

IN THE NEWS

India-Russia deal on crude oil import
INDIA AND Russia have finalised the broad contours of an ambitious government-to-government agreement for long-term import of crude oil by India from Russia's Far East region, reports PTI. The pact is likely to be inked during Russian President Vladimir Putin's visit in October.

Deloitte to give up non-audit services
AUDITING MAJOR Deloitte Haskins & Sells on Sunday announced a decision to discontinue non-audit services to public interest entities that it is already auditing, reports **FE Bureau** in New Delhi. Deloitte is the third firm to do so after Grant Thornton and Price Waterhouse India.

AGR DUES

Telcos to be sent show-cause notices
Telcos haven't made any payment so far despite DoT fiat, say will pay by March 17

KIRAN RATHEE
New Delhi, February 16

THE DEPARTMENT OF telecommunications (DoT) is likely to go ahead and start issuing show-cause notices to telecom operators, starting Monday, asking why action should not be taken against them for non-payment of adjusted gross revenue (AGR) dues within the stipulated timeframe.

DECLINING PACE

After awards, now highway construction slows down

Fiscal Year	Awards* (km)	Construction* per day (km)
FY15	7,972	12.08
FY16	10,096	16.6
FY17	15,948	22.5
FY18	17,053	26.9
FY19	5,493	29.7
FY20*	3,509	27.02

*By all agencies including NHAI, MoRTH and NHIDCL; Source: MoRTH # till January

ACHIEVEMENT IN APRIL-JANUARY AGAINST FY20 TARGET

Category	Percentage
Award	35%
Construction	14.7%

SURYA SARATHI RAY
New Delhi, February 16

BUCKING THE TREND of a steady increase in the pace of highway construction since the Modi 1.0 government assumed office, activities in the sector seem to have slowed in the current financial year. With award of new projects being in the slow lane since FY19 (see chart), investments in this key infrastructure sector could take a further hit if efforts to encourage private investments and newer ways of resource mobilisation explored by NHAI don't yield intended results.



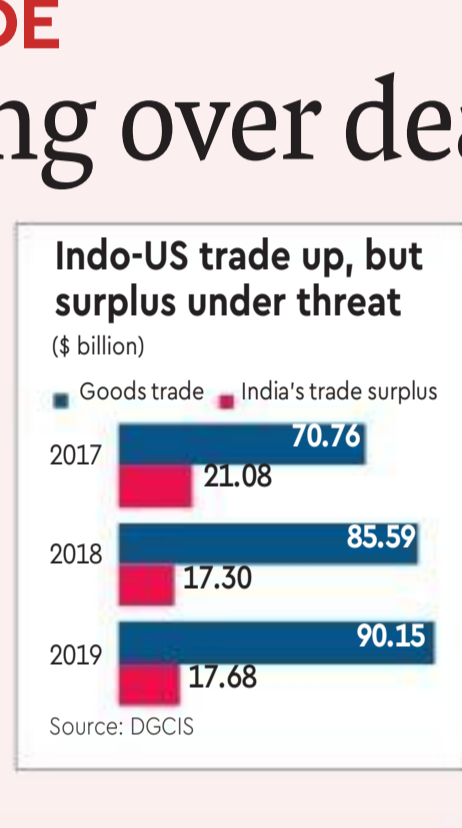
Packing a punch
AAP leader Arvind Kejriwal addresses the crowd after swearing in as the Delhi chief minister for the third time, at a ceremony on Sunday
EXPRESS PHOTO: RENUKA PURI

INDO-US TRADE

Clouds hang over deal during Trump visit

FE BUREAU
New Delhi, February 16

PERSISTING DIFFERENCES ON sticky issues — including Washington's demand for greater access to agriculture, dairy and ICT products, have cast a shadow over the prospect of a limited trade deal being signed during US President Donald Trump's two-day visit to the country, starting February 24. Fresh speculations about



disagreements have gathered pace, as US trade representative Robert Lighthizer, who was widely expected to come before Trump to finalise the broad contours of the deal, hasn't landed here yet, with no clarity on his arrival. Importantly, the US last week reportedly changed a key exemption to its trade remedy laws to make it easier to penalise about two dozen developing countries, including India and China, in the latest move to underscore its anxieties over New Delhi's trade policies.

While the quantum of incentives involved in the deal is unclear, it was initially expected to cover products with a total bilateral trade of over \$10 billion. The limited deal was supposed to be signed during Prime Minister Narendra Modi's visit to the US in September last year but a lack of consensus had then stalled it.

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MSMEs likely to face severe cash crunch

SUMIT JHA
New Delhi, February 16

THE GOODS AND SERVICES TAX (GST) authorities have blocked input tax credits (ITC) claimed by thousands of businesses to the extent these claims are not corroborated by invoices uploaded by their suppliers, multiple tax practitioners and businesses told **FE**.

