



**“The (corporation) tax rate cut is a historic change which clearly signals the intent of the government to implement the structural reforms that are necessary for high growth rate”**

K V SUBRAMANIAN, chief economic advisor



**“Our vision of being a sovereign, socialist, secular and democratic republic is enshrined in the Preamble of our Constitution. We have always played a constructive role in international relations”**

GENERAL BIPIN RAWAT, Army chief



**“If we are able to take Jammu & Kashmir on the path of development, which is very much possible, the day is not far when the PoK residents, facing the worst situation under the occupation of Pakistan, will race towards us on their own to be a part of India”**

S JAISHANKAR, external affairs minister

# ‘India not immune to global slowdown, but fundamentals strong’

The World Economic Forum (WEF) is organising a two-day India Economic Summit (IES) in New Delhi from Thursday. WEF Managing Director **SARITA NAYYAR** tells **Indivjal Dhasmana** that IES will bring together experts to accelerate the adoption of Fourth Industrial Revolution technologies so that South Asia can attain its growth potential. Edited excerpts:

**The WEF is organising IES at a time when India's economic growth has plunged to a five-year low of 5 per cent — in the first quarter of 2019-20. What solutions can be expected from the event on perking up growth in India?**

The global economy is going through a significant slowdown and India, being one of the largest economies in the world, is not immune to it. It has witnessed a slowdown, largely because of the lack of purchasing power among Indian households that have drawn down savings and are tightening their belts. However, its fundamentals remain strong. With a stimulus announced by the finance minister, including a reduction in corporation tax rates, growth momentum should be restored.

**But, what will IES do to revive India's economy?**

The WEF has been working closely with companies and the government for 35 years. The Forum's South Asia regional community is committed to tackling challenges and ensuring the region's long-term growth by strengthening multi-stakeholder dialogue and public-private partnerships. In addition, the Forum will launch a regional stewardship board, its highest consultative body for the region, bringing together a small group of notable leaders from the government, the private sector, academia and the media to support and advise the Forum on its agenda for the region.

The participants will help accelerate the adoption of the Fourth Industrial Revolution tech-

nologies and boost the dynamism of South Asia to attain its growth potential.

**Why are you focusing on South Asia and Asean (Association of Southeast Asian Nations) this time?**

With an 8 per cent gross domestic product growth in 2018, South Asia is the fastest growing region in the world and is home to three of its fastest-growing economies — India, Bangladesh, and Bhutan. India and South Asia's role is critical to the sustainability of global economic growth and, if this is to be Asia's century, the region's role will be indispensable. More than ever before, the world needs to engage with India and South Asia, while the region must expand its leadership in a wide range of global initiatives. We will also address Asean and how the two regions will shape our collective future.

**The theme of IES this time is adoption of the Fourth Industrial Revolution technologies in India.**

**Will this help India come out of the slowdown?**

The speed and scale of the Fourth Industrial Revolution can be overwhelming. Regardless of the economic outlook, advances in artificial intelligence or IoT (Internet of Things) will continue. It's important for countries to work with business, civil society and international organisations to harness the capabilities of Fourth Industrial Revolution technologies.

**Will the Fourth Industrial Revolution technologies be in line with our job priorities?**

The Fourth Industrial Revolution blurs the physical and digital worlds. It crosses all

borders and has impacted businesses across industries in different ways. The priority is to ensure we can shape the technologies to maximise their benefits and minimise their risks.

**Has the Centre for the Fourth Industrial Revolution in India, set**

**up by the WEF, come out with solutions for India's economic problems?**

The Centre for the Fourth Industrial Revolution Network aims to help shape the development and application of the Fourth Industrial Revolution technologies in the global public interest while simultaneously minimising their risks. In October 2018, the Forum launched the Centre for the Fourth Industrial Revolution India — the fourth centre to be opened as part of this global network — in partnership with the Government of India. The centre will allow India's policy makers and thought leaders to stay ahead of the curve by providing unique insights into new forms of technology governance and by connecting them with innovators around the world.

