

Economy

WEDNESDAY, OCTOBER 23, 2019

Quick View

Anti-drone norms soon

AVIATION SECURITY REGULATORY BCAS will issue regulations within a week to counter any rogue drones in the country, a senior official said on Tuesday. Bureau of Civil Aviation Security (BCAS) deputy director general Maheshwar Dayal said the 'anti-drone' specifications will be released in 'less than a week's time'.

Teen in NGT over plastic use

A 16-YEAR-OLD BOY has approached the National Green Tribunal to stop e-commerce giants Amazon and Flipkart from excessive plastic use in packaging, prompting the panel to direct the Central Pollution Control Board on Tuesday to submit a report on the matter within a month. Aditya Dubey, through his legal guardian, has pleaded the NGT to direct Amazon & Flipkart to stop excessive use of plastics in pack-aging goods delivered by them.

BOOST TO HIGHER EDUCATION

Funding to govt incubators, public universities now under CSR spend

RISHI NANJAN KALA
New Delhi, October 22

IN A BID to revitalise the higher education sector in India and to forge stronger linkages between industry and academia, the government has redefined the scope of 2% mandatory corporate social responsibility (CSR) contribution made by companies. Now, companies can spend their contribution on centrally funded and state-funded academic institutions, universities and incubators.

Earlier this month, the ministry of corporate affairs (MCA) through a circular notified provisions that expand the categories of CSR spending. Now, a company can use its CSR fund on incubators funded by central or state government or any agency or PSU of central or state government, a senior government official said.

Firms can now send on institutions engaged in conducting research in science, technology, engineering and medicine, which is aimed at promoting sustainable devel-

opment goals. Before this circular, companies were allowed to provide CSR funds to tech incubators located within centre-approved academic institutions, the official added.

These contributions can be made to public funded universities and IITs. It also includes national laboratories and autonomous bodies under the Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Science and Technology (DST), and ministry of electronics and information technology.

AMRG & Associates CEO Gaurav Mohan noted that recent changes in Companies Act in relation to CSR expenses has widened avenues for social contributions by corporations.

"From now on any contribution to public funded universities, IITs etc aimed at promoting sustainable



Companies can now spend their contribution on centrally funded and state-funded academic institutions, universities and incubators

development goals would also be accepted as an approved CSR expense," he added.

Director of Nangia Anderson, Sandeep Jhunjhunwala explained that besides bringing overall augmentation in research and development (R&D) funding, with this move, the incubation cells would also be able to garner the advantage of mentoring support and expertise of corporate sector.

"On the other hand, corporate India would be benefited with the industry-academia alliances, which could bring in

targeted collaborations in various spheres, a practise that is well followed in some of the developed geographies across the world. Over a period of time, the government should consider further widening of CSR spend bucket to make funding to private incubators and accelerators as eligible, to boost the start-up ecosystem," he added.

India is the first country in the world to make CSR mandatory for all profit making companies meeting a certain threshold under the Companies Act, 2013. Given that CSR provisions have been in existence from FY15 only, there has been considerable progress both in terms of companies contributing to CSR and the overall spend.

During FY15, private companies and public sector undertakings (PSUs) spent around ₹10,066 crore on CSR, which went up to ₹14,528 crore during FY16. This amount went down marginally to ₹14,242 crore in FY17. During FY18 (till October 10, 2018) companies had spent around ₹8,365 crore on their respective CSR initiatives.



\$5-TRILLION ROADMAP

N K Singh, chairman, finance commission

For India to become a \$5-trillion economy, UP has to become \$1-trillion economy. For development of UP, a new growth rate is needed. If UP continues to move at this (current) rate, then it will not be able to become a \$1-trillion economy

Linking of social media profiles with Aadhaar: SC transfers all cases to itself

FE BUREAU
New Delhi, October 22

THE SUPREME COURT on Tuesday transferred to itself all cases, related to the linking of social media profiles with any government ID, including Aadhaar and WhatsApp traceability, pending in different high courts to regulate social media misuse. It will also examine whether liability could be fastened on intermediaries like Facebook and WhatsApp to decrypt messages so as to check fake news, hate speech, etc.

A bench comprising justices Deepak Gupta and Aniruddha Bose allowed the transfer of all the petitions filed against Facebook before different high courts of Madras, Mumbai and Madhya Pradesh.

It also posted the petitions for hearing in the last week of January after the government notifies the revised Information Technology Intermediaries Guidelines (Amendment) Rules by January 15, as stated by the ministry of electronics and information technology (MeitY) in its affidavit on Monday.