While the government had indeed announced that the credit restrictions would be implemented from January 1, for most of the affected businesses, especially for smaller ones, the move could result in a serious cash crunch, as they can now meet the tax liability for the rest of FY20 only through cash. Though no estimate is avail-

ON THEIR OWN

CPSEs tap loans more as budget outlay falls

THE CENTRE'S BUDGETARY constraints started reflecting on the public sector enterprises and departmental undertakings (CPSEs) since FY19 as reduced outlays, and the decline has been sharper in FY20, reports **Prasanta Sahu** in New Delhi. Budget support to these entities, conventionally little over a quarter of their investible resources, declined 5% on year in FY19 and a sharper 15% in FY20.

However, the CPSEs have shown capex growth outpacing the Centre's budget capital spending in both FY19 and FY20, as they relied more on internal resources (post-tax profits) and borrowings. Prodding by the growth-hungry government is also behind the continued stress on capex by CPSEs.

Detailed report on Page 4

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Rural marketing: Stuck in a rut
Wall arts and town fairs still rule in the hinterlands, as new-age advertising formats struggle to take off
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EVs need stronger focus on tech
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Move would help the cash-starved railways in several ways, besides ensuring better services for traveller
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Talking sense
Chatbots needs more data to become smarter, but users may not be ready to part with it

NEW RULES

Social media firms to be held liable for ads

KIRAN RATHEE
New Delhi, February 16

SOCIAL MEDIA FIRMS such as Facebook, Twitter, YouTube and TikTok will soon be held liable for advertisements and commissioned content on their platforms. They would also be required to specifically tag such content for clear distinction between them and user-generated content.

According to the new intermediary guidelines — under works and expected to be notified next month — these platforms will not get any immunity for sponsored content. This means they would be liable for action under relevant laws if anything unlawful is hosted on their platform.

Social media firms usually have three kinds of content — user-generated, advertisements or promoted, and commissioned content. "Apart from the user-generated content, the firms will not get immunity from prosecution in case any content is found unlawful at any point of time. Also, the firms should indicate whether the content is user-generated, or advertisement or commissioned content," an official said.

The changes are part of the amendments to the information technology (IT) intermediary guidelines made by the

- New intermediary norms likely to be notified next month
- Three kinds of content on social media companies — user-generated, ads or promotions, and sponsored
- Draft guidelines put up for consultation in December didn't mention content clause

ministry of electronics and information technology (MeitY). The law ministry is currently vetting the rules following which the new guidelines will be notified.

A draft of the revised intermediary guidelines was put for consultation on December 24, 2018, but the clause regarding content was not mentioned. As per the current rules, a company having intermediary status cannot own or produce content.

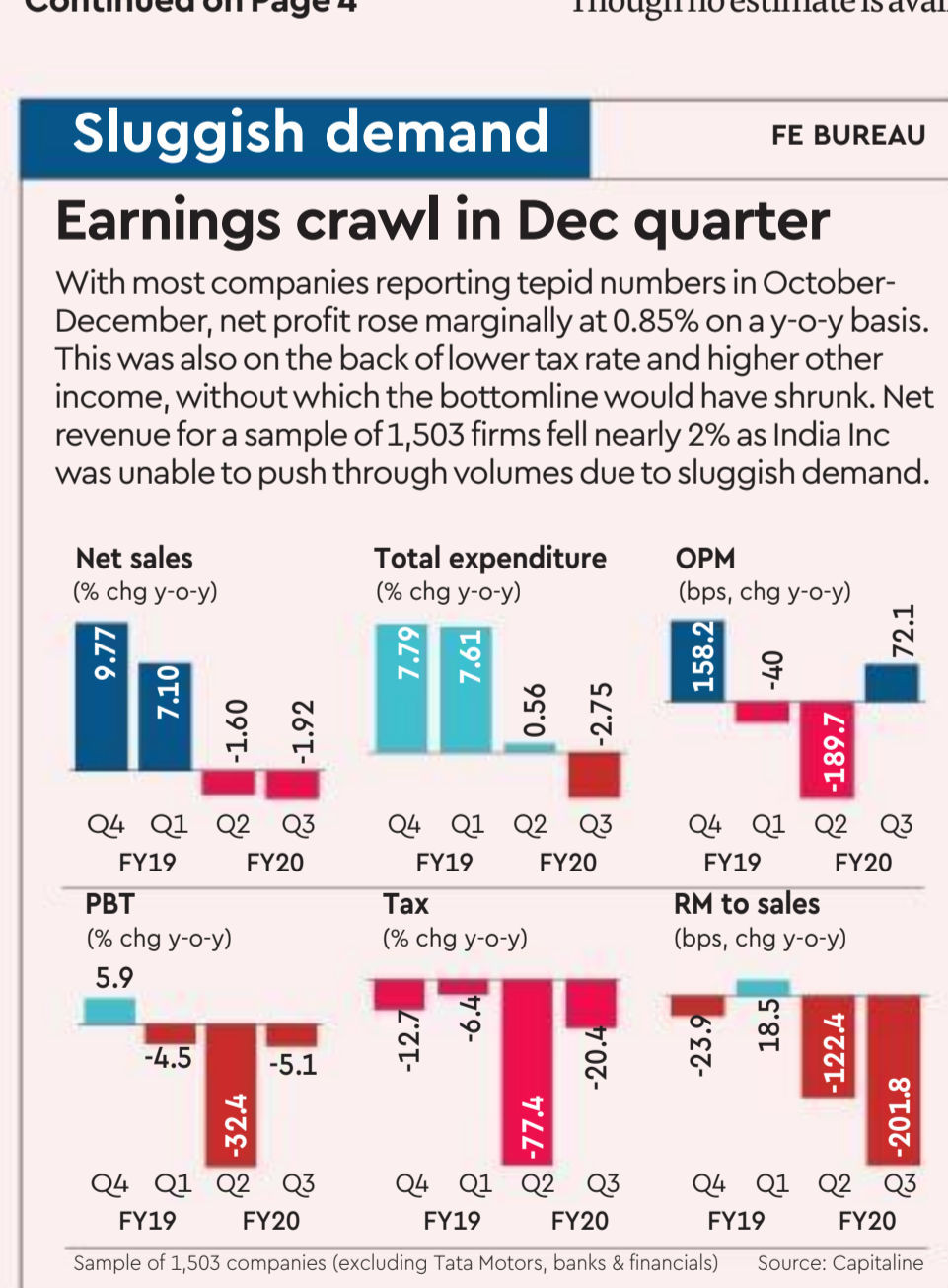
Regarding unlawful content, the revised guidelines propose that companies would need to comply with government's direction in providing information and assistance within 36 hours and remove it.

