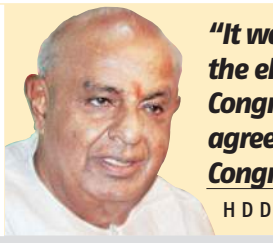



**"Politicians having criminal cases fight elections years after years. There's need for a system, a special bench to expedite those pending cases"**

M VENKAIHAH NAIDU, Vice President



**"It was the Congress which came to me after the election and persuaded us for formation of Congress-JD(S) government. Initially I did not agree but after prolonged persuasion by the Congress I accepted (the alliance)"**

H D DEVE GOWDA, Janata Dal (Secular) president



**"I appeal to the Punjab and Haryana governments with folded hands on behalf of the residents of Delhi to take strong steps and prevent Delhi from becoming a gas chamber. At our level, we are making all possible efforts and will continue to do so"**

ARVIND KEJRIWAL, Delhi chief minister

IN BRIEF

Bandhan Bank fined ₹1 crore for not bringing down promoter stake

The Reserve Bank of India (RBI) has imposed a fine of ₹1 crore on Bandhan Bank for not bringing down the promoters' stake in the bank to 40 per cent in the stipulated time period. "This action is based on the deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank," the RBI said in a release. The private lender was supposed to bring down the shareholding of its non-operative financial holding company, Bandhan Financial Holdings, in the bank to 40 per cent within three years of commencement of business of the bank.

BS REPORTER+

PMC depositors protest outside RBI office, seek payback

Depositors of Punjab and Maharashtra Cooperative (PMC) Bank continued with protests by agitating outside an office of the Reserve Bank in Mumbai on Tuesday, to demand payback of their stuck money.

PTI+

FinMin seeks details of land parcel from CPSEs for monetisation

The finance ministry has written to all ministries asking them to seek details of land parcel from CPSEs under their administrative control for monetisation, according to sources. The exercise is part of the government's efforts to meet disinvestment target of ₹1.05 trillion for the current financial year.

PTI+

Railways introduces OTP-based refund on cancelled tickets

To bring in transparency in ticket bookings done through authorised railway agents, the Indian Railway Catering and Tourism Corp (IRCTC) has launched an OTP-based system that will allow passengers to cancel tickets and get refunds using the password provided by the railways subsidiary. An IRCTC statement said this system would be applicable only to the e-tickets booked through its authorised agents.

PTI+

Process begins to appoint two whole-time Irdai members

The Centre has set in motion the process to appoint two full-time members for the actuarial and distribution positions in the Insurance Regulatory and Development Authority of India (Irdai). Sujay Banarji is now the whole-time member for distribution in Irdai and Pournima Gupte was the actuarial member. The terms of both the members will end in January. The posts that the government is looking to fill has a maximum five-year stint and comes with ₹4 lakh monthly compensation and does not include the facility of a house and a car. These two posts are crucial for vetting insurance product proposals filed with the regulator. Besides the chairman, Irdai has five full-time members on its board. Three others are for life, non-life, and investment. K Ganesh is the member for life insurance, T L Alamelu is for non-life insurance, and Pravin Kutumbe for finance and investment.

BS REPORTERS

DBS: Jobs confidence, not tax cuts, to push consumption spend

Amid speculation of an income tax cut, Singaporean bank DBS on Tuesday said confidence on jobs front was necessary to achieve long-term objective of pushing consumption spending. The government had last month announced a 10 percentage point cut in corporate taxes, to get Indian levies on par with others, to spur investments.

PTI+

Justice Sharad Bobde appointed 47th Chief Justice of India

Justice Sharad Arvind Bobde was on Tuesday appointed as the 47th Chief Justice of India, the Law Ministry said. Justice Bobde, 63, will take oath as the CJI on November 18, a day after incumbent Ranjan Gogoi demits office. He will have a tenure of 17 months and would demit office on April 23, 2021.

PTI+

Air quality drops to 'severe' category in many parts of Delhi

The skies over the national Capital were a smoky grey on Tuesday as the sun struggled to shine through the haze with the air quality deteriorating and slipping into the "severe" category in several places in the city.

PTI+

NTPC may buy THDC, Neepco for ₹8,000 cr

Govt hopes non-tax revenue items, divestment can help it make up for some of tax shortfall in a slowing economy

ARUP ROYCHOUDHURY & SHREYA JAI  
New Delhi, 29 October

Power major NTPC is likely to acquire the central government's stake in two unlisted state-owned power companies, THDC and Neepco, *Business Standard* has learnt.

