ECONOMY

GOLD	RUPEE	OIL	SILVER
₹44,472	₹71.98	$57.27	₹49,990

*Indian basket as on February 21, 2020

SENSEX: 40,363.23 ▼ 806.89 **NIFTY:** 11,829.40 ▼ 251.45 **NIKKEI:** 23,386.74 ▼ 92.41 **HANG SENG:** 26,820.88 ▼ 487.93 **FTSE:** 7,161.05 ▼ 242.87 **DAX:** 13,100.93 ▼ 478.40

*International market data till 1900 IST

POLICY WATCH
ADJUSTED GROSS REVENUE

To reconcile deviation in estimate, DoT asks companies to submit claims of self-assessed AGR calculations

AASHISH ARYAN
NEW DELHI, FEBRUARY 24

THE DEPARTMENT of Telecommunications (DoT) has asked Bharti Airtel, Vodafone Idea, Tata Teleservices, and other telecom as well as non-telecom companies to submit documents supporting their claim of self-assessed adjusted gross revenue (AGR) figures, senior DoT officials said.

This, a senior DoT official said, will help the ministry reconcile the companies' figures with their own number, and help them understand how the numbers arrived at by the companies is lower than the assessment of the ministry.

"This exercise will help us run a time-bound check and test for the AGR dues that are being deposited so far. We have asked them to send the supporting documents as soon as possible," a senior official said.

The Indian Express had last Friday reported that the DoT was likely to push for the entire payment of AGR dues from telcos before the March 17 hearing in the Supreme Court. Asking the telcos to submit supporting documents is a step in that process, an official said.

"Our calculation says something else and their calculation is much lesser than that. Now, there is a Supreme Court order which says as to how the AGR is to be calculated. So these documents are needed. It is like when there is a dispute in how much tax is to be paid, the tax payer submits documents to show how they arrived at a particular number," the official said.

As of Thursday last week, Bharti Airtel had paid Rs 10,000 crore of the over Rs 36,000 crore it owed to the DoT, while Vodafone Idea paid Rs 3,500 crore of the Rs 53,000-crore AGR dues it owed. Vodafone Idea paid another Rs 1,000 crore on Thursday, DoT sources confirmed. The Rs 3,500 crore paid by Vodafone Idea is half of its self-assessed AGR principal. Tata Teleservices, which has so far paid Rs 2,197 crore, will be sent another notice in a couple of days, which will seek for payment of the rest of the AGR dues, another DoT official said, on the condition of anonymity.

Apart from private telecom players, state-run Bharat Sanchar Nigam Limited (BSNL) and Mahanagar Telephone Nigam Limited (MTNL) have also been asked to calculate their AGR dues and submit a report on it, officials said.

The officials, however, remained tight-lipped about the possibility of a bailout package for telecom companies burdened by the AGR judgment.

The talks of a possible bailout package being offered to the telecom companies started doing rounds after Bharti Airtel founder and chairman Sunil Bharti Mittal and Vodafone Idea chairman Kumar Mangalam Birla met Telecom Minister Ravi Shankar Prasad and Finance Minister Nirmala Sitharaman in successive days. Mittal had met Prasad at least two times in the past two weeks, in addition to meeting Sitharaman.

Both Bharti Airtel and Vodafone Idea are under pressure to complete the remainder of their AGR payments before March 17. The deadline is the next date of hearing in the Supreme Court, which had on February 14 slammed the DoT as well as the companies for failing to make any payments before the stipulated deadline of January 23.

During the hearing on February 14, the apex court had lamented that its orders had not been followed and that the way everyone was behaving suggested there was "no law left in the country".

On October 24, 2019, the SC 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 delay in payments. The top court had then given the telcos three months to clear their AGR dues.

Nobody wants to kill telecom sector, says SBI chief

Mumbai: State Bank of India (SBI) Chairman Rajnish Kumar on Monday said the government has not yet communicated anything to the country's largest lender regarding invoking bank guarantees against telecom companies.

Kumar said SBI has received no direction and is "just waiting" in response to queries on the government invoking bank guarantees of operators. "Nobody wants to kill the sector," Kumar said in a rushed exchange with reporters on the sidelines of the launch of SBI Foundation and Microsoft's joint initiative to create job opportunities for youth with disabilities in Mumbai. **FE**

PANIC-SELLING AMONG INVESTORS AS NEW CASES REPORTED IN SOUTH KOREA, ITALY, IRAN

Virus effect: Sensex crashes 807 pts, rupee falls

ENS ECONOMIC BUREAU
MUMBAI, FEBRUARY 24

JOINING A global sell-off, Sensex on Monday plunged nearly 807 points as coronavirus (COVID-19) cases spread across the world, ringing alarm bells in more countries outside China.