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Sluggish demand

Earnings crawl in Dec quarter

With most companies reporting tepid numbers in October-December, net profit rose marginally at 0.85% on a y-o-y basis. This was also on the back of lower tax rate and higher other income, without which the bottomline would have shrunk. Net revenue for a sample of 1,503 firms fell nearly 2% as India Inc was unable to push through volumes due to sluggish demand.



GOLD SCHEMES

Bonds beat mop-up through monetisation

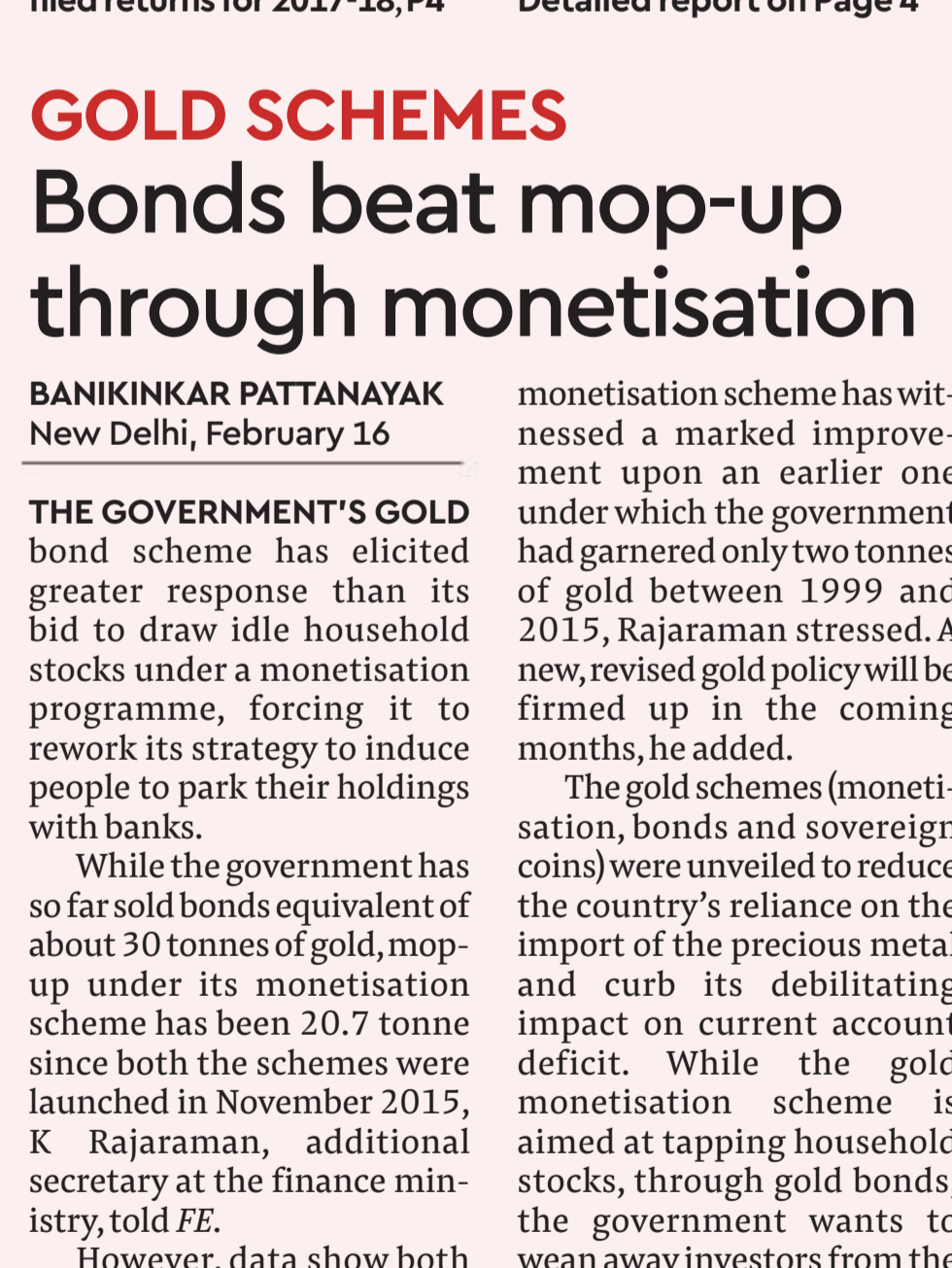
BANIKINKAR PATTANAYAK
New Delhi, February 16

