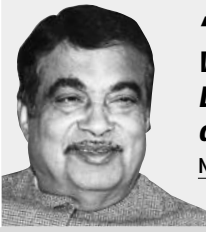


"Despite global recession, India has not been impacted because as compared to other countries, India's consumer demand is comparatively better. We will definitely come out of this difficult situation"

RAJNATH SINGH
Defence minister



"The mission is to create 50 million jobs... We are giving attention to the economy. Developing infrastructure, rural agriculture and tribal development is also our priority"

NITIN GADKARI
Union minister for road transport, highways and MSME



"A lot of progress has been made in the areas of foreign policy and defence between our two countries (India and the US) and we are looking forward to a highly qualitative meeting"

HARSH VARDHAN SHRINGLA
Indian Ambassador to the US

IN BRIEF
Prasad launches ₹7-trn mission to provide rural internet access

The government on Tuesday launched the National Broadband Mission to provide broadband access to all villages by 2022, at an estimated stakeholder investment of ₹7 trillion. The mission, launched by Communications Minister Ravi Shankar Prasad, will facilitate "universal and equitable access to broadband services across the country, especially in rural and remote areas". An incremental 3 million route kilometres of optical fiber cable is planned to be laid, while tower density is expected to increase from 0.42 to 1 tower per thousand of population by 2024. Setting up a National Broadband Mission was part of the plan chalked out by the National Digital Communications Policy 2018, which would be funded by the Universal Service Obligation Fund (USOF) and public private partnerships. For the mission, of the ₹7 trillion investment expected from stakeholders, ₹70,000 crore will come from the USOF. Prasad called upon the industry to partner in the initiative. "By 2022, we will take broadband to all the villages of India...The number of towers in the country which is about 565,000 will be increased to 1 million," Prasad said.



NEHA ALAWADHI

BSNL eyes ₹1,300 cr savings after VRS becomes effective



State-owned Bharat Sanchar Nigam (BSNL) said on Tuesday 78,569 employees had opted for the voluntary retirement scheme (VRS), and added that it expected to save ₹1,300 crore in wage bills this fiscal year after the scheme becomes effective in January. "On the VRS, on January 31, 2020, it will be effective. Our goal is that people who have applied for VRS, their application should be considered and approved..." BSNL Chairman and Managing Director P K Purwar told reporters.

Chhattisgarh: NMDC gets extension of lease for 4 mines

The Chhattisgarh government has extended leases of NMDC's four mines in the state, to avoid interruptions in iron ore supply to the steel sector. The lease of the mines were due for extension in March 2020, an NMDC official said. NMDC operates three iron-ore complexes in the country. Two are in Dantewada district of Chhattisgarh - sharing major proportion of company's total output and one is located in Karnataka's Donimalai.

FAIFA wants tax policy for illegal cigarette trade

A day before the GST Council meeting, farmers' body FAIFA on Tuesday asked the government to have a taxation policy that disincentivises cigarette smuggling in India. The Federation of All India Farmer Associations (FAIFA), which claims to represent farmers of commercial crops from various states.

ADB, India sign pact for \$250-mn loan to EESL

The Asian Development Bank (ADB) has signed a \$250-million loan agreement with the Centre to expand energy efficiency investments in India, according to an official statement. The loan agreement to provide loan to Energy Efficiency Services (EESL) was signed on Monday. In addition to this, \$46 million financing will be provided from the Clean Technology Fund that will be administered by the ADB.

Fitch removes BoB viability rating from 'Watch Negative'



Fitch has removed Bank of Baroda's (BoB's) viability rating from "Rating Watch Negative" as its asset quality has remained broadly stable in the six months since the merger. Two state-owned banks - Dena Bank and Vijaya Bank - merged with BoB from April 2019. However, its overall performance is expected to remain subdued, given the weak macro environment and potential stress in the non-bank and real estate sectors in India.

122 farmer suicides in MP, debt reason only in 1 case

As many as 122 farmers ended their life in Madhya Pradesh since January and debt burden was the cause only in one case while in other instances illness, addiction, family feuds or person losing "mental balance" were the reasons, the state government has said. The Kamal Nath-led Congress government, which completed one year in office on Tuesday, gave the information in the Legislative Assembly.

After NEFT, RBI plans to make RTGS 24x7

ANUP ROY
Mumbai, 17 December

After making the National Electronic Funds Transfer (NEFT) 24x7, the Reserve Bank of India (RBI) is planning to make its real-time gross settlement (RTGS) system available round the clock, according to sources familiar with the matter. This could become a reality in a month or two, said a source. RTGS is used to transfer large sums, the minimum amount being ₹2 lakh. This mode is used primarily to facilitate trade and market transactions. As of November, 229 banks, including scheduled commercial and cooperative banks, were offering this service with total value of transactions reaching ₹86.8 trillion in November. Once this mode is made available



HOW IT WILL HELP

- Real-time gross settlement is used to transfer large sums, the minimum amount being ₹2 lakh. This mode is used primarily to facilitate trade and market transactions
- The move, once made available, will enable round-the-clock transfers and settlements in

