ECONOMY

GOLD	RUPEE	OIL	SILVER
₹41,565	₹71.32	$54.93	₹47,170

*Indian basket as on February 13, 2020

SENSEX: 41,055.69 ▼ 202.05 NIFTY: 12,045.80 ▼ 67.65 NIKKEI: 23,523.24 ▼ 164.35 HANG SENG: 27,959.60 ▲ 144.00 FTSE: 7,430.40 ▲ 21.27 DAX: 13,770.10 ▲ 25.89

*International market data till 1900 IST

AFTER SC RAP OVER FAILING TO MAKE AGR PAYMENTS BY JAN 23 DEADLINE

Airtel, Voda Idea, Tata Tele pay part of AGR dues; boards huddle to chalk out strategy

ENS ECONOMIC BUREAU
NEW DELHI, FEBRUARY 17

FOLLOWING THE Supreme Court's rap for failing to make adjusted gross revenue (AGR) payments by the stipulated deadline of January 23, at least three telecom companies made a part of their payments on Monday, and informed the Department of Telecommunications (DoT) about their willingness to make the rest of the payment in due course.

On Monday, Bharti Airtel was the first one to inform the exchanges that it had made a payment of Rs 10,000 crore to the DoT.

This included a sum of Rs 500 crore for Bharti Hexacom, a subsidiary of the company, and Telenor India, which had merged with the parent company.

"The Company is in a process of completing the self-assessment exercise expeditiously and will make the balance payment upon completion of the same, before the next date of hearing," Bharti Airtel said in a statement to exchanges.

Vodafone Idea, which faces a payout of more than Rs 53,000 crore, tried to persuade the apex court on Monday "for directions to be issued to the DoT to not take any coercive steps for recovery of AGR dues".

The oral plea, however, was not entertained by the SC.

The coercive action, sources said, could be invocation of bank guarantees submitted by the company with the banks.

Later in the day, Vodafone Idea said it had made a payment of Rs 2,500 crore to the DoT, and would make of payment of Rs 1,000 crore by Friday.

"The Board will take further stock of the situation to see how further additional payments can be made," it said in an update with exchanges.

The payment of Rs 3,500 crore is the principal amount of the AGR calculated by the company, sources said.

Last Friday, while saying that it was ready to make the AGR payment, Vodafone Idea had also mentioned that its ability to continue as a going concern was dependent on the outcome of its modification plea for the order, which had asked them to pay the AGR dues within three months.

Tata Teleservices — which faces a payout of close of Rs 14,000 crore — also said that it had paid Rs 2,197 crore to the DoT on Monday.

Both the DoT and the telecom operators had faced the ire of the SC over non-payment of AGR dues on time.

A three-judge bench headed by Justice Arun Mishra also issued show-cause notice to the telcos for not having paid the AGR dues on time.

On October 24, 2019, the apex court had upheld the DoT's definition of AGR and said since the licencees had agreed to the migration packages, they were liable to pay the dues, the penalty on dues, and the interest on penalty due to the delay in payments. The SC had then given the telcos three months to clear their AGR dues.

That deadline ended on January 23, before which the telcos unsuccessfully tried to persuade the DoT to give them more time.

The total payout by all telecom companies could be as high as Rs 1.47 lakh crore after dues for spectrum usage charges (SUC) linked to the AGR payout are also taken into account.

Industry sources said that while Vodafone Idea may have to shell out as much as Rs 53,000 crore, Bharti Airtel will have to pay nearly Rs 35,590 crore. And Tata Teleservices, which sold its business to Bharti Airtel, will have to pay as much as Rs 14,000 crore in AGR dues.

Telecom department actively engaging with firms, says FM

Bengaluru: Finance Minister Nirmala Sitharaman on Monday said the telecom department has been actively engaging with telecom companies over the issue of statutory dues and she would wait to hear its decision.

Post the court's latest verdict, it will only be proper to wait and hear from the department concerned, she told reporters. "The department has been actively engaging with telecom companies, immediately after the orders and subsequently also after the review so the department is fully in touch with the companies and I will wait to hear from the department or on behalf of the government from the department, so that we know what is the position that the department wants to take on the matter," she said. **PTI**

NCLAT grants immunity from ED probe to JSW Steel, Bhushan Power

AASHISH ARYAN
NEW DELHI, FEBRUARY 17

CLEARING THE hurdles in the corporate insolvency resolution process (CIRP) of Bhushan Power and Steel, the National Company Law Appellate Tribunal (NCLAT) Monday gave complete immunity to JSW Steel from investigation by the Enforcement Directorate (ED) for alleged money laundering by erstwhile promoters of the debt-laden company.