While the Centre is in the process of appointing transaction and legal advisors and asset valuers for the 'strategic sale' of the two companies, internal calculations show that the deals could fetch the exchequer around ₹8,000 crore.

The Centre holds a 100 per cent stake in Neepco, which operates and maintains power stations in the Northeast region, and 75 per cent in THDC. The remaining stake in the company is held by the Uttar Pradesh government. Only the Centre's



stake is being sold in THDC.

The Department of Investment and Public Asset Management faces its highest divestment target of ₹1.05 trillion for 2019-20. With slowdown impacting tax revenues, the government hopes that non-tax revenue items like dividends and telecom revenues, and divestment can help it make up

STRATEGIC SALE

- THDC, Neepco marked for PSU-to-PSU sale
- The Centre holds 100% in Neepco, which operates and maintains power stations in the Northeast region
- While the government has 75% stake in THDC, the remaining is held by Uttar

Pradesh government. Only the Centre's stake is being sold in THDC

■ Officials say acquisitions fit well with NTPC's long-term plans

■ The firm looks to acquire other energy sources, including clean energy

for some of the tax shortfall. In its request for proposals to hire advisors, the Centre has made it clear that both THDC and Neepco are meant for sale to another public sector undertaking (PSU) under the power ministry. That PSU will be NTPC, subject to approval by the Union Cabinet, confirmed a senior official. Work on the con-

tours of the two acquisitions has begun and the deals are expected to be announced in the next few months.

"THDC and Neepco are the only two PSUs being earmarked for sale to another PSU this year. For all other strategic sale candidates like Bharat Petroleum, Air India, Shipping Corp, and Container Corp, it has been

Govt plans e-way bill on gold to check GST evasion

DILASHA SETH  
New Delhi, 29 October

The government is thinking of introducing the e-way bill on the movement of gold to plug evasion and arrest declining goods and services tax (GST) collections.

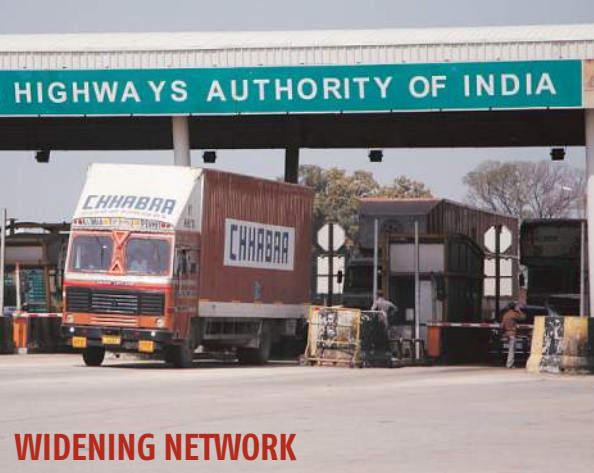
To ensure that movement of gold is not tracked by robbers or other anti-social elements, an encrypted version of e-way bill is being considered by a panel comprising central and states officials.

"The e-way bill on gold is being examined by the law committee as a measure to tighten enforcement amid reports of GST evasion. But at the same time, it will not be easy amid security concerns. To address that, an encrypted version is being discussed," said a government official.

Currently, the movement of gold is excluded from the e-way bill system.

Kerala has pitched for its inclusion in the e-way bill system. According to Kerala, in the pre-GST regime, the revenue collected from tax on gold was approximately ₹630 crore a year, at an effective tax rate of 1.25 per cent, as the state had composition scheme. However, at the existing 3 per cent GST on gold, the revenue earned was just ₹244 crore last year.

Kerala is of the view that it is very easy for dealers to carry gold in suitcases and make a sale on the customer's premises. The matter was also discussed in the GST Council meeting in June. Haryana has also pitched for implementa-



WIDENING NETWORK

■ E-way bill introduced on April 1, 2018, for inter-state movement of goods worth over ₹50,000

■ The bill for movement of goods intra-state was introduced phase-wise. The roll-out was complete on June 3, 2018

■ The bill is not introduced for movement of gold because of

security reasons. Now, some states are pitching for its inclusion, fearing tax evasion

■ The government is working on measures to plug tax evasion

■ Law committee, comprising central and states officials, deliberating over the issue

tion of an encrypted e-way bill within a fixed time.

