

RESERVE PRICE SET AT ₹5.22 LAKH CRORE

5G spectrum auction slated for Mar-Apr; DoT panel rules against reserve price cut

ENSECONOMICBUREAU
NEW DELHI, DECEMBER 20

THE DIGITAL Communications Commission (DCC) on Friday decided to accept all the recommendations made by the Telecom Regulatory Authority of India (Trai) on spectrum auctions, including on keeping the reserve prices for the sale of 8,300 mega hertz (MHz) spectrum at Rs 5.22 lakh crore.

The DCC, which is the top decision-making body of the Department of Telecommunications (DoT), said that upcoming auctions will be held between March and April next year, and will also offer for auction airwaves for 5G telephony services.

"The DCC has approved the Trai recommendations including that of not reducing prices. Trai has given detailed reasons, so DCC thought it fit to accept that," Telecom Secretary Anshu Prakash said. A Cabinet note for the approval of spectrum auction will be floated next month for getting approval from the Cabinet

EXPLAINED

Govt hopes telcos will bid, even as AGR dues remain

THE TIMING of the 8300 MHz spectrum auction could spark yet another debate as the incumbent telecom companies have raised concerns on their inability to participate in them. Of the three big telecom companies, Bharti Airtel and Vodafone Idea have to come up with Rs 43,000 crore and Rs 54,000 crore, respectively, within a month. The government has maintained that it expects participation from all players.

Committee on Economic Affairs.

The approval by DCC comes nearly two months after Union Telecom Minister Ravi Shankar Prasad had, while inaugurating the India Mobile Congress, assured industry leaders that the Central government was considering "pricing reforms in the sector", hinting at the reserve price for spectrum auction.

Of the three biggest telecom players in the country, both Sunil

Bharti Mittal-led Bharti Airtel and Mukesh Ambani-led Reliance Jio Infocomm have expressed their reservations about the high prices of 5G spectrum. While Bharti Airtel had said that the prices were too exorbitant, and they would not be able to participate in it, its rival Reliance Jio said that the government should look at optimal pricing of the 5G spectrum.

Vodafone Idea chairman Kumar Mangalam Birla also had,

in October, said that the telecom company sought an enabling regulatory environment so that it could make the necessary investments. India's telecom sector — which is now largely a three way fight between Bharti Airtel, Jio, and Vodafone Idea — has been reeling under debt and low average revenue per user, triggered by a tariff war started by Jio.

The Supreme Court judgment on adjusted gross revenue (AGR) dues put Bharti Airtel and Vodafone Idea under further pressure, as they have to come up with Rs 43,000 crore and Rs 54,000 crore, respectively, within a month. The pressure on telecom players notwithstanding, the government hopes that the companies will participate in the 5G as the "telecom operators do require spectrum". "I think we should be able to sell. Their services are expanding, their networks are expanding. There should be good competition in bidding for this. I will wait and watch" the Telecom Secretary said.

For the spectrum auction of more than 8,300 MHz spread

across all 22 licensed spectrum access (LSA) or telecom circles, successful bidders will have to pay upfront 25 per cent of the total amount upfront for sub-1,000 MHz, and 50 per cent upfront for all frequency bands above 1,000 MHz. Bidders, however, will have some relief in payment for the auctions this time around. It has also been decided that bidders will only have to pay the entire cost of spectrum only for the band which is being vacated within a month of bidding.

If the spectrum is not vacant, the bidder will have to pay 10 per cent for sub-1,000 MHz frequency, and only 20 per cent for above 1 Giga Hertz frequency band range, the Telecom Secretary said, adding that the rest of the amount will have to be paid one month before the spectrum is vacated.

Meanwhile, in a meeting with Finance Minister Nirmala Sitharaman, industry body Cellular Operators' Association of India (COAI) raised the issue of adjusted gross revenue and sought cut in levies like licence fee and spectrum usage charges.

India Inc silent on protests, Hero's Naveen Munjal says may hit image

SANDEEP SINGH, AANCHAL MAGAZINE, PRABHA RAGHAVAN & ASHISH ARYAN
NEW DELHI, DECEMBER 20

EVEN AS some public figures across sports, cinema, literature and the arts, among others, have come out to speak on the countrywide protests against the Citizenship Amendment Act (CAA) and National Register of Citizens (NRC), India Inc has remained largely silent on the issue and its impact on "Brand India".

The Indian Express tried to speak to a range of prominent India Inc leaders on the sidelines of the FICCI and ASSOCHAM events Friday. Most of them excused themselves from talking on the ongoing protests. A few who responded to queries said that while people have a right to protest, these mass demonstrations contribute to building a negative image and could hit investment sentiment.

