet to be resolved, even after two days of intense negotiations on October 11 and 12, according to one of the sources. This has cast a shadow over a leaders' summit, which was expected to be attended by heads of the 16 nations on November 4 to announce the RCEP deal. Nevertheless, trade negotiators will meet again in Bangkok between October 14 and 19 to resolve the vexing issues relating to trade remedies, e-commerce, trade competition, trade in services, rules of origin and investment, said another source. Commerce and industry minister Piyush Goyal, who represented India, tweeted after the meeting: "Participated in deliberations to promote trade & investment to achieve mutual economic growth, while safeguarding the interest of our domestic industry and farmers." While potential RCEP partners, including Singapore, are piling up pressure on India to conclude talks early, New Delhi wants to make sure the interests of its industry is protected and it doesn't end up becoming a dumping ground of products, yet again (its free trade agreements with Asean, Japan and Korea have already widened its trade deficit).

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**Road to nowhere**  
Submerged roads are seen after an embankment of Chikuma River broke, in Nagano, central Japan, on Sunday following typhoon Hagibis, which has left at least 33 dead so far

## PRIVATISATION

# Govt to make Air India debt-free before sale

### To take over another ₹20,000 cr, balance debt backed by asset

PRASANTA SAHU & ARUN NAYAL  
New Delhi, October 13

THE CENTRE WILL likely make the ailing Air India (AI) virtually debt-free by taking over an additional ₹20,000 crore from its books before offering it afresh to bidders by the end of this month. The government had taken over ₹29,464-crore of AI debt earlier this financial year through a special purpose vehicle (SPV). AI's assets, largely its fleet of aircraft, are estimated to be about ₹20,000 crore, equivalent to the residual debt to be taken over by the prospective buyer, along with the entire

### Sweetened offer

<b>~₹70,000 cr</b> Total debt of AI, including dues to oil firms and Airport Authority (as on March 31, 2019)	<b>₹29,464 cr</b> Debt already taken over by the government via an SPV earlier this year
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government stake in the airline. As on March 31, 2019, AI's debt and other liabilities had stood close to ₹70,000 crore. With the debt overhang over, the much-anticipated AI privatisation might materialise this year and contribute a substantial amount to the Centre's disinvestment receipts. The premium bilateral rights owned by the national carrier are what the prospective buyer will have to really pay for.

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■ Payment row with oil PSUs being sorted out: AI, Page 3

## DATA LOCALISATION

# WhatsApp payments service soon

PRESS TRUST OF INDIA  
Mumbai, October 13

FACEBOOK-OWNED INSTANT messaging giant WhatsApp will be compliant with data localisation norms over the next two months, after which it can roll out its much-delayed payments service here, says the National Payments Corporation (NPCI). Even after the launch of WhatsApp's payments service, it will take at least two years to reduce the cash dominance in the economy as the user base of digital payments must at least treble to 300 million to have any tangible impact on paring cash usage, the RBI-created NPCI's chief executive Dilip Asbe told PTI in an interview.

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## FE SPECIALS



### ■ BRANDWAGON, P10

#### Why brands are telling 'Stories'

Short-lived content is helping brands engage with consumers and turn them into content creators

### ■ eFE, P8

#### Will AI replace the doctor?

Before AI gets into predictive analytics in healthcare, its integration with medical devices has to improve

### ■ PERSONAL FINANCE, P9

#### Feel good about your portfolio

The most common investment trap that you can fall into is the belief that you can time the market

### ■ INFRASTRUCTURE, P11

#### It's a slow beginning

Since their launch last year, 2,400 MW hybrid projects have materialised and 1,600 MW been allotted

### ■ SCIENCE & TECH, P12

#### Project Pigeon

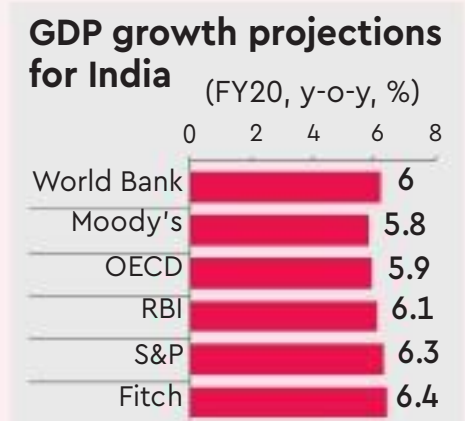
Facebook and other social media firms need new material for positive reinforcements

## INDIA'S GDP

# World Bank slashes FY20 growth forecast from 7.5% to 6%

FE BUREAU & PTI  
New Delhi/Washington, October 13

AFTER A BROAD-BASED deceleration in the initial quarters of this fiscal, India's growth rate is projected to fall to 6% in 2019-20, the World Bank said on Sunday, in what was the sharpest downward revisions of its growth projections for South Asian countries. However, the bank in its latest edition of the South Asia Economic Focus said the country was expected to gradually recover to 6.9% in FY21 and 7.2% in FY22 as it assumed that the monetary stance would remain accommodative, given benign price dynamics. The World Bank's previous projection for India was 7.5%, and this was announced in April. Moody's Investors Service had last Thursday cut its forecast for India's FY20 GDP growth by 40 bps to 5.8%, in what reflected a continuing trend of such downward revisions by prominent domestic and foreign agencies. In its latest bi-monthly monetary policy statement on October 4, the RBI cut its growth projection



**What World Bank says**  
India's cyclical slowdown is severe, the bank says, due to a deceleration in local demand. In such a weak economic environment, structural issues surface and the weak financial sector is becoming a drag on growth."

for the domestic economy by a sharp 80 bps to 6.1%, citing that the slump in real GDP growth to 5% in the first quarter of FY20 has been followed by "generally weaker high frequency indicators for the second quarter".

