

Economy

THURSDAY, JANUARY 23, 2020

Quick View



India phases out ozone depleting chemical

INDIA HAS SUCCESSFULLY completed the phasing out of Hydrochlorofluoro-carbon-141b, used by foam manufacturing companies and one of the most potent ozone-depleting chemicals, the environment ministry said on Wednesday.

Cabinet okays HFL closure

THE UNION CABINET on Wednesday approved closure of Hindustan Fluorocarbons (HFL), a CPSE with just 88 employees. HFL has been making losses since 2013-14 and has a negative net worth.

RIICO meet on Raj investment

THE RAJASTHAN STATE Industrial Development & Investment Corporation (RIICO) in association with Rajasthan Foundation, Rajasthani Association and Jain International Trade Organization organised a business meet on investment opportunities in Rajasthan on Wednesday at Hotel Regenta Deccan, Chennai.

SC declines to stay CAA or defer NPR

Senior advocate Kapil Sibal said he was of the opinion that the matter should go to a Constitution Bench. "May be it should... The matter is uppermost in everybody's mind... The suggestion is it should go to a Constitution Bench. We will see," the CJI said.

● RENEWABLE ENERGY

Govt's proposed 'bundling' scheme to aid power cos

ANUPAM CHATTERJEE
New Delhi, January 22

THE POWER INDUSTRY feels that the ministry of new and renewable energy's (MNRE's) proposed scheme to supply round-the-clock (RTC) power from wind and solar plants would also be beneficial to stressed thermal power plants, which are stranded due to lack of power purchase agreements (PPAs). The scheme is seen to provide relief to the bankers as it would provide opportunity for stressed thermal assets to find buyers for their power, thereby reducing the quantum of non-performing assets. The proposed scheme proposes to sell renewable energy and thermal power together in a 'bundle' so that buyers can get the assurance of receiving firm uninterrupted electricity supply. The aim of the scheme is to



address the issues of intermittency, limited hours of supply and low capacity utilisations of renewable power plants and make them more attractive for state-owned power distribution companies (discoms). Welcoming MNRE's initiative, the association of power producers (APP) said the "scheme will also help with utilisation of untied thermal power capacity, especially since the new supercritical coal-based thermal power plants have quite high ramp rate which can be effectively utilised to provide combined renewable energy

blended RTC power". Intermittent electricity generation from renewables increases the flexibility requirements of thermal power plants. The country expects to have an installed renewable capacity of 175 GW by 2022, when daily net load swings are expected to be as high as 80,000 MW, warranting higher ramp rates. Flexibility, or ramp rate, is the extent to which a power system can modify electricity production or consumption in response to variability. According to industry sources, tariffs under the 'bundling' scheme is seen to be less than ₹4/unit, or less than the cost of electricity from new coal power plants. Under the scheme, power generators need to supply at least 51% of electricity from renewable sources. The proportion of thermal tariff shall be adjusted to cover the possible changes in coal or gas

prices. The composite tariff would consist of 51% renewable energy tariff, 30% thermal fuel cost and the remaining would account for fixed thermal tariff. The scheme has been proposed at a time when cash-strapped discoms are delaying payments to renewable energy companies, hurting their debt servicing capabilities. The effective cost of renewable power comes to more than the rates on paper as states, under contractual obligation, have to continue paying fixed cost to thermal power plants even when they were not using this electricity to accommodate renewables. As pointed out in a recent paper jointly published by the India Energy Forum and research agency Icra, despite renewables having a 'must run' status, instances of curtailment have been observed in several states.

New broadcast tariffs empower consumers: Trai to HC

PRESS TRUST OF INDIA
Mumbai, January 22

THE TELECOM REGULATORY Authority of India (Trai) on Wednesday told the Bombay High Court that its latest amendments to TV broadcast sector tariffs aim to ensure transparency and non-discrimination in channel rates. Trai had earlier this month issued new tariff rules by which prices of the Network Capacity Fee (NCF) were lowered to ₹130, benefiting con-

sumers. However, the move was opposed by several broadcasters who claimed the new rules were "unreasonable" and petitioned the high court. Trai, which also regulates the TV broadcast industry, defended its move in an affidavit filed in the HC, saying it was a consumer-friendly measure. Trai counsel Venkatesh Dhond told a division bench the authority filed the affidavit in response to a bunch of petitions submitted by television broadcasters against the

amendments. The new tariff order put price cap on individual channels and also asked the broadcasters to submit to Trai their revised tariff structure by January 15. Several broadcasters like the Indian Broadcasting Foundation, a representative body of TV broadcasters, the Film and Television Producers Guild of India, Zee Entertainment and Sony Pictures Network India had petitioned the HC. The bench had earlier this month declined to defer the

January 15 deadline and directed the Trai to file its affidavit. The regulatory authority, in its affidavit, argued the earlier tariff framework was not consumer-friendly. "The provisions of the previous regulatory framework were being misused by broadcasters and Distribution Platform Operators (DPOs) and the consumer offerings were distorted as the whole pricing structure was irrational and non-transparent for the consumers," the affidavit said.