The probe against Bhushan Power's erstwhile promoters, however, will continue in accordance with the law, said the two-member NCLAT bench. In its judgment, the appellate tribunal held that the corporate debtor, Bhushan Power, will be immune from all probe by the ED, the Central Bureau of Investigation and the Serious Fraud Investigation Office.

However, if the ED were to eventually establish through its probe that the assets created at Bhushan Power were from "proceeds of crime", a fair value for those assets will be determined, and the investigative agency could file its claims in the CIRP process as an operational creditor.

The ED — which is probing Bhushan Power for alleged irregularities and money laundering — had in January told the NCLAT that it would, apart from probing the former promoters of Bhushan Power and the company, also probe JSW Steel, as it was a related party. Citing a joint venture (JV) formed by JSW Steel and Bhushan Power, the Directorate had told the NCLAT that the new amendment would only apply prospectively, and not retrospectively.

The probe against Bhushan Power's erstwhile promoters, however, will continue

The NCLAT on Monday, however, overruled this stance of the ED and held that just because JSW Steel had formed a JV with Bhushan Power for Rohne coal block, it did not make the two related parties. The JV, the NCLAT held, was formed because of certain conditions stipulated by the Centre, and therefore would not make both the companies related parties as defined under Insolvency and Bankruptcy Code (IBC).

The appellate tribunal also overruled the attachment of properties by the ED, and said that as the action had been taken after the approval of JSW Steel's resolution plan on September 5, it must be annulled. JSW Steel — which had at Rs 19,700 crore placed the winning bid for Bhushan Power — had been wary, owing to cases pending against the latter. This was after the ED remained firm on its idea to attach the properties of Bhushan Power, as well as its former promoters and directors for alleged money laundering. The ED had, last October, started attaching properties worth nearly Rs 4,000 crore belonging to Bhushan Power. Following the raids, JSW Steel approached the NCLAT.

The stance taken by the ED was in direct contrast with the Ministry of Corporate Affairs' (MCA) understanding of the IBC, where the latter said that though ED can continue with its probe against the erstwhile promoters under the Prevention of Money Laundering Act, the assets of the corporate debtor — after the resolution plan is approved — must remain immune to any proceedings.

Later, the MCA absolved itself of any responsibility, and said that the onus of checking whether the resolution plan for Bhushan Power submitted by JSW Steel passed all IBC checks lay with the adjudicating authority and investigating agencies, and not the Centre.

TECH WATCH
FREE PUBLIC INTERNET

Google to stop 'Station' WiFi project; points to cheaper, more accessible data and infra challenges

Free WiFi to continue, says RailTel

Express Photo

PRANAV MUKUL
NEW DELHI, FEBRUARY 17

EVEN THOUGH it surpassed its targets of rolling out free WiFi at railway stations, Google said Monday it was winding down its Station programme globally over the year. Google cited cheaper and more accessible mobile data, government initiatives to provide access to internet for everyone and the challenge of varying technical requirements and infrastructure among its partners across nations as the reasons to explain its decision of shutting down the programme, which commenced in India in 2015 and was later expanded to several other countries.

Meanwhile, state-owned RailTel said it will continue to provide free WiFi at over 5,600 railway stations across the country. "In this partnership, Google provided the RAN and technology support and RailTel provided the physical infrastructure and internet bandwidth (ISP). But going forward, apart from these 415 stations, we have also provided free WiFi in 5190+ B, C, D stations as well," RailTel said in a statement.

In India, the Station programme was a part of Google's broader vision of bringing on the "next billion users" online.

"We launched Station in India in 2015, as a partnership between Google, Indian Railways and RailTel to bring fast, free public WiFi to over 400 of the busiest railway stations in India by mid-2020. But we crossed that number by June 2018 and implemented Station in thousands of other locations around the country in partnership with telecommunications companies, ISPs and local authorities. Over time, partners in other countries asked for Station too and we responded accordingly," Caesar Sengupta, VP—Payments and Next Billion Users, Google wrote in a blogpost Monday. "... we've made the decision to gradually wind down the Station programme globally, through 2020. We are working with our partners to transition existing sites so they can remain useful resources for the community," he added.

In addition to India, the Station programme was available in Brazil, South Africa, Nigeria, Thailand, the Philippines, Mexico, Indonesia, and Vietnam. The first station in India to go live on the programme was Mumbai Central.

