



**"We are inching towards government formation. The picture will become clear in the next two days and a popular government led by the Shiv Sena will be in place by December"**

SANJAY RAUT  
Shiv Sena leader



**"The BJP had promised to build the country, but they are working to make India's best organisations hollow and sell them. Sad"**

PRIYANKA GANDHI  
Congress leader



**"There is no such proposal with the government for linking Aadhaar with social media accounts of individuals"**

RAVI SHANKAR PRASAD  
Information technology minister

IN BRIEF

3 Rafale jets handed over to India



Three Rafale fighter jets have been handed over to the Indian Air Force and are being used to train IAF pilots and technicians in France, the government said on Wednesday. India and France had signed an €7.87-billion (₹59,000 crore approximately) deal in September 2016 for 36 Rafale jets. While the first Rafale jet was handed over to India on October 8, the first batch of four Rafale jets will arrive in India by May 2020

CIL to develop 55 new coal mines in 5 yrs: Minister

State-owned CIL will develop 55 new coal mines and expand 193 existing ones in the next five years, Parliament was informed on Wednesday. The company is also undertaking portal-based monitoring of ongoing projects to ensure their timely completion. A new project on an unused land is called a greenfield project while the existing one that is modified or upgraded is called a brownfield project.

SC asks Kerala to form new law for Sabarimala temple

The Supreme Court on Wednesday asked the Kerala government to come out with an exclusive legislation regarding the administration of the historic Sabarimala temple. A Bench headed by Justice NV Ramana asked the state to place before it by third week of January next year the legislation, also covering the aspects of welfare of pilgrims visiting there. The draft law also proposes to give one-third representation to women in the temple advisory committee.

RBI imposes ₹1.75-cr fine on Indian Bank for non-compliance

The RBI has imposed a penalty of ₹1.75 crore on Indian Bank for non-compliance with its various directions. The non-compliance included opening of savings bank accounts of a co-operative society and non-adherence with directions on Know Your Customer (KYC)/Anti Money Laundering (AML) norms; window dressing of the balance sheet as on March 31, 2018 by loan disbursement amounting to ₹508.28 crore; and delayed reporting of the frauds.

Moody's assigns Baal to ONGC's proposed senior unsecured notes

Moody's Investors Service on Wednesday said it has assigned a 'Baa' rating to the proposed senior unsecured notes to be issued by Oil and Natural Gas Corp under its \$2 billion medium-term note program. The outlook on the rating is negative, Moody's said. The rating reflects ONGC's position as the largest integrated oil and gas firm in India with significant reserves, production and crude distillation capacity as also its substantial operating cash flow generation capacity.

Bank credit grows by 8.07%, deposits 9.92%: RBI data

Bank credit grew by 8.07 per cent to ₹98.47 trillion in the fortnight ended November 6, according to the recent RBI data. In the similar fortnight last year, the advances have stood at ₹91.11 trillion. In the previous fortnight ended October 25, 2019, bank credit had grown by 8.90 per cent year-on-year to ₹98.39 trillion. Bank deposits in the fortnight ended November 8 increased by 9.92 per cent to ₹129.98 trillion from ₹118.257 trillion a year ago, RBI data showed. Deposits had grown by 10.25 per cent to ₹129.78 trillion in the fortnight ended October 25. On a year-on-year (y-o-y) basis, non-food bank credit growth decelerated to 8.1 per cent in September 2019 from 11.3 per cent in September 2018.

Didn't get GST dues, planning legal action: States

Central govt official says will release funds before end of this month

DILASHA SETH & ARUP ROYCHOUDHURY  
New Delhi, 20 November

Some states are considering legal recourse against the Centre for delay in releasing the bi-monthly goods and services tax (GST) compensation, according to Kerala finance minister Thomas Isaac.

Rajasthan, Delhi, West Bengal, Punjab and Kerala issued a joint statement on Wednesday, after the empowered committee meeting of state finance ministers, urging Union Finance Minister Nirmala Sitharaman to release the compensation 'without any further delay.'

The states were supposed to receive the compensation for GST revenue shortfall for August and September, sometime in October.