THE GOVERNMENT'S GOLD bond scheme has elicited greater response than its bid to draw idle household stocks under a monetisation programme, forcing it to rework its strategy to induce people to park their holdings with banks.

While the government has so far sold bonds equivalent of about 30 tonnes of gold, mop-up under its monetisation scheme has been 20.7 tonne since both the schemes were launched in November 2015, K Rajaraman, additional secretary at the finance ministry, told **FE**.

However, data show both the schemes are still a far cry from success and represent only less than 2% of the country's annual gold consumption. India's gold demand stood at 3,746 tonnes in the past five years (2015-2019), according to the World Gold Council (WGC).

Nevertheless, the current



Quick Picks

DEA had red-flagged possible risks over IL&FS crisis in 2018 note

THE DEPARTMENT of economic affairs (DEA) had earlier raised the red signal over the likely collapse of IL&FS in a confidential note on September 30, 2018, and expressed concerns over its impact on the economy, according to a latest affidavit filed by the corporate affairs ministry, reports PTI. Immediately after that, MCA had moved NCLT to take over IL&FS' management. **PAGE 7**

2 more Indians on ship test positive; 406 Wuhan-returned test negative

TWO MORE Indians on board a quarantined cruise ship off Japan have tested positive for coronavirus, reports PTI. Meanwhile, all 406 people, housed at an ITBP quarantine facility in New Delhi after being brought back from Wuhan, have tested negative for the novel coronavirus in the latest sample examination, and will be discharged in a phased manner beginning Monday. **PAGE 5**

SOUNDING DIGITAL

Radio goes online to fight audio-streaming platforms

VENKATA SUSMITA BISWAS
Mumbai, February 16

A CASE OF old wine in a new bottle? FM radio channels seem to be shedding their radio tags to adopt the universal 'audio platform' tag in the face of increasing competition from audio-streaming platforms as well as other formats of digital media consumption.

According to Dentus Aegis Network CCS 2019 (Consumer Connection System), the reach of audio-streaming platforms is catching up with radio channels. Online music streaming had

a reach of 37% in 2019 while that of radio declined to 41%. In absolute numbers, the reach of radio was 377 million whereas online music streaming had a reach of 331 million in 2019.

Red FM COO Nisha Narayanan says the competition in the radio industry is not really among radio channels anymore; it is more to do with rapidly developing technology. This is why radio channels are increasingly building their online presence across



ILLUSTRATION: ROHINIT PHORE

Bond with the best

monetisation scheme has witnessed a marked improvement upon an earlier one under which the government had garnered only two tonnes of gold between 1999 and 2015, Rajaraman stressed. A new, revised gold policy will be firm up in the coming months, he added.

The gold schemes (monetisation, bonds and sovereign coins) were unveiled to reduce the country's reliance on the import of the precious metal and curb its debilitating impact on current account deficit. While the gold monetisation scheme is aimed at tapping household stocks, through gold bonds, the government wants to wean away investors from the purchases of the physical metal to "paper gold".

Since gold already attracts a 12.5% basic customs duty, any move to raise it further to discourage imports is fraught with risks of higher smuggling.

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