"India, specifically now has among the cheapest mobile data per GB in the world, with mobile data prices having reduced by 95 per cent in the last 5 years, as per TRAI in 2019. Today, Indian users consume close to 10 GB of data, each month, on average. And similar to what the Indian government did, several governments and local entities have kicked off their own initiatives to provide easier, cost-effective access to the internet for everyone," Sengupta wrote in the blog.

"... when we evaluate where we can truly make an impact in the future, we see greater need and bigger opportunities in building products and features tailored to work better for the next billion user markets," he added.

According to the latest available data shared by Google, Google Station had close to 8 million monthly active users across 400 stations in 2018. Notably, the data showed that the consumption was much higher in tier-II cities with average data consumption at around 350 MB per user.

'Domestic air passenger traffic up 2.2% in Jan'

The domestic air passenger traffic in January rose 2.2 per cent to 1.27 crore compared to the same month in 2019, according to data released by DGCA

ON-TIME PERFORMANCE OF AIRLINES IN JANUARY AT BENGALURU, DELHI, HYDERABAD AND MUMBAI:

- AirAsia India: 75.7 per cent
- IndiGo: 74 per cent
- Vistara: 70.2 per cent

AIRLINES' SHARE OF DOMESTIC PASSENGER MARKET IN JANUARY

- IndiGo: 47.9 per cent
- SpiceJet: 16.6 per cent
- Air India: 11.6 per cent
- GoAir: 9.8 per cent
- AirAsia India: 6.9 per cent
- Vistara: 6.5 per cent

798: Passenger-related complaints received by domestic airlines in January

AIRLINES THAT REPORTED DECLINE IN PASSENGER LOAD FACTORS IN JANUARY OVER DECEMBER:

- Air India
- GoAir
- AirAsia India
- SpiceJet
- IndiGo

0.62: Complaints per 10,000 passengers carried for December

Source: DGCA/PTI

2.56%: Growth in domestic traffic in December 2019 over December 2018

1.9: Complaints per 10,000 passengers in September reported by Air India

Recovery 'shallow': Moody's slash India's 2020 growth forecast to 5.4% from 6.6%

ENS ECONOMIC BUREAU
MUMBAI, FEBRUARY 17

GLOBAL RATING agency Moody's Monday cut India's growth forecast for 2020 to 5.4 per cent from 6.6 per cent projected earlier, stating that any economic recovery will be "shallow" and "slower" than previously expected.

"While the economy may well begin to recover in the current quarter, we expect any recovery to be slower than we had previously expected. Accordingly, we have revised our growth forecasts to 5.4 per cent for 2020 and 5.8 per cent for 2021, down from our previous projections of 6.6 per cent and 6.7 per cent respectively," Moody's said in its update on Global Macro Outlook, adding that India's economy has decelerated rapidly over the last 2 years and recovery is likely to be 'shallow'.

Last week, S&P — while affirming India's sovereign rating at 'BBB-' — had said the economic growth rate is likely to improve to 6 per cent in FY21, 7 per cent in the following fiscal and 7.4 per cent thereafter. It said that India's structural growth outperformance remains intact despite a notable deceleration in economy.

Moody's — which estimated that India's GDP grew 5 per cent in 2019 — had, in November 2019, projected growth in 2020 and 2021 at 6.6 per cent and 6.7 per cent, respectively. Stating that the key to stronger momentum would be the revival of domestic demand and bank credit growth, the rating agency said that Budget 2020 did not contain a significant stimulus to address the demand slump. With a weak economy and depressed credit growth reinforcing each other, Moody's said "it is difficult to envision a quick turnaround of either, even if economic deceleration may have troughed".

EXPLAINED

Quick turnaround unlikely

MOODY'S SAYS that the key to stronger economic momentum would be revival of domestic demand and bank credit growth. The Union Budget 2020 did not contain a significant stimulus to address the demand slump. With a weak economy and depressed credit growth reinforcing each other, it is difficult to envision a quick turnaround of either, even if economic deceleration may have troughed.

'Sebi to come out with circular to prevent Karvy-like incidents'

Regulator's board approves norms for investment advisers

Sebi Chairman Ajay Tyagi (centre), along with officials in Mumbai on Monday. *Amit Chakravarty*

ENS ECONOMIC BUREAU
MUMBAI, FEBRUARY 17

THE SECURITIES and Exchange Board of India (Sebi) on Monday said Karvy Broking Services Ltd (KSBL) has informed the stock exchange that it's planning to sell stake in a subsidiary to meet the shortfall of Rs 678 crore in client payout obligations by March this year. Sebi Chairman Ajay Tyagi said the capital markets regulator will soon come out with a circular to prevent incidents like KSBL, which had allegedly misused clients' securities.