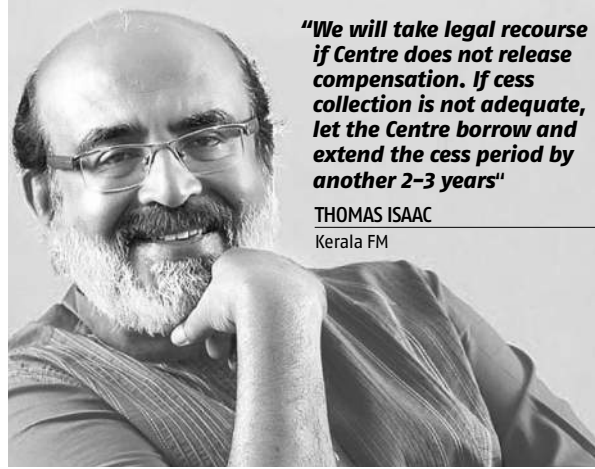
"No explanation whatsoever has been furnished for this

delay of nearly one month," the joint statement said. States are facing acute pressure on fiscals and some are already resorting to ways and means or overdrafts," it further said.

Rajasthan's outstanding compensation dues stand at ₹4,400 crore, while Punjab's is ₹2,100 crore, Delhi's ₹2,355 crore, Kerala's ₹1,600 crore and West Bengal's is ₹1,500 crore.

Business Standard has learnt from a senior government official that the Centre will release pending compensation funds before the end of November. "We will release the funds soon. There is usually a delay around this time of the year as internally we shift our projections from budgeted estimates to revised estimates. The pending compensation funds will be released soon," the official said.

"There isn't even a dispute mechanism available within



**"We will take legal recourse if Centre does not release compensation. If cess collection is not adequate, let the Centre borrow and extend the cess period by another 2-3 years"**

THOMAS ISAAC  
Kerala FM

the GST framework to raise such a concern," Punjab finance minister Manpreet Baddal told this newspaper.

Bihar deputy chief minister Sushil Modi, who did not attend the meeting, said the dues of states must get cleared at the earliest. "Even if there is going to be a shortfall in the compensation fund, it should arise in the last two months of

the fiscal and not now. There must be some procedural reason for the delay, which the Centre should explain to the states," said Modi.

Compensation is released to states on a bi-monthly basis, with the latest compensation of ₹28,000 crore disbursed in August.

Incidentally, cess collections under the GST to com-

pensate states for the revenue loss have fallen short of the requirements in the current fiscal year on account of a slowdown in demand.

Compensation cess is levied on a few items in the 28 per cent GST slab, such as automobiles, cigarettes and aerated drinks.

Kerala's FM said that not releasing compensation could be the Centre's pressure tactics to revisit the compensation package promised to states under GST, which assumed a growth rate of 14 per cent in revenues.

"We will take legal recourse if the Centre does not release compensation. If cess collection is not adequate, let the Centre borrow and extend the cess period by another 2-3 years," said Isaac.

There was a shortfall of around ₹24,000 crore between the GST compensation cess collected till July and compensation disbursed to states to meet revenue shortfall.

Slowdown in the auto sector contributed significantly to

the bleak compensation cess collections. States were promised a compensation for 5 years since GST's implementation to make up for the revenue shortfall, if any, since states lost autonomy over indirect taxes.

Around ₹41,000 crore was collected till July this fiscal, against ₹65,000 crore worth of disbursements to states. The shortfall was met by the surplus of the previous fiscal year.

"States are requiring about ₹13,000-14,000 crore a month against ₹8,000 crore being collected by way of compensation cess," said a government official.

In fact, states are expected to demand an extension of the compensation period by another three years, beyond the stipulated 2021-22.

GST collections plummeted to a 19-month low in September at ₹91,916 crore, and remained well under the ₹1 trillion-mark for the third straight month in October at ₹95,380 crore, which is 5.3 lower than the corresponding month last year.

DoT may again seek Trai's view on waves

MEGHA MANCHANDA  
New Delhi, 20 November

The department of telecommunications (DoT) may again approach the Telecom Regulatory Authority of India (Trai) for reviewing its recommendations on the quantum and pricing of spectrum to be offered in the airwave auctions, scheduled for the current financial year (2019-20).

Bharat Sanchar Nigam (BSNL) has asked the Centre to reserve the 100 MHz quantity of 5G spectrum. The company, which expects to roll out its 4G services by the end of 2020, wants the airwaves to be reserved for later use.

In October, the regulator suggested that DoT give 5 MHz spectrum in the 700 MHz band to the railways for its captive use to offer services like public safety and security services, but not allow it to use the airwaves for commercial purposes.