Naveen Munjal, managing director, Hero Electric, said that he doesn't know who is right and wrong and that he doesn't know much about the issue. However, he added: "Any country which has country-wide protest (you look at Hong Kong, India) and where it happens on a mass scale, it certainly has a very negative image in the international media and press. Investors get anxious, people stop coming, tourism comes to a standstill." He added that while a number of business visitors were supposed to come, "they are cancelling out saying because of the economy ... we say it's no big deal but how the media plays up, that's a different story."

While Munjal said that protests are hurting country's image, Anil Agarwal, chairman of Vedanta Resources did not feel so. Responding to a specific

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query, Agarwal, on the sidelines of the ASSOCHAM Event celebrating its 100 years, said, "I can tell you that out of the three people who are being named as leaders of the world, Narendra Modi is one of them. His brand image is tremendous, there is no question. Government is taking bold decisions, I have never seen any government taking these kind of bold decisions that are very important. I am not a politician and I don't understand. The only thing I understand is that this government takes decisions without vested interests and that is very important."

On the protests, Sangita Reddy, joint MD, Apollo Hospitals Enterprises said: "I think it is too early to say (if the protests will have an impact). We need to see how it pans out. I wouldn't take a bet on this either way right now. I think India is a strong and secular democracy and that is one of our fundamental strengths and it will remain a fundamental strength." She, however, declined to share her views on CAA and NRC.

The chairman-and-managing director of a leading Gujarat-based pharmaceutical company, who did not wish to be named, said, "I don't think there is any impact on the industry ... I think people have the right to protest but I don't have a view specifically with respect to this issue."

A top executive of a large telecommunications firm, who

did not wish to be identified said, "It is too early to say if this will affect business. If there is a standstill in the way you do business and you are not able to operate due to agitations, that definitely has an impact, but think it is still too early to tell."

There were others including Sanjiv Puri, CMD, ITC; Niranjan Hiranandani, MD, Hiranandani Group; Harshpati Singhania, VC and MD, JK Paper who declined to comment.

Many corporates were in town for the annual convention of ASSOCHAM and FICCI and both events were around India's aspiration to become a \$5-trillion economy. While ASSOCHAM's convention attended by the Prime Minister along with others senior Cabinet ministers was on "New India: Aspiring \$5 trillion Economy", FICCI's annual conference that was attended by several key ministers of the central government among others, was titled, "India: Roadmap to a \$5 trillion Economy."

On November 30, *The Indian Express* reported that leading corporate voices active on Twitter such as Uday Kotak (CEO, Kotak Mahindra Bank); Anand Mahindra (chairman, Mahindra Group); Harsh Goenka (chairman, RPG Enterprises); Nandan Nilekani (chairman, Infosys); Sanjiv Bajaj (MD, Bajaj Finserv & Bajaj Holdings); Gautam Singhania (CMD, Raymond Ltd); Vijay Shekhar Sharma (founder-CEO, Paytm); and Harsh Mariwala (chairman, Marico) were prominent among many who chose to maintain silence on the GDP numbers on their handles after the government announced a 4.5 per cent growth for the second quarter ending September 2019.

In sharp contrast, when the government announced a cut in the corporate tax rate in September, the entire corporate sector had cheered the move saying it would spur growth.

Investments via P-notes hit 13-month low at Nov-end

Investments in Indian capital market through participatory notes (P-notes) hit a 13-month low of ₹69,670 crore till November after registering a rise in such fund infusion in the preceding month, as per Sebi data

STRICTER NORMS FOR P-NOTES: In July 2017, Sebi notified stricter P-notes norms stipulating a fee of \$1,000 that will be levied on each instrument to check any misuse for channelising black money

CURBS FOR FPIs: The markets regulator also prohibited FPIs from issuing such notes where the underlying asset is a derivative, except those which are used for hedging purposes

WHAT ARE P-NOTES: P-notes are issued by registered foreign portfolio investors (FPIs) to overseas investors who wish to be part of the Indian stock market without registering themselves directly after going through a due diligence process



Source: PTI

Fitch slashes FY20 forecast to 4.6% from 5.6%

ENSECONOMICBUREAU
MUMBAI, DECEMBER 20

FITCH RATINGS on Friday slashed India's GDP growth rate forecast to 4.6 per cent, from 5.6 per cent projected in November, for the financial year ending March 2020 (FY20). During FY19, the economy had registered growth of 6.8 per cent.

"We expect growth to gradually recover to 5.6 per cent in FY21 and 6.5 per cent in FY22 with support from easing monetary and fiscal policy and structural measures that may also support growth over the medium term," Fitch Ratings said. However, it has affirmed India's long-term for-

Affirms India's long-term foreign currency Issuer Default Rating (IDR) at 'BBB-' with a stable outlook

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India's rating balances a still strong medium-term growth outlook compared with 'BBB' category peers and relative external resilience stemming from solid foreign-reserve buffers against high public debt, a weak financial sector and some lagging structural factors, including governance indicators and GDP per capita, Fitch said.