- the international financial centre
- Domestic market will likely continue to function as per normal market hours
- It will be a good enabling factor for business and capital market activities, and act as precursor to full rupee convertibility in future

round the clock, vast opportunities open up. "This will enable round the clock transfers and settlements in the international financial centre to start with this. Thus, a great bottleneck will be removed," said a senior banker

requesting anonymity. The domestic market, though, will likely continue to function as per normal market hours, but an international financial centre operates round the clock in such markets where investors could be taking posi-

tions in assets in the opposite end of the globe. No doubt, the primary beneficiary would be the capital markets. "It would be a good enabling factor for business and capital market activities. And this could act as precursor to

full rupee convertibility in future," said Soumyajit Niyogi, associate director at India Ratings and Research. According to Ashvin Parekh, a financial sector expert, a 24x7 transaction system gives a huge push to trade and commerce. "This will be creating a good infrastructure to go in sync with the rest of the world who could be working. Already you can do real-time transfers for retail payments, if RTGS comes too becomes round the clock it would be a big help," Parekh said. The RBI has already waived off its fees for clearing NEFT transactions, and for outward transactions using RTGS. On Monday, the RBI said banks should not charge their savings bank customers for using NEFT even as the system remains operational throughout the day and night.

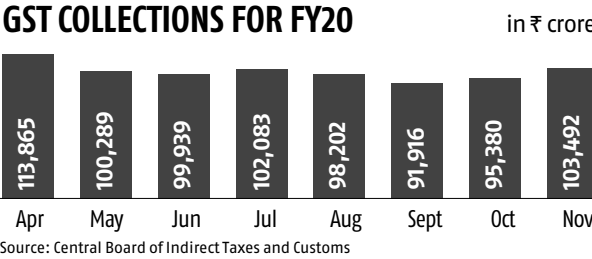
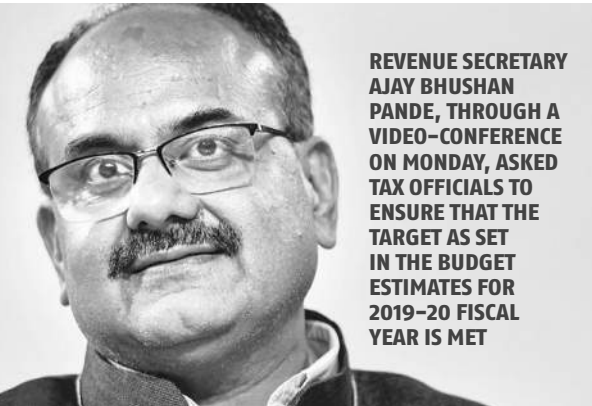
Govt sets ₹1.1-trn monthly GST target for tax officials

Four of eight months in this fiscal year have delivered less than ₹1 trillion

INDIVIAL DHASMANA
New Delhi, 17 December

The department of revenue has estimated an average of ₹1.1 trillion a month as its target for goods and services tax (GST) collection during December-March 2019-20, with one of the months yielding ₹1.25 trillion, which is higher than the collection so far. Revenue Secretary Ajay Bhushan Pandey held a video-conference with members of direct and indirect tax boards and field formations on Monday and asked direct tax officials to ensure that the target of ₹13.5 trillion from corporation and personal income tax, set in the Budget Estimates for 2019-20, was met despite the government overhauling the corporation tax regime.

It is estimated the exchequer will take a hit of ₹1.45 trillion owing to the cuts, but it was clarified to the officers that this should not be taken as an excuse for a lower target, finance ministry sources said. In a recent interview to a news channel, Pandey had said the department was working on the truncated target of ₹11 trillion of direct tax collection after



taking into account the ₹1.45-trillion hit. Four of the eight months in the current fiscal year have delivered less than ₹1 trillion GST and the mop-up has not reached ₹1.10 trillion in any of the months.

The revenue augmentation

committee of officers will give a presentation to the GST Council on Wednesday about increasing revenues.

Sources said GST officers were told to take action such as blocking e-way bills, holding up input tax credit, and cancelling

registrations if any units did not file GST returns. Companies and traders have been advised to ask their suppliers to file timely GST returns, and if they do not do so, buyers may not get input tax credits on supplies. Also, the data from GST returns will be provided to the Income Tax Department so that cases of suppressing turnover and income tax can be detected. Further, there will be a drive to recover arrears during the next three months.

Sources said the revenue department was taking measures to augment collection in the last four months of the fiscal year and asked senior officers, including principal chief commissioners and chief commissioners, to achieve their targets both for direct and indirect taxes.

The officers were urged to make field visits every week. The revenue secretary will visit regions every weekend to monitor work, sources added. Officers were urged to ensure no taxpayer was troubled.

Departments will share information on GST, income tax, and other financial deals of tax evaders.