Attorney general K K Venugopal, appearing for Tamil Nadu,



argued that Facebook and WhatsApp should decrypt any information that the government wants for analysis.

He said that Parliament had empowered the government through Section 69 (1) of the Information Technology Act to lawfully intercept, monitor and decrypt information through a computer resource if 'satisfied that it is necessary or expedient to do so in the interest of the sovereignty or integrity of India, defence of India, security of the State, friendly relations with foreign States or public order or for preventing incitement to the commission of any cognizable offence or for investigation of any offence'.

The AG said that the government did not want any technical assistance from the intermediary, but 'they will have to give us facilities to access the informa-

tion, to access the entire content system in which they are recording'. Solicitor general Tushar Mehta, representing the Centre, said the move to finalise rules for social media is not a ploy to breach privacy of citizens, but is meant to protect national security and sovereignty.

"The government has no intention to invade the privacy of innocents," he said, adding, "Your Lordships have to find a balance between national interest, sovereignty and police investigation with individual privacy."

However, the intermediaries have so far resisted the government's plea, claiming that they do not have the 'key' to decrypt users' data, but will cooperate with the authorities.

Senior advocate Mukul Rohatgi, appearing for WhatsApp, said that the social media intermediaries were under no obligation to disclose details of private accounts as this would breach privacy.

However, Justice Bose said that the social intermediaries cannot claim protection under the fundamental rights of 19(1)(a) and (g) — right to free speech and right to practice any profession.

From the Front Page

Infosys stock tanks 16%

"IF PROVEN, THIS can lead to the CEO and CFO being fired with potential SEC investigations against them. Even if these are not proven, this can kick-start a period of potential uncertainty amidst a management ranks and clients," the analysts wrote.

Corporate watchers pointed out while a board member received two anonymous complaints on September 30, which was placed before the audit committee

and non-executive members at the October 11 board meeting, this was disclosed to the exchanges only on October 21. The company made no mention of it on the analysts call held on October 11.

The whistleblowers, who are company insiders, have said in their letters that the management was indulging in "disturbing unethical practices". They allege that several large deals have been signed at negligible margins, appropriate review/approval processes have been bypassed and information related to the large

deals suppressed from auditors & board members.

Among the reasons for Sikka's departure, sources said, was the interference by Infosys co-founder and shareholder NR Narayana Murthy. Murthy had asked the company to disclose the full report on the Panaya acquisition. In June 2017 after an investigation, law firm Gibson, Dunn & Crutcher submitted a report to the board, concluding that there was no evidence that any Infosys executive profited from the company's decision to buy Panaya in February 2015. Among other

things, including 'malicious attacks', Sikka had been reportedly unhappy with the appointment of Ravi Venkatesan as co-chairman.

Motilal Oswal noted the allegations on under-reporting of visa costs and investments in riskier treasury investments are unjustified. "The portfolio of treasury investments by the company — as disclosed in annual reports — indicates that there has not been a material change in the risk profile of investments between FY18 and FY19," analysts said.

With Tuesday's fall, investors lost ₹52,996 crore and the stock has erased its entire gains in 2019.

Former FM Chidambaram gets bail from SC, but can't walk free

THE STATEMENT MADE by the CBI that Chidambaram has influenced witnesses and there was a likelihood of his further influencing them cannot be the ground to deny bail to him when there was "no such whisper" in six remand applications filed by the agency before the trial court, it said.

Rejecting the CBI con-

tentions that Chidambaram tried to influence two material witnesses in the case, a bench headed by Justice R Banumathi said no details are available as to "when, where and how those witnesses were approached".

"There are no details as to the form of approach of those two witnesses either SMS, e-mail, letter or telephonic calls and the persons who have approached the material witnesses."

"The CBI has no direct evidence against the appellant (Chidambaram) regarding the allegation of appellant directly or indirectly influencing the witnesses," said the bench also comprising justices AS Bopanna and Hrishikesh Roy in its 27-page judgment.

In the corruption case registered on May 15, 2017, the CBI alleged irregularities in a Foreign Investment Promotion Board (FIPB) clearance granted to the INX Media group for receiving overseas funds of ₹305 crore in 2007, during Chidambaram's tenure as finance minister.

A Delhi court on Monday took cognisance of the charge sheet filed by the CBI last week against Chidambaram, his son Karti and 12 others. They have been accused of various offences including those under the Prevention of Corruption Act.