**How is the New Vision for Agriculture project aiding food security issues of India? Will this also be focused in IES this time?**

The New Vision for Agriculture India project builds an innovative partnership model for improving agricultural productivity and opportunities for farmers. In partnership with the government, the Agricultural Value System Partnership Platform, will support the Prime Minister's vision of doubling farmers' incomes by 2022.

**Over the years, the WEF summit in Davos has occupied centre stage for bringing in various policy makers, corporate and social leaders on one platform. Can you say the same about IES?**

IES provides a global platform that helps business, society and government leaders interact and collaborate with their peers, with leaders across the region and around the world. IES has been a regular fixture in India for 35 years. We are seeing a greater regional influence this year as the importance of the meeting grows. This year, over 800 attendees will gather in New Delhi.



**“THE CENTRE FOR THE FOURTH INDUSTRIAL REVOLUTION WILL ALLOW INDIA'S POLICY MAKERS TO STAY AHEAD OF THE CURVE BY PROVIDING UNIQUE INSIGHTS INTO NEW FORMS OF TECHNOLOGY GOVERNANCE”**

## IN BRIEF UN's refugee agency takes up case of those excluded from NRC

The UN refugee agency said on Wednesday it was holding talks with India about its citizenship register in the border state of Assam, amid concerns that many people, the majority of them Muslims, could join the ranks of the world's stateless. Nearly 2 million people were left off the National Register of Citizens (NRC) released by Indian authorities on August 31 in the northeastern state of Assam, after a mammoth years-long exercise to curb illegal immigration from neighbouring Muslim-majority Bangladesh. Those excluded had 120 days to prove their citizenship at regional quasi-judicial bodies known as foreigners' tribunals. If ruled to be illegal immigrants there, they can then appeal to higher courts. **REUTERS**

**NSA Doval apprises Saudi Crown Prince of Kashmir situation**

National Security Advisor (NSA) Ajit Doval paid a two-day quiet visit to Saudi Arabia during which he apprised Saudi Crown Prince Mohammed Bin Salman about the situation in Jammu and Kashmir after the state's special status was withdrawn, official sources said on Wednesday. **PTI**

**GAIL targets 1.14 mn piped cooking gas connections this yr**

GAIL (India) and its affiliates have set a target to provide 1.14 million piped cooking gas connections in the current financial year (FY20) as they chase what now looks like a highly improbable target of connecting 100 million households with environment-friendly fuel by next year. **PTI**

## Gujarat HC issues notices to Centre, GST Council, CBIC

The Gujarat High Court has issued notices to the Centre, the Goods and Services Tax (GST) Council and the Central Board of Indirect Taxes and Customs (CBIC) for allegedly discriminating between two sets of importers. The issue relates to exemption from integrated GST (IGST) granted to import of repair and maintenance goods under the place of supply rules. However, no exemption was given to job works of similar nature. Job works refer to the processing of or working on goods supplied by another person or entity to complete a part or whole of the process. In the present case, the petitioner was engaged in importing raw material in the form of chemicals for carrying out a treatment and re-exporting the processed goods. Abhishek Rastogi, counsel for petitioner and partner at Khaitan&Co, said it is a settled law that the exemption benefit with drawn only for an interim period may be subject to judicial review. **INDIVJAL DHASMANA**

# RBI June 7 note raises NPA worries for merging PSBs

Delay in implementation of resolution plans may lead to fresh provisioning

RAGHU MOHAN  
Mumbai, 2 October

### AT A GLANCE

- Merging banks to weigh raising with FinMin and the RBI the terms of June 7 circular and its impact during transition
- Failure to follow through resolution plans within prescribed period will trigger additional provisioning
- Banks will have to make 20% additional provisioning on the outstanding amount six months after the review period and another 15% after a year



- Banks will have to streamline consortium and exposure-related issues and this can slow down the process
- RBI yet to state the date the June 7 circular will apply for exposures less than ₹1,500 crore