Industry demands measures to boost exports

PRESS TRUST OF INDIA
New Delhi, 17 December

Finance Minister Nirmala Sitharaman on Tuesday held discussions on regulatory environment affecting private investment and measures for promoting exports in a pre-Budget consultation with stakeholder groups from industry, trade, and services sectors. The groups submitted suggestions on reduction of compliance burden and tax litigation, allowing self-certification in low-risk sector, decriminal-

isation of tax and company laws. They sought reduction of cost of equity capital, simplification and rationalisation of duties and labour laws, adoption of global standards of alternative dispute resolution, export development funds for helping MSME exporters and ease of investment in manufacturing sector. "The main areas of discussion during the meeting included regulatory environ-

ment impacting private investment, measures for promotion of exports amidst rising protectionist tendencies, industrial production, logistics, media & entertainment services & IT & IT-enabled services among others," an official statement said.

The government should remove GST on agri-inputs, revamp crop insurance scheme, and

lease rental while fixing MSP and ban futures trade on agri-commodities are some of the suggestions made by farm experts during meeting with the Finance Minister on Tuesday. Measures to promote organic farming, cut in import duty from 30 per cent to zero on live embryo, animal and semen, tweaking of electronic National Agriculture Market and revisiting of Food Security Act were some other recommendations made during the meeting, headed by Finance Minister Nirmala Sitharaman.

City gas infrastructure will drive capex, credit demand

The last of a three-part series on credit pick-up looks at how the push for city gas is creating demand for development of gas infrastructure

AMRITHA PILLAY & SHINE JACOB
Mumbai/New Delhi, 17 December

City gas distribution (CGD), or the distribution of natural gas to consumers through a network of pipelines, is progressing in leaps and bounds. With the last two bidding rounds for CGD licences, nearly 70 per cent of the country's population has been covered. And this is translating into credit demand for the country's banking system. Currently, state-run oil companies dominate India's CGD segment, although conglomerates such as Adani Group are also stepping up their presence in it. According to industry experts, banks find it comfortable to lend to this sector owing to its strong borrower profile. With the completion of the

10th CGD bidding round, city gas will be available in 228 geographical areas, comprising 402 districts spread over 27 states and Union Territories and covering 53 per cent of its geographical area. Bharat Petroleum



GREEN SHOOTS IN CITY GAS
PART-III

Corporation (BPCL), Hindustan Petroleum Corporation (HPCL), GAIL, Torrent Power, Indian Oil Corporation and Adani Gas were some of the companies that won licences in the 10th round. "Given that most of the CGD projects are being executed by state-run oil companies or large corporate groups, banks are comfortable in funding these projects," said Debasish Mishra, partner at Deloitte Touche Tomhatsu. The push for city gas is also creating a greater demand for the development of an overall

gas infrastructure. According to one estimate, the country will see investments to the tune of around \$60 billion for a natural gas infrastructure - including pipelines and import terminals - by 2024. "With the recent change in policy, there is a push for creating a gas infrastructure. After the two recent rounds, there is a huge demand for services in city gas, CNG and PNG-related equipment, pipeline and also LNG segment," said BC Tripathi, former chairman of GAIL. He added that the government should consider banning pet-coke and furnace oil to boost the segment further. In terms of infrastructure, the two rounds are set to add 35,59,8324 km of piped natural gas connections and 7,205 compressed natural gas stations by March 31, 2029. What's more, 156,178 inch-km of steel pipelines are likely to be part of this infra-



structure. While the banking industry is hopeful that India's gas infrastructure business will fuel credit growth, some analysts have raised concerns over the aggressive bids that firms placed for certain licences in the last two rounds. Others opine that the large

size of the projects will help minimise risks. "These are infrastructure projects, where the investment is upfront, but cash flows are much superior. Given that by and large, there is a pass through for the cost of raw material, we do not see an issue,"

said an analyst with a domestic brokerage firm, who did not wish to be identified. The thrust on the CGD business is also well-timed since this is the fag-end of investments in refinery upgrades. "Reliance Industries' capital expenditure is now over.

IN DEMAND Investment

- India to invest \$60 billion in gas-based infra

City gas distribution coverage

- 10th round covered 50 geographical areas
- 9th round covered 78 geographical areas

Source: PIB, PNGRB

Successful bidders under 9th & 10th CGD bidding round

- Adani Gas, Bharat Gas Resources, GAIL Gas, Gujarat Gas, Hindustan Petroleum Corporation, Indian Oil Corporation, Indraprastha Gas, Rajasthan State Gas, Torrent Gas

Similarly, investments to upgrade refineries for meeting BS-VI standards are also behind us. So CGD is now likely to drive capex in the oil and gas sector," said the analyst quoted earlier. Tripathi hopes that there will be a retail gas revolution in the country. "The advantage is that now private players have also joined the fray," he said. In 2019, two foreign companies announced a fuel-retail tie-up in India: BP will partner RIL, while French major Total plans to tie up with Adani Gas for fuel retailing. But though city gas and retailing is expected to drive demand from the oil and gas segment, the quantum of investments is expected to remain modest. "At best, these CGD projects would need ₹10,000 to ₹20,000 crore investments every year for the next five years," said the analyst.

Series concludes