The 30-share Sensex settled at 40,363.23, dropping 806.89 points or 1.96 per cent, the second biggest one-day fall in 2020, as bourses from Seoul to Hong Kong fell on worries over the impact of the virus on human lives and the economy. The broader NSE Nifty fell 251.45 points or 2.08 per cent to 11,829.40 after markets were caught in a panic-selling mode as investors turned nervous over a large number of new virus cases in South Korea, Italy and Iran.

The rupee, meanwhile, fell by 34 paise to close at more than three-month low of 71.98 against the US dollar, tracking heavy selling in domestic equities and strengthening of the US currency in the overseas market.

The stock market fall has sent gold, a safe haven asset in times of uncertainty, to a seven-year high, while high-yielding, riskier currencies including the Australian dollar and Indonesian rupiah, were all down. "Fears of secondary infections increasing outside of China sent risk assets in a tailspin and a wave of refuge-seeking into safe-haven. With the outbreak showing little sign of easing, investors are increasingly concerned it could have a much longer-term impact on the world economy, which was already stuttering, with a number of companies warning about their bottom lines," said Deepak Jasani, head—retail research, HDFC Securities.

Spot gold prices rose 2.8 per cent on Monday, according to reports. Crude prices tanked on worries about plunging demand from China, the world's biggest importer and consumer of the commodity, sending energy firms in the region sharply lower.

Global markets bore the brunt of rising virus cases in new regions other than China. Traders had been broadly optimistic that the virus — which has killed nearly 2,600 and infected 80,000 — was being contained outside China, but a spurt of infections and deaths in other countries including South Korea, Italy and Iran has fanned fears of a wider outbreak.

"Demand for safe-haven assets spiked as fresh coronavirus cases in South Korea and Italy indicated that business impact could be higher than thought earlier. The Trump-Modi meet is not providing clues to the market regarding trade deal but market is hoping for some hint in the future," Vinod Nair, head of research at Geojit Financial Services, said.

All Sensex components ended in the red, with Tata Steel plunging 6.39 per cent, followed by ONGC, Maruti, HDFC, Titan and ICICI Bank. Sectorally, the BSE metal index tumbled nearly 6 per cent, auto 3.39 per cent and telecom 3.33 per cent. All sectoral indices closed in the red. In the broader market, BSE midcap and smallcap indices sank up to 1.60 per cent. The IMF, meanwhile, warned that the deadly epidemic could put an already fragile global economy recovery at risk. Chinese President Xi Jinping on Sunday said the epidemic is the country's "largest public health emergency". The death toll from the virus rose to 2,592 in China on Monday.

Dow sinks 1,000 points

Meanwhile, stocks across the globe posted their largest decline in over two years on Monday.

At 1:06 pm ET, the Dow Jones Industrial Average was down 1,027.29 points, or 3.54 per cent, at 27,965.12 and the S&P 500 was down 116.33 points, or 3.49 per cent, at 3,221.42. The Nasdaq Composite was down 377.81 points, or 3.95 per cent, at 9,198.78. The S&P 500 fell below its 50-day moving average and the Dow slipped below its 100-day moving average, all closely watched indicators of momentum, according to a *Reuters* report. The pan-European FTSEurofirst 300 index lost 3.76 per cent, with Milan's stock market down more than 5 per cent. MSCI's gauge of stocks across the globe shed 2.82 per cent, its biggest single-day decline since February 5, 2018, when concerns over a spike in inflation sent stocks tumbling.

Emerging market stocks lost 2.71 per cent. MSCI's broadest index of Asia-Pacific shares outside Japan closed 2.58 per cent lower, while Japan's markets were closed for a holiday.

EXPLAINED

Long-term impact on world economy likely

WITH THE coronavirus outbreak showing little sign of easing, investors are increasingly concerned it could have a much longer-term impact on the world economy, which was already stuttering.

A number of companies have already warned about their bottom lines. The impact could also hit Indian companies which rely on Chinese suppliers. There could be production cuts and prices hikes, hitting the already sagging growth further. This will also be reflected on the stock markets.

Global oil slumps 5%

New York: Oil prices slumped by 5 per cent on Monday as the rapid spread of the coronavirus in countries outside China added to investor concerns over the effect on demand for crude.

Brent crude futures fell $2.96, or 5.1 per cent, to $55.54 a barrel. US West Texas Intermediate (WTI) crude futures dropped by $2.58, or 4.8 per cent, to $50.80 a barrel.

"As the virus spreads globally, additional downside revisions in oil demand for this year may be required," Jim Ritterbusch, president of Ritterbusch and Associates, said in a note. Goldman Sachs said commodity prices could fall sharply before any rebound on the back of Chinese stimulus efforts.