"This might be a good way to address the security concern around movement of gold and help plug the tax leakage. However, given the nature of the commodity, administrat-ing the e-way bill mechanism may not be easy, given that transportation may not require bigger vehicles. In this sector, incentivising the customers to purchase on payment of tax is also very important," said Pratik Jain, partner, PwC India.

According to the report on revenue neutrality by former

chief economic advisor Arvind Subramanian, the expected revenue from gold at 5 per cent tax was ₹10,000 crore.

Abhishek Jain, tax partner at EY, said: "Where the security concerns are well addressed through technology, implementation of e-way bills should help check tax evasions on supply of gold."

The government had introduced the e-way bill system in 2018 for movement of goods worth over ₹50,000 inter-state and intra-state.

"The e-way bill has played a major role in curbing certain

leakages in the GST chain. Going forward, encrypted e-way bills for high-value products, further linkages with invoices for assessment, and input tax credits should be expected," said M S Mani, partner at Deloitte India.

Some members of the law committee are, however, of the view that some other measures of enforcement must be arrived at other than an e-way bill, as it could lead to security breaches.

Besides, the threshold of ₹50,000 was too low for a precious metal like gold. At today's rate, ₹50,000 will mean only 12-15 gms of gold.

GST collection fell to a 19-month low in September this year at ₹91,916 crore, which was 2.67 per cent lower than in the corresponding month a year ago and 6.4 per cent lower than ₹98,202 crore in August. This prompted the government to constitute a committee of officers to discuss ways for revenue augmentation.

The 12-member panel, which has five members from the Centre and states each, is also looking into issues such as systemic changes in GST to prevent misuse, measures for expansion of the tax base, improved compliance monitoring, and anti-evasion measures using better data analytics and administrative coordination.

The government is also working on tax evasion plugging measures, including new return formats, an e-invoicing system, and mandatory e-ticketing for movie theatres, among others.

Panel discusses possibility of easing FDI policy

PRESS TRUST OF INDIA  
New Delhi, 29 October

An inter-ministerial group on Tuesday held discussions on the possibility of further easing foreign direct investment (FDI) norms in different sectors with a view to attracting overseas investors, an official said.

The meeting was chaired by Department for Promotion of Industry and Internal Trade (DPIIT) Secretary Guruprasad Mohapatra.

Officials from different ministries, including defence, home affairs, information and broadcasting, electronics and IT, and finance, attended the meeting, the official said.

The department is looking at relaxing the norms in those sectors where currently 100 per cent FDI is not permitted through automatic route.

Foreign investment is allowed through automatic route in most of the sectors, but in certain areas such as defence, telecom, media, pharmaceuticals and insurance, government approval is required

In some sectors like telecom, insurance, banking, and media, there is a cap on FDI



FURTHER RELAXATION

■ Inter-ministerial panel is looking at relaxing norms in the sectors where currently 100% FDI is not permitted through automatic route

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■ In some sectors like telecom, insurance, banking, and media, there is a cap on FDI

tery, gambling and betting, chit funds, nidhi company, realty, and manufacturing of cigars, cheroots, cigarillos, and cigarettes using tobacco.

Recently, the government relaxed FDI norms in several sectors like single-brand retail trading, contract manufacturing and coal mining.

Finance Minister Nirmala Sitharaman in her Budget speech in July had proposed relaxation in the FDI norms for sectors such as aviation, AVGC (animation, visual effects, gaming and comics), insurance, and single brand retail.

Limited spectrum may hamstringing merged state-run telco

SUBHOMOY BHATTACHARJEE  
New Delhi, 29 October

There is a hitch in the government's plan to allot additional 4G spectrum or airwaves to BSNL and MTNL.

There simply isn't that much spectrum available to be allotted to them unless there is policy support for an unconventional decision.

The government release on Wednesday noted it would provide an "administrative allotment of spectrum for 4G services to BSNL and MTNL so as to enable these PSUs to provide broadband and other data services".

Given the type of mobiles in the market and the technology available off the shelf for these two state-run companies, this would mean making the best use of the 2100 ecosystem.

This is the best and the only feasible spectrum for the merged company to offer 4G services.

Incidentally, 4G service in telecom parlance means making the available data at speeds that are up to 10 times faster than what 3G can provide.