"Our outlook on India's GDP growth is still solid against that of

peers, even though growth has decelerated significantly over the past few quarters, due mainly to domestic factors, in particular a squeeze in credit availability from non-banking financial companies (NBFC) and deterioration in business and consumer confidence," it said.

Fitch said Indian economy is less developed on a number of structural metrics than many of its peers. "Governance remains weak, as illustrated by a low score for the World Bank governance indicator (49th percentile versus

the 'BBB' median of 59th percentile). India's ranking on the United Nations Human Development Index (32nd percentile versus the 'BBB' median of 67th percentile) also indicates relatively low basic human development. Average per capita GDP also remains low, at US \$2,102, compared with the 'BBB' range median of US \$12,152," it said.

"The affirmation of the ratings incorporates our expectation of moderate fiscal slippage relative to the central government's deficit target of 3.3 per cent of GDP in FY20. The government is again facing a trade-off between stimulating the economy and reducing the deficit in the medium term," the rating agency said.

Succession plan: Anand Mahindra to become M&M non-exec chairman

ENSECONOMICBUREAU
MUMBAI, DECEMBER 20

MAHINDRA & Mahindra (M&M) Friday announced a major rejig of its top management with Anand Mahindra, currently the executive chairman, transitioning to the role of non-executive chairman with effect from April 1, 2020.

Pavan Goenka will be re-designated as managing director and CEO with effect from April 1, 2020. There will be no change in any reporting relationships as a result of this re-designation, M&M said in a statement. Goenka will retire on April 1, 2021, but will continue to retain direct responsibility of Ssangyong Motors as chairman of its board till his retirement date.

Anish Shah will transition to becoming managing director and CEO on April 2, 2021 with full oversight of all group businesses, in two phases. The company said, "On April 1, 2020, he will join the

M&M board as Deputy Managing Director and Group CFO, with responsibility for the Group Corporate Office and full oversight of all business sectors of the group other than auto and farm sectors (AFS). He will have direct accountability to the board for his non-AFS responsibilities." "On April 2, 2021, he will be appointed as Managing Director and CEO," it added.

According to the statement, over the next 15 months, a number of key leaders at M&M will be retiring. "... over the past one year the governance, nomination & remuneration committee (GNRC) of the board has completed a structured and rigorous review of top management succession, which has now been ratified by the board of directors," it said.

The company said Rajesh Jejurikar will join the M&M board as executive director (AFS), with direct operational responsibility and accountability for the sectors on April 1, 2020.

Economists to FM: Expand fisc, keep Budget numbers credible

ENSECONOMICBUREAU
NEW DELHI, DECEMBER 20

ECONOMISTS ON Friday asked the government to expand the fiscal deficit target for FY21 and stressed that it need not be apologetic about the slippage, as elevated spending is probably the only counter-cyclical tool at its disposal now to reverse a sharp deceleration in growth.

For the current fiscal, the government has set the target at 3.3 per cent, which is all set to be missed, given the revenue shortfall. In a pre-Budget consultation meeting with finance minister Nirmala Sitharaman, the economists also advised the government to keep the Budget numbers realistic, reflecting the true state of economy. Credible numbers, they say, better prepare the markets for any eventuality.

The economists were split in asking for a cut in the personal income tax rates. **FE**

Industry needs to come out of 'self doubt' mood, says FM

New Delhi: Finance Minister Nirmala Sitharaman on Friday asked India Inc to come out of "self doubt" mood and unleash the animal spirit as she stressed that steps taken post Budget have started showing some results on the ground.

The government has shown conviction to change India's system, take some tough decisions and make sure it is responsive to industry, she said at industry body ASSOCHAM's event here.

"I would appeal to you that please get out of the mood of self doubt. Can we do it? Can India do it?... why is this negative mood? Get

out of this self doubt," she said and emphasised that most of the macro economic indicators are strong.

"This government does not want businesses to close. We want to help them to be revived by legislative and other administrative changes... we are with you. I want this mood of self doubt to be completely removed from your minds.

"Believe in India. You have done that for last 100 years. There is a need for all of you do it even more now. You have to be the change agent and don't ask animal spirits to be brought to you. You have inside, get it out," she noted. **ENS & PTI**

What are the challenges for the \$5 trillion economy goal?

There are many challenges, but we also have to set ourselves very strong goals, that's why we can achieve them. If you look, banking reforms are happening, and there are reforms in logistics, transportation sector, infrastructure requirements, the automotive sector, exports and taxation. There are a number of challenges which exist right now. But I met the Finance Minister this morning. As you are hearing also, there are a number of changes that are being done to reach the \$5 trillion.

Are we seeing the progress on ground?