"If these two aspects are taken into account, there won't be enough spectrum in the 5G band and the 700 MHz to be offered for auctions," an official told Business Standard.

He added that companies have already expressed their reservation for the proposed 5G auctions, citing financial concerns.

Experts also feel that the telecom industry is not ready for an auction and the government can instead



BSNL has asked the Centre to reserve the 100 MHz quantity of 5G spectrum

explore other ways of making available the airwaves to companies.

"The government should think out-of-the-box, as the sector is in a dire situation. It is a challenge to hold auctions in the current scenario," said Hemant Joshi, partner for technology, media and telecom leader, Deloitte India.

All the three private telecom service providers — Bharti Airtel, Vodafone Idea and Reliance Jio — have expressed their reservation in bidding for the proposed 5G spectrum as the price was "too high".

These companies had said that the reserve price for 5G spectrum and the premium 700 MHz was high compared to international prices. The 700 MHz spectrum is considered premium because of its

better penetration indoors. The railways had urged the telecom department to reserve 15 MHz spectrum in the 700 MHz band for it, and 10 MHz be allocated free of cost.

The government then requested Trai to provide its recommendations on administrative allotment of spectrum to the railways and the quantum, price and appropriate frequency band for it.

The 700 MHz spectrum went unsold in the 2016 auctions as the operators felt that the base price was too high. Trai, in its recommendations for the upcoming auctions, reduced the price of this spectrum by 40 per cent to ₹6,568 crore per MHz all-India from ₹11,485 crore in 2016.

AP blames Naidu for power arrears

State asks Centre to give subsidised loan to meet ₹18,000-crore dues

SHREYA JAI  
New Delhi, 20 November

The Andhra Pradesh government has blamed the previous regime for the loss-making status of the power sector in the state. The Minister of State for Power, Forests and Science, Balineni Srinivasa Reddy, has said the state has to pay arrears not only to non-conventional fuel companies, but also to other power companies.

"More than ₹18,000 crore of arrears have to be paid for the last 16-18 months. N Chandrababu Naidu (former chief minister) is responsible for the current situation," the minister said in an emailed statement to Business Standard.

Reddy also said the state government has asked the Centre for subsidised loans to pay these arrears and the request is under consideration. "Chief Minister YS Jagan Mohan Reddy is implementing non-corrupt and transparent policies and there will be a resurgence of power sector with his policies," he said.

Reacting to reports of global financiers threatening to take the state to international arbitration, he said it is a "false propaganda" and that no deal has been cancelled with any company



**"We proceed in accordance with the law and payments are being made in line with the directions of the HC"**

BALINENI SRINIVASA REDDY  
Minister of State for Power, Forests and Science

and procurement of electricity has not been stopped from any company with which agreements are made.

"We proceed in accordance with the law and payments are being made in line with the directions of the Hon'ble high court and we will implement the decisions of the Electricity Regulatory Commission as directed by the high court," said Reddy.

Business Standard recently reported that the current government has taken a cue from a pending direction of the Andhra Pradesh State Electricity Regulatory Commission (APERC), which wrote to the power department asking to review the tariff of renewable energy and reduce the purchase time duration to five years from 25.

Officials in the current government said they are abiding by the regulator's request, which was "ignored" by the predecessor. "Our decision to review and negotiate tariff is not suo moto. It is what the APERC also mandated. We set up a committee to look into the renewable PPAs (power purchase agreements) and final decision would have rest with the regulator," said a senior state government official.

IRFC, World Bank may fund ₹1-trn plan to upgrade railway stations

SHINE JACOB  
New Delhi, 20 November

The government's ambitious ₹1-trillion station redevelopment programme is likely to get funding from the Indian Railway Finance Corporation (IRFC) and the World Bank.

According to multiple sources close to the development, the Indian Railway Stations Development Corporation (IRSDC), the nodal agency for station redevelopment in the country, is in the final stages of securing a ₹541-crore loan from IRFC. This amount will be used for Anand Vihar, Bijwasan and Chandigarh stations. It will be the first such move by IRFC, the borrowing and financing arm of the Indian Railways, to finance station redevelopment.

Discussions are also on with the World Bank for funding of some other railway stations.

Earlier this year, IRSDC came out with a list of stations inviting private equity players and pension funds for partnerships to fund redevelopment of at least 10 high-potential stations. According to the Railways sources, major players including Macquarie, CDPQ Private Equity, National Investment and Infrastructure Fund and sovereign funds are likely to be part of the exercise.