Given the huge demand for video-based services, a 4G-based ecosystem today is regarded essential to keep them satisfied.

Telecom waves travel at the speed of

light. The higher the frequency range or band, the shorter is the wavelength. While sound or voice travels best at levels like the 800, 900 and 1800 bands, telecom companies have learnt to use lower and higher frequencies to provide data services.

BSNL, as the chart shows, has been saddled with the responsibility to provide primarily voice services and has

its maximum airwave holdings in the 800, 900 and 1800 bands. To offer data service to customers, the company needs to be present in the 2100 or the 700 MHz bands, but those pieces of real estate have already been gobbled up by competitors.

BSNL has a nice piece of real estate in the 2500 band, but doesn't have the

engineering capacity to farm it. Also there are hardly any mobiles that can make use of it, which means the allotment is useless.

In the 2100 band, the company has just about 5 MHz in each telecom circle or region of India (see table). To provide a seamless data service in this band, one needs at least 10 MHz, according to all telecom textbooks. But even if the government were to try to provide the additional 5 MHz band free, it will not help because of two constraints.

First, the available pan-Indian free



SPECTRUM PLAY

Band	Holdings of Mhz by BSNL/MTNL	Circle/Mhz	1944-49	1949-54	1954-59	1959-64	1964-69	1969-74
		Andhra Pradesh	Airtel	Free	BSNL	Voda	Aircel	-
		Karnataka	Airtel	Free	Vodafone	Free	BSNL	Vodafone
800	1.25 to 2.5	Delhi	Airtel	Free	Vodafone	MTNL	Free	Jio
900	0.76 to 6.2	Mumbai	Vodafone	Free	Jio	MTNL	Free	Airtel
1,800	0.76 to 3.8	Western UP	Vodafone	Airtel	BSNL	Free	Aircel	-
2,100	5 to 9.86	Tamil Nadu	Vodafone	Airtel	BSNL	Free	Aircel	-
2,500	9.85 to 10	Gujarat	Airtel	Free	BSNL	Vodafone	-	-

inventory of this band is only 275 MHz. The availability per circle is not more than 20 MHz at best and usually less at 15 or 10. To prise out 5 MHz in each circle —

the minimum required to make BSNL data services — implies there will be no possible auction of any airwaves from this band in future.

Secondly, even if it were done, BSNL will not get contiguous bands. For instance, in congested circles like Delhi, Mumbai, and Western Uttar Pradesh, each of the companies — Airtel, Vodafone, or BSNL (MTNL) — is standing virtually on each other's feet, so intense is the demand for airwaves. As the table shows, the promised additional blocks of 5 MHz in each of the circles will be spread in different reaches of the band. It will be like driving in one lane in one city and then hopping across to another lane in another city. Thanks to mergers and acquisitions within the telecom sector, the others have mostly solved this problem. Still despite the harmonisations, Indian consumers still perceive their data quality to be poor. BSNL has not even begun to walk this route.

A third option is to provide the public-sector company a space in the 700 MHz band. But this is a new playground for emerging technologies. The government expects to make massive gains from auctions in this band, which will be considerably reduced if BSNL has to be accommodated here. Also the state-owned company will have to struggle with a far higher level of capital expenditure to claim any success here. Surprisingly without considering these constraints, in the past couple of years, Anupam Shrivastava, as chairman, had signed ambitious MoUs with Ericsson,

Nokia, and Cisco to offer support to their 5G-enabled device-manufacturing plans in India. So even with the additional spectrum, BSNL's 4G service will not take off, despite a higher capital expenditure, which will come from the government books.

While Telecom Department Secretary Anshu Prakash has said the spectrum to make 4G services viable will be allocated through administrative routes to both BSNL and MTNL within a month, it might be worth considering an alternative. But it would need the telecom department to strike out on novel path.

After a massive analysis of the available spectrum, industry analyst Parag Kar has suggested in his blog a switch of spectrum holdings between Vodafone and BSNL in the 2500 and 2100 bands. He shows that while 2100 is crowded, the 2500 band is fragmented and broken into two parts spaced out by a gap of 80 MHz. BSNL does not have the ability to use 2500 but Vodafone can. So there can be a switch, which "will be beneficial for BSNL, as they will get 4G spectrum in 2100 MHz spectrum in lieu of this band (2500), which they are not using and some of which they had already returned in the past, thereby greatly enhancing the utilisation of spectrum".

Series concludes