"The promise of stimulus has made commodity markets act like equity markets, building up risks of a sharp correction," the bank said in a note. Bank of America Global Research kept its 2020 forecast for the price of Brent crude steady at $62 a barrel. **REUTERS**

Gold jumps ₹953/10g

New Delhi: Gold prices on Monday soared Rs 953 to Rs 44,472 per 10 gram in the national capital on weaker rupee and rise in global prices, according to HDFC Securities.

The yellow metal had closed at Rs 43,519 per 10 gram in the last trading session. Silver prices also rose by Rs 586 to Rs 49,990 per kg from Rs 49,404 per kg.

Meanwhile, in the international market, gold soared as much as 2.8 per cent on Monday to its highest level in seven years. Spot gold was up 1.9 per cent at $1,674.40 per ounce by 12:26 p.m. EST (1726 GMT). The session high, $1,688.66, was its highest since January 2013. US gold futures jumped 1.7 per cent to $1,676.80 an ounce.

The curve inversion between the 3-month and 10-year US Treasury bond yields deepened, in what economists view as a recession signal. The benchmark 10-year Treasury yield fell to its lowest since July 2016. **PTI & REUTERS**

'COVID-19 to cause spike in solar PV module prices'

The outbreak of COVID-19, or coronavirus, poses concerns for both domestic solar module original equipment manufacturers (OEMs) as well as solar developers/independent power producers, Icra said

20-21 CENTS/WATT: CURRENT PRICE LEVELS OF SOLAR PHOTO VOLTAIC (PV) MODULES, WHICH MAY SPIKE IN NEAR TERM DUE TO SUPPLY CONSTRAINTS, PUTTING AN UPWARD PRESSURE ON EXPECTED BID TARIFFS

25%: SLOWDOWN IN TENDERING OF WIND AND SOLAR PV PROJECTS, FROM 11.5 GIGA WATT (GW) IN CALENDER YEAR 2018 TO 8.6 GW IN CALENDER YEAR 2019

Additional headwinds being faced by solar energy sector:

Long delays in making payments by state distribution utilities

Execution delays for projects bid out over past two years due to
- Challenges in land acquisition
- Securing transmission connectivity
- Financing in a timely manner

Issues that need to be addressed:
- Ensuring alternate supply chain other than China in long run
- Timeline extension as per PPA terms from nodal agencies
- Resolution of issues on tariff renegotiation as well as grid curtailments by state utilities in Andhra Pradesh

Impact of import dependency on China:
Given the import dependency on China for sourcing of PV modules, the execution timelines for several projects are likely to be affected due to delays in delivery of modules

Need for de-risking strategy:
A de-risking strategy so as to identify and ensure the alternate supply chain other than China in the long run would be critical for domestic independent power producers/OEMs

Source: Icra/PTI

Impact on sales volume: *For Q4FY20, sales volumes for domestic module manufacturers/ OEMs are likely to be impacted due to prevailing uncertainty over supply chain*

Disruption of supply chain: *As they are dependent on China for key components used for manufacturing of solar modules, OEMs in the country will face disruption in the supply chain due to the virus outbreak*

Govt to move Supreme Court for bulk disposal of tax disputes

ENS ECONOMIC BUREAU
NEW DELHI, FEBRUARY 24

Revenue Secretary Ajay Bhushan Pandey. *Abhinav Saha*

ABOUT 70-80 per cent of the direct tax disputes — nearly 5 lakh involving tax demands of Rs 9.5 lakh crore at last count and piling up — may get resolved in one stroke, as the government has decided to move the Supreme Court, pleading for definitive rulings on 20 issues identified by the tax department as being at the heart of these disputes, Revenue Secretary Ajay Bhushan Pandey said on Monday.

The Revenue Secretary also said that even though the lenient 15 per cent corporate tax rate for new manufacturing units was for a limited window (till FY23-end), the government was taking efficient steps to widen the tax base, which could facilitate further pruning of various tax rates including those for corporate and dividend incomes, in the coming years. The idea is the apex court rulings would accord finality to who is in the right in the intractably fractious disputes between the taxman and taxpayers, helping mass disposal of about 4 lakh cases lingering on, at various fora — from the commissioner (appeal) level to the tax tribunals to courts and arbitration panels.

"We have identified 20 issues on which maximum number of disputes occur every year and till Supreme Court takes a decision, additions (to tax amount) keeps happening. We will request the Supreme Court to give us final verdicts on these issues," Pandey said at the Indian Express Group's Idea Exchange programme.

IDEA EXCHANGE

The move comes close on the heels of the launch of the Vivad Se Vishwas scheme, under which if the tax department has won a case in a lower forum and the assessee has appealed, the assessee has to pay only the disputed tax amount (125 per cent of such amount in case of search cases) as penalty and interest are waived off. If the dispute is only about penalty and interest, then only 25 per cent of the disputed penalty and interest is payable. Also, the assessee could pay just half the tax amount sans penalty and interest if she had won the case at a particular forum and the taxman's appeal is being heard at the higher forum.