The Reserve Bank of India's (RBI's) June 7 circular is turning out to be a concern for state-run banks whose mergers have been announced, given the strict deadlines for the implementation of resolution plans. This is because a failure to go ahead with the resolution plans within the prescribed period set by the central bank will trigger a cumulative additional provisioning of 35 per cent. The revised circular on stressed assets (which replaced the earlier February 12, 2018, circular after it was declared ultra vires by the Supreme Court) calls on banks to make additional provisioning in such cases as follows — 20 per cent on the outstanding amount six months after the review period; another 15 per cent a year later. The worry is that the proposed mergers of four sets of state-run banks have the potential to slow down decision-making. A host of issues like exposure to firms within a consortium have to be sorted out, even as post-merger banks will have to deal with them as a single entity. The magnitude of the proposed

mergers is huge, as these banks will collectively have a market share of 24.1 per cent. No country in the world has seen such a rearranging of banking market shares at one go. Senior bankers are coming around to the view that they may have to approach the Ministry of Finance and the central bank on the additional provisioning aspect of the June 7 circular and seek relaxation on the same. A fresh layer of complexity is

another banker. In August, New Delhi decided to merge four sets of state-run banks — Punjab National Bank, Oriental Bank of Commerce, and United Bank of India; Canara Bank and Syndicate Bank; Union Bank of India, Andhra Bank, and Corporation Bank; and Indian Bank with Allahabad Bank. The mergers are to come into effect from April 1, 2020. Many of the merging banks in their individual avatars have been members of the same consortium in several cases and it's not clear at this point in time what stand they took on matters of credit. They now have to take a view as individual banks in the run-up to the formalisation of the mergers, even as they think of themselves as virtual post-merged entities. The human resource aspect is another factor. "Nobody wants to take a decision as some of the senior officers don't want to spoil their record," said a banker. Delayed decision-making and an as-yet unsettled Insolvency and Bankruptcy Code (2016) architecture have seen resolutions emerging in only four of the dozen largest cases of defaulters against whom bankruptcy proceedings had started with the central bank's nudging.

# No MAT credit for firms opting for lower tax: CBDT

INDIVJAL DHASMANA  
New Delhi, 2 October

The Central Board of Direct Taxes (CBDT) has clarified that companies will not be allowed to adjust the minimum alternate tax (MAT) credit against their tax liabilities if they opt for lower corporation tax rates. This may make the lower tax rates unattractive to companies enjoying tax holidays, said experts. They also said the circular may lead to litigation. "It is clarified that the tax credit of MAT paid by the domestic company exercising the option under Section 115BAA of the (Income Tax) Act (those opting for reduced corporation tax rates) shall not be available consequent to exercising of such option," said a circular issued by the CBDT on Wednesday. The circular also clarified that companies opting for lower taxes will not be able to claim set-offs for any losses forwarded by them due to additional depreciation. Amit Maheshwari, partner at Ashok Maheshwari & Associates LLP, said the non-availability of MAT credit is the view of the tax department and since the section related to this subject is not amended, it may result in litigation. "It is important to note that circulars are not binding on taxpayers, but are binding on the tax department," said Maheshwari.

**Experts say new tax rates not attractive to companies enjoying tax holidays**

# Powering India's streets with efficient lighting

SHREYA JAI  
New Delhi, 2 October

When the Hudhud cyclone hit the east coast in 2017, the first success story of retrofitting street-lights with LED bulbs emerged. Seven districts in Andhra Pradesh were retrofitted with a million LED streetlights, accruing a benefit of ₹82 crore annually on the power bill of the state. Since then, LED street lighting has caught on in the country. At the forefront is state-owned Energy Efficiency Services (EESL), which led LED programmes in the country, including the streetlights. The first retrofitting programme it did was for Puducherry in 2014. In the past five years, it has installed 10 million LED streetlights across the country. The scheme touched almost all states in the country, covering 270,000 km of roads, claimed EESL. "The installation of 10 million LED streetlights resulted in annual energy savings of 6.71 billion kWh, resulting in cost savings of approximately ₹5,570 crore annually," Saurabh Kumar, managing director, EESL, told *Business Standard*. The company itself has a total of ₹900 crore during the last financial year from the scheme, which is expected to touch ₹1,400 crore in the current financial year. For successfully running the programme, EESL even trained maintenance staff of the