"As on February 14, the total dues of Karvy is about Rs 1,189 crore. While banks have securities worth only Rs 511 crore, there is a shortfall of Rs 678 crore ... NSE (National Stock Exchange) has issued notices to Karvy and the broking firm has told the exchange that it is in the process of selling a firm for which term sheet has been accepted and clear all its dues to clients and banks by March end," the Sebi Chairman said, adding, "So we will wait and see."

In November 2019, Sebi barred KSBL from taking new brokerage clients after it was found that the latter had allegedly misused clients' securities to the tune of more than Rs 2,000 crore.

The Sebi board on Monday also approved norms for investment advisers and said that an individual adviser cannot provide distribution services, while firms would now need to segregate advisory and distribution activities at the client level.

The markets regulator also tightened its eligibility norms for investment advisers and decided to introduce an upper limit for their fees.

Apart from this, the Sebi board decided to allow live testing of new products, services and business models by market players on select customers.

To begin with, all Sebi-registered entities will be eligible to participate in such a 'regulatory sandbox' — a live testing environment where new products processes, services and business models can be deployed on a limited set of eligible customers for a specified period of time with certain relaxations in rules and guidelines, Sebi said.

Subsequently, Sebi said fintech startups and other entities that are not regulated by it may also be allowed, but no exemptions would be granted from the existing investor protection framework, KYC and anti-money laundering rules.

The regulator also decided to allow a cross domain approach for this regulatory sandbox, wherein a regulated entity will be permitted to test solutions even for those activities for which it is not registered.

Tyagi, whose tenure as Chairman ends on March 1, said Sebi is "actively looking" at recategorisation of mid-cap and small-cap stocks for mutual funds.

Speaking about his work at Sebi, he said it was a deep dive job rather than being on surface. "My team and I believed in wide consultation with stakeholders, we were transparent and did what we did cautiously. At the same time, we also ensured there was no regulatory capture of the regulator," Tyagi said.

On extension of deadline for listed companies to split posts of chairman and managing director to April 2022, Tyagi said there were implementation issues. Only 50 per cent of top 500 companies had segregated these roles. Practicalities and implementation issues led to extending deadline, he said.

Tyagi added that the Sebi board has not taken any decision to transfer its surplus to the Centre.

REGULATORY SANDBOX GETS NOD

- **The board of Securities and Exchange Board of India decided to allow live testing of new products, services and business models by market players on select customers**
- **All Sebi-registered entities will be eligible to participate in a 'regulatory sandbox' — a live testing environment where new products processes, services and business models can be deployed on a limited set of eligible customers**

PEOPLE'S BANK OF CHINA DRAINS A NET 700 BN YUAN VIA OPEN MARKET OPERATIONS

China cuts medium-term rate to soften coronavirus hit to economy

REUTERS
SHANGHAI, FEBRUARY 17

CHINA'S CENTRAL bank cut the interest rate on its medium-term lending on Monday as policymakers sought to ease the drag to the businesses from a coronavirus outbreak that has severely disrupted activity.

The move is expected to pave the way for a reduction in the country's benchmark loan prime rate (LPR), which will be announced on Thursday, to lower borrowing costs and ease financial strains on companies hit by the virus epidemic. The People's Bank of China (PBOC) said it was lowering the rate on 200 billion yuan ($28.65 billion) worth of one-year medium-term lending facility (MLF) loans to financial institutions by 10 basis points (bps) to 3.15 per cent from 3.25 per cent previously.

The cut helped Chinese stock markets rally, which in turn lent support to other Asian bourses.

The central bank attributed the move to keep banking system liquidity "reasonably ample" to counter factors including maturing reverse repos, but it did not address the specific reason for the rate move.

No MLF loans were due to mature on Monday.

Earlier this month, the PBOC unexpectedly lowered the interest rates on reverse repurchase agreements by 10 basis points as the virus outbreak escalated.

Traders and analysts said cutting the MLF rate following a similar move in the reverse repo rate would help the reduction in rates to feed through to longer-term lending. The coronavirus outbreak has hit the Chinese economy just as it was starting to show some signs of stabilising after 2019 growth cooled to its slowest pace in nearly 30 years.

The virus has already killed more than 1,700 people and infected more than 70,000 and is yet to show convincing signs of peaking with more than 2,048 new cases reported on Monday.

Some analysts believe China's economy could contract in the first quarter on a sequential basis due to the shock to business and tough public health restrictions. With transport curbs still in place in many parts of the country, economic activity in China remains subdued, although there are reports more factories are slowly resuming production.

A woman wears a face mask and a raincoat as protection from coronavirus at Shanghai railway station. *Reuters*