There are some issues. In our sector of electric vehicles, the intent is there. The government is talking on the need to go 100 per cent or convert to electric because of fuel and environmental reasons, but the policies are not strong enough. Right now, there are some gaps. There is talk of supporting the higher end of the vehicle.

"... it's a very good idea to have a goal. \$5 trillion is very good to have. Now, you have to figure out with the stakeholders about some key things that need to be done and how they need to be done. Various ministries are discussing and listening patiently"

What were your suggestions to the Finance Minister in the pre-Budget consultations?

When we look at mobility, what we are looking at is that you have to innovate, go into new processes, technology etc. and have to move away from oil dependency, as much as we possibly can. We have to go for zero pollution because at the end of the day, if we look at urban pollution, 70 per cent of the urban pollution is vehicular. Country-wide, when we look at it, it's different, but urban (areas) are where the problem is. 12 out of 15 most polluted cities in the world are in India. Also, we know that 75 per cent of oil is imported. So, the quicker we convert,

But hasn't there been a delay on this?

The government's intent is there and that's why they came out with the policies, FAME I and now FAME II. There is a feeling that if you have an equally performing vehicle, only then a consumer will convert. However, that's not the case. I think that if it's an equal performance vehicle, electric is going to be expensive. Any new technology is going to be more expensive, the petroleum and diesel sector is now a 100-year-old technology.

So, the new technology will come, it will go through an adoption curve and one can decide if one wants to switch to it or not. The government will have to look at two-wheelers to start with and has to look at mass segment. Demand creation has to be there and then supply will follow.

Is slowdown a worry?

See, it's a very good idea to have a goal. \$5 trillion is very good to have. Now, you have to figure out with the stakeholders about some key things that need to be done and how they need to be done. Various ministries are discussing and listening patiently. They are absorbing the issues, and hopefully they will get resolved.

Bailey to succeed Carney as BoE Guv

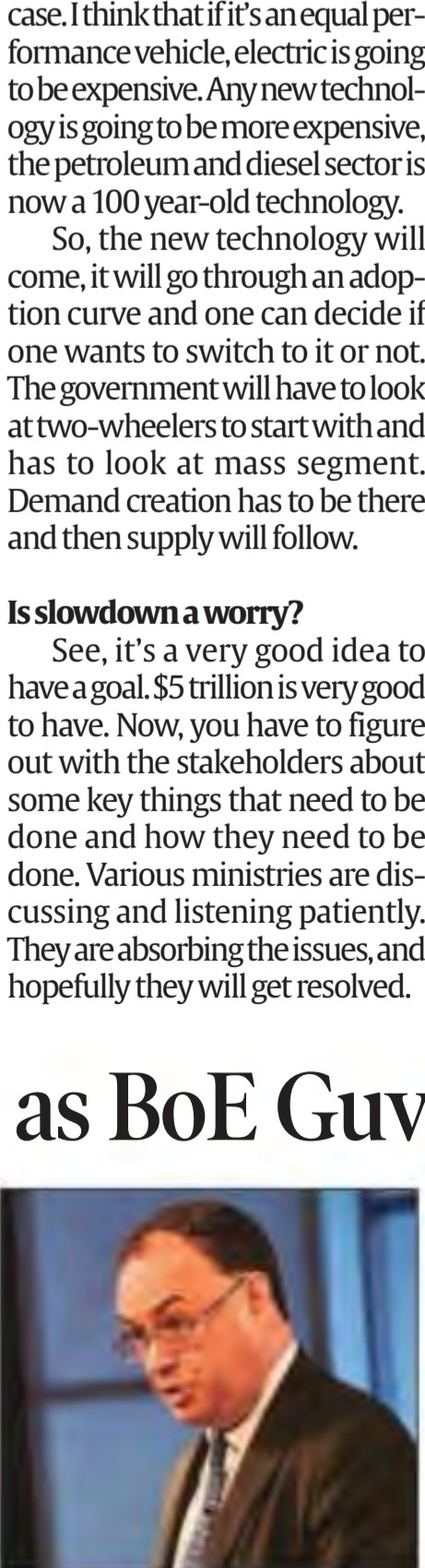
REUTERS
LONDON, DECEMBER 20

BRITAIN'S NEW government named Andrew Bailey as the Bank of England's next boss on Friday, entrusting a veteran regulator and technocrat with steering the economy and its vast finance industry through Brexit.

During a 30-year stint at the BoE, Bailey helped shore up the banking system against the

global financial crisis. Since 2016 he has led the industry's watchdog, the Financial Conduct Authority. Finance Minister Sajid Javid called him "the stand-out candidate" as Britain maps out its future outside the EU, and he hailed Bailey's role in quelling the 2008-09 crisis.

"It is a tribute to his integrity and his character that he emerged from that... with his reputation enhanced in Whitehall, in the City of London and in financial capitals," Javid said.



Andrew Bailey will serve an 8-year term starting March 16. Reuters file photo