municipality. It also created occupational standards, along with National Skill Development Corporation. Among private companies, Tata Power Delhi Distribution (TPDDL) executed 'Streetlight Project' of the Municipal Corporation of Delhi (MCD) last year for the 104 wards of North Delhi Municipal Corporation area. It converted 85,000 streetlight points into LED lights. It replaced more than 135,000 lights with LED, leading to savings of close to 85 Mw of the power demand load. Taking the task ahead, Delhi Chief Minister Arvind Kejriwal announced the 'Mukhyamantri Streetlight Yojana' last week. Under this scheme, over 200,000 streetlights would be installed in the city. "There are many dark spots at different parts of Delhi, where women are unsafe. We will identify such spots and install 200,000 streetlights so that women feel safe in the city," said Kejriwal in a public statement. Streetlight installation still face challenges. Poor electrical infrastructure is the prime concern. In some cases, there is no dedicated streetlight infrastructure. In the next phase of its streetlight programme, EESL will focus on gram panchayats. The number of lights required for lighting villages is estimated at 35 million, EESL said. The company is also planning to convert all streetlights in the country to LED.

# 1 mn schoolkids build and light solar lamps

SHREYA JAI  
New Delhi, 2 October

In 2010, a family sending a child to school in Madhya Pradesh's Khargone district would get a solar lamp from Chetan Solanki. The IIT-Bombay professor's innovative way to promote both education and solar power use soon turned into a self-help initiative where students and their parents started making solar lamps. Now, 6.5 million children across the world have been trained in making a solar lamp. On Wednesday, students attempted to make a Guinness World Record, with 1 million of them building and lighting up solar lamps all at once around the world. Solanki, a 44-year-old ardent Gandhian, went around the world to propagate his initiative. The programme has now been picked up by the Ministry of New and Renewable Energy (MNRE) and covered under the Centre's skill development schemes. To mark the 150th birth anniversary of Mahatma Gandhi, the Ministry of Power decided to give a platform to this programme, for which more than 10,000 students from schools across the city gathered at the Indira Gandhi Stadium in New Delhi.



**Thousands of students lit solar lamps at once in New Delhi on Wednesday, in an attempt to create a world record. The students were trained under an IIT-Bombay initiative, spearheaded by professor Chetan Solanki (right)**

The stadium, overlooking the now-defunct Indraprastha thermal power project, painted a hopeful picture of energy transition in India. Each student carried with them the equipment to build a solar lamp — LED lights, solar panels, wires and bright yellow light holders. One million students from 3,500 locations in India and 60 other countries did the same. In the three hours before Power Minister R K Singh arrived at the event in New

Delhi, the teenagers soldered the wires accurately and beamed with joy as the LED bulbs lit up when turned towards the Sun. Most of the teenagers giggled when asked what they know of climate change. On being nudged by teachers, some told the textbook definition. A girl from a school in Naraina went on to cite Greta Thunberg, a teenage Swedish environment activist who has been in the news for drawing the world's attention to climate change, to explain



why solar power is the future. These students have been trained under the Solar Urja through Localization for Sustainability (SoULS) initiative of the IIT-Bombay, spearheaded by Solanki. The programme identifies areas where solar off-grid equipment such as lamps could be made by people. The programme's

focus is school-going children and unemployed youth. Solanki told *Business Standard* they have now started online courses to scale up this project to the global level. "I visited 50 countries to sensitise the young generation who will be bearing the maximum burden of climate change. Their sensitisation and participation as solar ambassadors in climate mitigation efforts are important," he said. Solanki in March-April went to 50 countries including the headquarters of leading global companies such as Facebook and upcoming economies in the African continent. Inspired by Gandhi and also Anna Hazare later in his life, Solanki has based the programme on Gandhian principles — not mass production but production by masses is required. Though, the lamps now being disbursed under this programme are packaged with the photograph of Prime Minister Narendra Modi. Solanki has started another scheme in collaboration with the State Rural Livelihoods Mission to train self-help groups, especially women. The scheme is expected to generate an employment of 5,600,000 man-days for 18-20 months and 700 solar entrepreneurs in rural areas.