**50** Number of stations being taken up initially

**₹20,000 crore** Estimated investment

**HABIBGANJ AND GANDHI NAGAR:** Stations where work has started\*

**\*70%** civil work is completed at Habibganj and 82% at Gandhi Nagar

Sources say funds are now looking at more concessions in commercial redevelopment.

"IRSDC has informed the Railways that it is unbundling its business into three verticals — station redevelopment, station operations and management and finally commercial redevelopment. For the station redevelopment component, IRSDC will be taking loan from IRFC," said a gov-

ernment official.

The ₹541-crore loan from IRFC is expected to be repaid through land monetisation. The government's plan was to redevelop at least 600 stations at an investment of ₹1 trillion.

Of this, around 50 stations are being taken up by IRSDC immediately with an investment of around ₹20,000 crore.

"What IRSDC is working on is not a loan model. In this

case, equity in stations will be leveraged to raise debt," said an industry source. As part of the new operations and maintenance vertical, IRSDC has recently taken up the operations and management of five stations — Anand Vihar, Chandigarh, Secunderabad, Pune and Bengaluru city.

Currently, redevelopment work is going on at two stations — Habibganj and Gandhinagar — which are expected to be commissioned by February and March, respectively. Since IRSDC has no project development fund, it had recently tied up with five public sector undertakings — NPCC, Engineering Projects, MECON, RITES, Bridge & Roof Co — allocating to them the planning and feasibility work for 39 stations.

"Initially, they are putting in their money. Once the contracts are awarded, they will be getting a share of the premium," the government official added. However, IRSDC has cautioned them that if the contract is not awarded in three years, they will be paid an 8 per cent return on the expenditure.

Interestingly, some state governments like Odisha have approached IRSDC for redevelopment stations like Bhubaneswar "highlighting the state's culture" by themselves.

Cube Highways to get third lot of TOT projects with ₹5,000-cr bid

MEGHA MANCHANDA  
New Delhi, 20 November

Singapore-based Cube Highways is set to get the third bundle of highway projects — offered under the toll-operate-transfer (TOT) model by the National Highways Authority of India (NHAI) — after emerging the highest bidder by quoting a ₹5,011-crore fee, said sources on Wednesday.

The National investment and Infrastructure Fund placed a ₹4,230-crore bid, while Mumbai-based IRB Infrastructure Road Developers quoted ₹3,510 crore for the projects.

The authority had estimated around ₹4,995 crore from the monetisation of this tranche of 566 km of highways, sources said. The first bundle of the monetisation programme gave the NHAI ₹9,682 crore.

The second bundle was cancelled last year after the response was lukewarm and the bids were below the base price. The bids for the third bundle were invited on June 13 this year, and the last date for the submission was September 11. Nine highway stretches of 566.27 km in Uttar Pradesh, Bihar, Jharkhand, and Tamil Nadu are on offer in this bundle.

Several more bundles will be offered in the months to come, the NHAI had said at the roadshow for the third lot. CRISIL Infrastructure Advisory was the transaction advisor for this tranche.

The government is banking on the TOT model for monetisation of completed road stretches. These contracts



The first bundle of the monetisation programme gave NHAI ₹9,682 crore

require private operators to manage and maintain roads while collecting toll on them. Since these are constructed projects, there is no construction or road acquisition risk involved in the contracts.

The first tranche of nine projects — totalling 680 km of roads in Andhra Pradesh and Gujarat — was awarded in 2018. It got huge interest from foreign investors.

TOT bundle-I was awarded to Macquarie for ₹9,681 crore, which was 1.5 times the estimate.

The second lot of over 586 km spread over four states — Rajasthan, Gujarat, West Bengal, and Bihar — with 12 toll plazas across four highways was also offered last year.

The TOT model has been developed to encourage private participa-

tion in the highways sector. Under this, the concessionaire pays a one-time concession fee upfront (lump sum). This then enables the concessionaire to operate and toll the project stretch for a pre-determined 30-year concession period.

On August 3, 2016, the Cabinet authorised the NHAI to monetise public-funded national highway projects that are operational and are generating toll revenues for at least two years.

The transport sector had been allocated an enhanced outlay of ₹83,000 crore in the Union Budget for development of roads and highways. The remaining funding requirement is to be met through direct investment by private companies or the monetisation programme.