Global Talent Competitiveness Index

India advances 8 places to 72nd spot

India has moved up eight places to the 72nd position in the 2020 Global Talent Competitiveness Index that ranks nations on the ability to grow, attract and retain talent. Switzerland topped the list of 132 nations, followed by the US and Singapore.

RANK	COUNTRY	SCORE
1	Switzerland	81.26
2	US	79.09
3	Singapore	78.48
4	Sweden	75.82
5	Denmark	75.18
6	Netherlands	74.99
7	Finland	74.47
8	Luxembourg	73.94
9	Norway	72.91
10	Australia	72.53
72	India	40.42

Source: Global Talent Competitiveness Index 2020 report



Govt staggers GSTR filing deadline to ease system load

FE BUREAU
New Delhi, January 22

AFTER TAXPAYERS COMPLAINED of technical glitch in filing the monthly summary GST returns (GSTR3B), the government on Wednesday said it would allow staggered filing on the basis of turnover and location to ease the load on the system which is witnessed closer to the filing deadline on 20th of every month. For about 8 lakh taxpayers with turnover over ₹5 crore, the last date of filing would remain the same. For those below the turnover threshold, they have been further divided into two groups of 46 and 49 lakh taxpayers belonging to two sets of states and UTs whose deadline will now be 22nd and 24th of every month, respectively. However, experts said that while excess load is a problem on the

last day of filing, when the system shows that it's busy preventing return-filing, is only a part of the problem. There are other structural issues as pointed out by a CAG report tabled in Parliament earlier this year. "These design problems include time lag in payments to appear, multiple OTPs are sent for a single filing, data takes time to reflect, preview of returns show wrong numbers, data uploaded using ASP/GSP takes additional time to reflect, system frequently log out the user," Rajat Mohan, senior partner at AMRG & Associates, said. The CAG report had said: "Inadequacies in the system show that there was a failure in not just system design, but its testing by GSTN and acceptance by the tax departments before a pan-India rollout. As such, the executive who has endorsed the system as devel-

oped is equally accountable for the problems being faced." The first category of 46 lakh taxpayers would be from J&K, Ladakh, Himachal, Punjab, Chandigarh, Uttarakhand, Haryana, Delhi, Rajasthan, UP, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand and Odisha. The second set of 49 lakh assesses would be from Chhattisgarh, MP, Gujarat, Daman and Diu, Dadra and Nagar Haveli, Maharashtra, Karnataka, Goa, Lakshadweep, Kerala, Tamil Nadu, Puducherry, Andaman and Nicobar Islands, Telangana and Andhra Pradesh. "For further improving the performance of GSTN filing portal on a permanent basis, several measures are being worked out with Infosys and will be in place by April this year," the government said in a statement.

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Venugopal opposed the submission, saying the prayer was the same as seeking a stay. The bench did not grant Sibal's request. Venugopal countered the argument that the process, once set in motion, cannot be reversed. He said there were provisions in the law for withdrawal of citizenship, if necessary. Senior advocate Rajeev Dhavan said the court must take up the irreversibility question as a preliminary issue. "We will consider," the CJI said, adding "we do not know what they (authorities) are going to do". Senior advocate KV Viswanathan said the "real concern" was that there are no rules for marking a person as doubtful under the impugned process. "It is something sinister... A different kind of gerrymandering of the electoral rolls will take place" and "not only Muslims, large number of Hindus will also be disenfranchised," he said. Sibal and Singhvi agreed with Viswanathan and said that was the "real concern". Singhvi said Uttar Pradesh had already started the process and in 19 districts, people had been marked as doubtful. He said this was being done without framing rules. He said the chaos can be avoided if the process starts after two months by which time the court can hear the matter.