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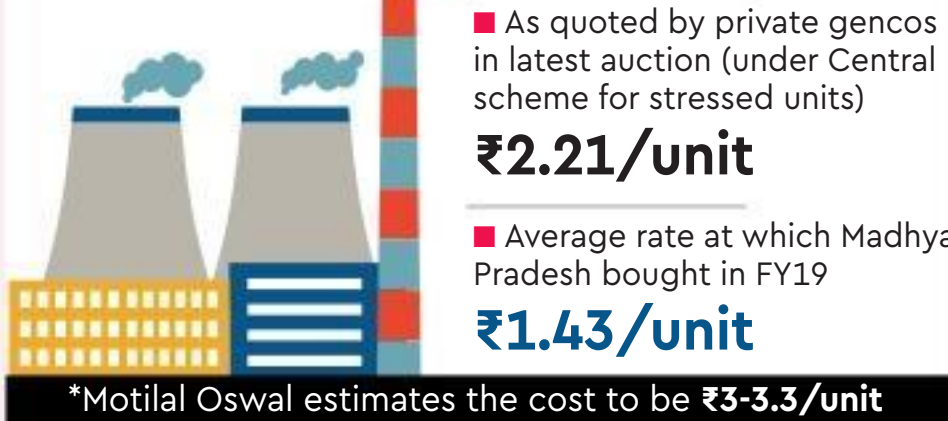
## LEGACY ISSUE

# Cost-plus cover for NTPC stymies power sector revival

ANUPAM CHATTERJEE  
New Delhi, October 13

EVEN AS A dearth of new power purchase agreements is stalling many under-construction and existing private power units, the virtually exclusive regime of cost-plus tariffs for the state-run NTPC is further undermining their ability to commence operations or operate at higher capacities. In the latest instance, NTPC's sourcing of coal from mines located 1,100 km away in Jharkhand for its 1,200 MW Kharagone plant in Madhya Pradesh is seen to raise its fuel cost, resulting in many states, including MP, having to pay the state-run firm despite them not sourcing electricity from the unit.

### Fuel costs of power plants



According to a recent note by research firm Motilal Oswal, thanks to the ₹1,500 crore invested by NTPC to ensure smooth rail connectivity from its Pakri Barwadhi mines, Kharagone's fuel costs would be around ₹3-3.3 per unit, resulting in final tariffs of more than

₹5 per unit. However, responding to **FE's** query, NTPC said the variable cost of Kharagone unit, based on the linked coal, would be around ₹2.8 per unit, adding that the total tariff would be lower than ₹5 per unit.

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## Quick Picks

### Passenger vehicle exports rise 4% in Apr-Sept; Hyundai leads

PASSENGER VEHICLE (PV) exports increased by over 4% in the first half of the current fiscal, with Hyundai Motor India leading the segment with dispatches of over 1.03 lakh units to various geographies, according to latest Siam data, reports **PTI**. PV exports stood at 3,65,282 units in April-September of the current fiscal against 3,49,951 units in 2018-19. **PAGE 5**

### MCA against attachment of firm's assets if CIRP completed

THE CORPORATE affairs ministry is of the view that once the corporate insolvency resolution process (CIRP) is completed against an insolvent firm, there can't be any attachment or confiscation of its assets by enforcement agencies, reports **Surya Sarathi Ray in New Delhi**. The MCA was replying to a notice issued to it by NCLAT, which is hearing a plea moved by JSW Steel. **PAGE 2**

## WHEN SMALL IS BIG

# Big brands go after trust factor, employ nano-influencers for promos

VENKATA SUSMITA BISWAS  
Mumbai, October 13

TRUST DEFICIT ON content shared via social media has resulted in brands roping in a new breed of influencers — nano influencers — to promote their products and services. These social media influencers typically have a following of less than 3,000 users, most of them known to the nano-influencer. Casual purchase categories, including beauty, cosmetics, fashion, lifestyle, smartphones and often even other electronics, are among the

top categories that make use of the nano-influencers. As per a report by advertising network IPG, there has been a consistent decline in the number of purchases made based on social media recommendations worldwide. Therefore, experts believe that the recommendations, reviews, and comments of nano-influencers could be more valuable and genuine in the eyes of consumers as opposed to roping in



celebrity influencers. Apaksh Gupta, founder and CEO, One Impression, an influencer marketing agency, points out that while mega influencers and celebrities have a vast reach through their social media followers that run into millions, it is smaller influencers who elicit trust from their followers. "We all have that one friend who tracks the latest developments in the smartphone space, or someone who will give

you the right advice on which car to buy. These are nano-influencers," explains Pranay Swarup, CEO, Chtbox, an influencer marketing agency. Consider how Xiaomi, a brand that did not pump in a lot of money behind traditional advertising, has used the strength of its fan community to reach consumers. It identified some consumers who were highly involved with the brand and its products and turned them into advocates for the brand. Anuj Sharma, CMO, Xiaomi India, says the brand relies heavily on word of mouth

marketing and considers it the best form of marketing. "When we launched Mi 3 in India, we looked at our Facebook page and discovered that we had 10,000 followers. On the basis of that we decided to bring 10,000 units of Mi 3 in our first flash sale on Flipkart. We sold 10,000 units on the first sale within seconds and Flipkart crashed for the first time as over half a million people came to purchase the device," he recalls.

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