Pandey said that the Vivad Se Vishwas scheme could help resolve even big corporate tax cases as in many such disputes the interest and penalty amounts had risen to multiple times the original tax demand. "We are saying here that we will waive off penalty and interest even if these are in many multiples of tax demand. Because tomorrow, in the court, a decision can go either way and then penalty and interest can't be waived off. It is going to be attractive to a large class of taxpayers," he said, but refused to comment on individual cases like Vodafone and Cairn.

Responding to whether the move to appraising income-tax officials on their performance vis-a-vis the scheme could lead to overzealous approach and harassment of taxpayers, Pandey said that the department was only preparing proactively before the scheme is launched so that taxpayers can be facilitated fully. "We have 10,000 assessing officials so each one would have 50 cases in their charge. They have been asked to prepare a list of cases and proactively facilitate the taxpayers so that they don't have to go to the officials. To that extent, certain objective and performance parameters have been defined for the assessing officers but that can't be termed as putting pressure on the officials or that they will resort to harassment," Pandey said. **FE**

RIL CHAIRMAN MUKESH AMBANI: HAVE NO DOUBT INDIA WILL BE AMONG TOP THREE ECONOMIES OF THE WORLD

Never be cool by association ... build your own technology: Nadella to India Inc

NANDAGOPAL RAJAN
MUMBAI, FEBRUARY 24

MICROSOFT CEO Satya Nadella on Monday exhorted Indian CEOs to build their own tech capability and highlighted how that will be one of the most defining aspects of the coming decade. Speaking at Microsoft's Future Decoded event in Mumbai, attended by top CEOs from across the country, Nadella said, "I always say you will never be cool by association... you have to build your own technology business."

"I want to see a ubiquitous computing fabric that is distributed, you would have intelligence that is ambient, you would have experiences that are not limited to a single device ... that's the richness of this world," he said, adding it will come down to how every organisation in India can ride this wave. "By this I mean build your own tech intensity."

However, Nadella said that while building this tech intensity, especially in a country like India, "we have to be mindful of how this is driving inclusive economic growth and ensure trust in technology, right and in privacy and ethics around AI."

He said in the last decade technology has had tremendous impact on our lives. "But if there was one criticism, I'll say it's pretty narrow. I mean a consumer economy is important, but it's not the only economy. The profit that was derived from all that progress was even more limited," he said, about the most successful "aggregator" or "marketplace" business model. "Is that enough? Clearly not. So when we look towards the next 10 years, we need broader productivity and broader impact of technology."

Interestingly, the Microsoft CEO said now 72 per cent of the jobs for software engineers are outside the tech industry. "The question is how productive are these developers when they are employed by you," he said, adding how Microsoft was focused on bringing toolchains for these developers.

In a conversation with Nadella, Reliance Industries chairman Mukesh Ambani said every entrepreneur in India has the potential to become a Dhirubhai Ambani, and reminisced how Reliance too was set up with just a simple table and a chair and Rs 1,000 five decades ago.

"The opportunity we have for India is the opportunity to become the premier digital society in the world. With all the components coming in place, I have no doubt that we will be among the top three economies of the world," Ambani said, adding, "When that happens ... will we be the most technically enabled society? Will we be having all our development enabled by all the tools of technology? Can we really be a pacesetter in terms of using our technology?"

Microsoft CEO Satya Nadella (right) and Reliance Industries Ltd chairman & managing director Mukesh Ambani at the Microsoft Mumbai CEO Summit, in Mumbai, Monday. *Express Photo*

Earlier, Microsoft India president Anand Maheshwari said India is leading in digital because of a range of unique features: a $180-billion IT industry, the third largest startup ecosystem, 650 million people under the age of 25 and 4.5 million pro developer community. "This will affect the world as we go forward."

It is no longer a decision for Indian companies if they want to get on to the public cloud, Maheshwari said, adding how over 70 per cent of enterprises in the country are already using cloud with a similar rate of AI adoption among small and medium businesses. "This is creating a competitive advantage," he underlined.

In a bid to accelerate the startup ecosystem in India, Microsoft has announced the launch of the 100X100X100 programme which will bring together 100 companies and 100 startups with enterprise-ready solutions to offer, with each participating company committing a spend of $100,000 over the next 18 months on solutions provided by the SaaS startups. The programme has kicked off with 50 startups.

Microsoft has also announced a collaboration with SBI Foundation to create opportunities for youth with disabilities in the banking, financial services and insurance sector. Calling it an ideal partnership, State Bank of India Chairman Rajnish Kumar said the lender has always striven for "inclusion and empowerment of people with disabilities."