Senior advocates Shyam Divan and Vikas Singh, appearing for petitioners from Assam, also pressed for an interim stay. Divan said when a person is granted citizenship, there is presumption that he or she has given up the original citizenship. In such an event, it will be difficult to reverse once citizenship is granted. "Don't stay the process, but stay only final grant of formal naturalisation certificate," he requested the bench. "We are not saying anything either way. Wait for next day," the CJI replied. Given the large volume of cases before the bench, he remarked "if we pass any order on an isolated batch of petitions, somebody may challenge and consume more time... so should we wait for 99% of the petitions and then take it up?". The AG suggested that the court order a freeze on fresh petitions and direct that any new petition will be taken on file, but not considered for the purpose of deciding the matter. At this, the CJI said those who are denied opportunity may demand that

they also want to be heard. Solicitor General Tushar Mehta drew the attention of the court to what a three-judge bench had done in the matter of petitions challenging restrictions in Jammu and Kashmir in the wake of the abrogation of Article 370. That bench, he said, had asked the Registry not to accept any fresh petition, and those who wanted to file fresh pleas could file intervention applications. He suggested that the same could be followed in the CAA matter too. As the court was dictating the order, Sibal requested the bench to add that actions will be subject to the decision on the petitions. The CJI remarked orally "my understanding is that is the law. Any order passed by any authority is subject to the outcome of the petitions". Saudi prince hacked Bezos' phone, says report; kingdom denies

Saudi Arabia's foreign minister Prince Faisal bin Farhan Al Saud said the allegation was "absurd". "I think absurd is exactly the right word," Prince Faisal told Reuters in an interview at the WEF annual meeting in Davos. "The idea that the crown prince would hack Jeff Bezos' phone is absolutely silly." Saudi Arabia's US embassy also dismissed the report. "Recent media reports that suggest the Kingdom is behind a hacking of Mr Jeff Bezos' phone are absurd. We call for an investigation on these claims so that we can have all the facts out," it said in a message posted on Twitter. The UN statement will come from Agnes Callamard, special rapporteur for extra-judicial killings, and David Kaye, special rapporteur for free expression. They are building toward a fuller report they expect to give to the UN in June, the person said. They said in Twitter posts that they will be releasing a statement on Wednesday addressing the *Guardian* report. Amazon declined to comment. The relationship between the Amazon chief executive and the Saudi government had soured since early last year after he alluded to Saudi Arabia's displeasure at the *Washington Post's* coverage of the murder of Khashoggi.

Bezos' security chief said at the time that Saudi had access to his phone and gained private information from it involving text messages between him and a former television anchor, who the *National Enquirer* tabloid newspaper said Bezos was dating. Saudi had said it had nothing to do with the reporting. Innovative screen formats, good films perk up Bollywood revenue

Netflix's popular show *Sacred Games* returned with a fresh new season, Amazon Prime had *Made in Heaven*, *Family Man* and *Modern Love*, Hotstar streamed *Game Of Thrones* season 8, while Apple launched its streaming service at a throw-away price of ₹99 per month. An analysis of ticket prices of Inox showed that although average ticket prices (ATP) fell to ₹189 in Q4 FY19 (the first quarter that reflected the benefit of lower GST rates on tickets) from ₹206 in Q3 FY19, prices went up to ₹198 in Q1 FY20 and remained over ₹195 in Q2 FY20. At PVR, the ATP went up to ₹209 in Q1 FY20 from ₹201 in Q4 FY19. Ajay Shah, partner at EY, says while differentiated content has been the main draw, exhibitors have also innovated in terms of screen formats such as recliners, Imax, Kids screens and also curated food menus providing more for audiences. They will keep improvising with different formats, megaplexes, loyalty rewards and also go deeper into tier-two and three cities, generating better revenues, Shah says. Footfalls will continue to increase, Dinkar Aiyavarapu, partner, Bain & Company, says pointing out that spending on leisure as a percentage of incomes in India is less than 2% compared with about 10% in the developed world. Aiyavarapu adds the rising disposable income are driving the movie business and would also drive OTT, travel, and other leisure businesses. Given the improving popularity of Bollywood content, Girish Menon, partner at KPMG, estimates the film industry could grow at a healthy CAGR of 7.3% from FY19-24. And while lower ticket

prices might attract audience resulting in more blockbusters, Jehil Thakkar, partner and head, media and entertainment, KPMG India, has no doubt that exhibitors are on a sound wicket. "They have priced tickets flexibly and that should pay off," Thakkar predicts. Consumer expenditure in the leisure sector in China has seen close to 10% y-o-y growth since 2011, more than twice the growth rates seen in other major markets, according to a 2017 report by OCG&C Strategy Consultants. A McKinsey China Luxury Report released last year said the country delivered more than half the global growth in luxury spending between 2012-2018, and is expected to deliver 65% of the world's additional spending heading into 2025.