"The appellant is ordered to

be released on bail if not required in any other case, subject to the condition of his executing bail bonds for a sum of ₹1 lakh with two sureties of like sum to the satisfaction of the special judge (PC Act), CBI-06, Patiala House Courts, New Delhi," the bench said, allowing Chidambaram's appeal against the high court verdict.

"The passport if already not deposited shall be deposited with the special court and the appellant shall not leave the country without leave of the special court and subject to the order that may be passed by the special judge from time to time," it said.

The top court made it clear that Chidambaram will have to make himself available for interrogation as and when required by the CBI.

"It is made clear that the findings in this judgment be construed as expression of opinion only for the limited purpose of considering the regular bail in CBI case and shall not have any bearing in any other proceedings."

The apex court dismissed the CBI plea challenging the findings of the HC which said Chidambaram was not a "flight risk" and there was no possibility of him tampering with the evidence.

The bench said since the HC has expressed its views on the merits of the matter in its Sep-

tember 30 verdict, they will not have any bearing either in the trial or in any other proceedings.

The top court noted in its judgment that the CBI has filed a charge sheet against Chidambaram and others in the case and other co-accused have already been granted bail.

"The appellant is not a 'flight risk' and in view of the conditions imposed, there is no possibility of his absconding from the trial."

The bench did not accept the contentions of Solicitor General Tushar Mehta, who had appeared for the CBI and had raked up the issue of persons accused in economic offences fleeing the country.

"At this stage itself, it is necessary for us to indicate that we are unable to accept the contention of the Solicitor General that 'flight risk' of economic offenders should be looked at as a national phenomenon and be dealt with in that manner merely because certain other offenders have flown out of the country," it said.

"The same cannot, in our view, be put in a straitjacket formula so as to deny bail to the one who is before the court, due to the conduct of other offenders, if the person under consideration is otherwise entitled to bail on the merits of his own case," it added.

Nobel laureate Banerjee meets PM, backs bureaucratic reforms

"HE TALKED ABOUT the way he sees governance in particular, and why in some sense the mistrust of some people on the ground colours our governance... and therefore creates structures of elite control over governance process.... In that process, he very nicely explained how he is trying to reform the bureaucracy in India to make it more responsive... to expose them (bureaucrats) more to the reality on the ground," the noted economist added.

Banerjee said it was "important for India to have a bureaucracy that lives on the ground and gets its stimulus from how life is on the ground and without that we get an unresponsive government".

Earlier in the day, Modi had termed his meeting with Banerjee as "excellent". "His passion towards human empowerment is clearly visible. We had a healthy and extensive interaction on various subjects. India is proud of his accomplishments...", Modi tweeted.

Banerjee, who was credited by the Congress for the income support scheme it had floated

in its 2019 Lok Sabha election manifesto, however, has been criticised by some BJP leaders.

In his recent interviews, Banerjee said the government's move last month to sharply cut the corporate tax rates might not reverse a demand compression. Instead, he has been favouring the idea of taxing the rich more while making cash available to the poor to boost consumption and beat the impact of the economic slowdown. Earlier, he had also criticised demonetisation.

Banerjee, a professor at Massachusetts Institute of Technology, won the Nobel prize for economics jointly with wife Duflo and Michael Kremer of the US for "experimental approach to alleviating global poverty".

Air India debt rises ₹5,000 cr in H1

IN JUNE LAST year, the government called off the proposed sale of 76% stake in AI after no buyers showed interest. Probable reasons as analysed by the transaction adviser EY for non-receipt of bids last year included the government's decision to retain 24% stake and corresponding rights, high amount of allocated debt, profitability track record and among others. In its fresh attempt, the Centre is planning to sell its entire stake in the airline and share actual "sale and purchase agreement (SPA)" with prospective bidders at the EoI (expression of interest) stage itself to help them take long-term view of the various liabilities and accordingly plan their funding for the deal. Over the last few days, the aviation ministry and AI management have been holding a series of meetings to finalise the carrier's accounts.

The premium bilateral rights and parking slots owned by the national carrier across the world are what the prospective buyer will have to really pay for. AI owns 70 planes, including wide-body Boeing 787-800 Dreamliners, and 58 planes are on lease.

It is expected that a foreign airline may tie-up with an Indian airline/investor to bid for the national carrier. The current FDI rules allow foreign airlines to buy up to 49% stake in domestic carriers.

AI is surviving on taxpayer bailouts after losing money continuously since FY08 after the merger of the erstwhile Indian Airlines with Air India.

While efforts have been made to revive the airline in the past, AI has not reported a profit in at least a decade; it is estimated to have made a whopping ₹7,635-crore loss in FY19.