Oil India in SC against ₹48k-cr AGR demand

Since the SC order states that for calculating AGR entire revenues of the licensee firm need to be taken into account, these firms also have to pay their telecom licence fee on their entire revenues instead of only telecom-related revenues. "OIL had obtained a national long distance service licence to establish supervisory control and data acquisition system (SCADA System) for control, management, and protection of OIL's pipeline network used for transportation of crude oil, natural gas, and petroleum products," the company said in a statement. The NLD licence is predominantly used for the SCADA system and only the spare bandwidth capacity is leased out to other telecom operators. "As per the licence terms, licence fee is to be paid on gross total revenue from services provided under the NLD licence. Since the award of NLD licence, the cumulative revenue of ₹1.47 crore is earned by OIL from the leasing of spare bandwidth capacity on which all applicable licence fee and other statutory dues as per licence terms have been paid by OIL regularly," it said. Based on the recent Supreme Court judgment "the department of telecommunications issued demand notices to OIL also seeking payment of licence fee on total reported revenue including revenue from

sale of crude oil, natural gas etc, which neither relate to the NLD licence nor can be treated as supplementary/value-added services related to the NLD licence", the company said. "Till date, OIL has received demand notices for the period from FY08 to FY19 amounting to over ₹48,000 crore including licence fee, penalties and interest," the statement said. OIL said it has taken up the matter with the DoT and the ministry of petroleum and natural gas along with other affected CPSEs and "explained the non-applicability of interpretation of AGR to non-telecom companies", it said. "OIL has filed a clarification/modificatory petition before the Supreme Court against its order and the next course of action will be based on the outcome of the petition," the statement said on Wednesday. From gas utility GAIL, the DoT has sought ₹1,72,655 crore in dues on IP-1 and IP-2 licences as well as Internet Service Provider (ISP) licence. In response, Gail has told the DoT that it owes nothing more than what it has already paid to the government. The firm told DoT that it had obtained ISP licence in 2002 for a period of 15 years, which expired in 2017. But Gail never did any business under the licence, and since no revenue was generated it cannot pay any amount. On IP-1 and IP-2 licences, Gail has told the DoT that it generated ₹35 crore of revenue since 2001-02 and not ₹2,49,788 crore that has been considered for levying past dues, adding the revenue number the DoT is considering is after adding all the revenues that the company earned from gas trading and transportation business. Sources said the dues being sought are more than three times the net worth of Gail and several times the actual revenue earned. Besides GAIL and OIL, the DoT is seeking ₹40,000 crore from PowerGrid which had both a national long-distance as well as an internet licence. Soon, only tribal gifts to be given at govt events

The Bureau of Indian Standards and Quality Council of India would develop international standards for such prod-

ucts to help improve their global reach. "Opportunities available with railways, both as a customer and as a facilitator, for sale of these products will also be tapped," said the official. The government is also looking at infrastructure required for testing and certification of these products, develop tariff codes and set up tribal clusters for promotion. The meeting convened by Goyal also saw the participation of the ministries of tribal affairs, minority affairs, Tribal Cooperative Marketing Development Federation of India and industry chambers like CII, the official said. The Budget for 2019-20 saw the outlay for the tribal affairs ministry rising to ₹6,815 crore from ₹6,000 crore in the revised estimate for the previous fiscal. The allocation for the Centrally-sponsored schemes was raised only marginally to ₹3,810 crore from ₹3,778 in 2018-19. Govt proposes its own service for secure messaging "The app (GIMS) has been developed for both Android and iOS platforms and at present beta testing is going on. A total of 17 government organisations including ministry of external affairs (MEA), Ministry of Navy affairs (MHA), CBI, MeitY, Home and railways are participating in the testing. Currently, there are around 6,600 users who have generated close to 20 lakh messages," the official added. States like Odisha and Gujarat are also participating in the beta testing, the official said. A former government official, who has handled cybersecurity threats against the government in the past, said that such a service is very important, especially in light of software like Pegasus, which can be used to snoop on conversations on WhatsApp. "Today, almost every ministry has its own chat group on commercial platforms like WhatsApp, WeChat, etc. Often officials discuss strategic and sensitive issues on these platforms. With cybercriminals or rogue states targeting such communication, it is high time India has its own government instant messaging service. Such services are crucial today for effective and efficient administration," he explained.