

AIM FOR BHARATNET WAS TO REACH 2.5L GRAM PANCHAYATS BY MAR 2020

Panchayat net connectivity project set to miss deadline: Only over half service ready

AASHISH ARYAN
NEW DELHI, FEBRUARY 25

THE CENTRAL government's flagship scheme to provide internet connectivity to all 2.5 lakh gram panchayats (GPs) has picked up some pace but is still running behind schedule.

According to official data accessed by *The Indian Express*, while the government aimed to make 2.5 lakh GPs service ready by March 2020, under all the phases of BharatNet, only 1.34 lakh have been made service ready as on January 31, 2020. Under BharatNet phase one, the government had aimed to provide optical fibre connectivity to 1.5 lakh GPs, and the rest 1 lakh GPs were to be connected under the phase two of the programme. However, only 1.1 lakh GPs under phase one had optical fibre connectivity until January 31. In fact, the progress in phase two remains slower with just 13,750 GPs getting optical fibre connectivity out of the target of 1 lakh by March 2020.

The progress however, is better in some states than others. States such as Bihar and Punjab,

which are now being handled directly by Bharat Broadband Network Limited (BBNL), have near completion. In Bihar more than 91 per cent of total 8,893 GPs have been made service ready, while in Punjab over 97 per cent of 12,940 GPs have been made service ready as of January 31.

The work has picked pace in Chhattisgarh, Jharkhand, Maharashtra and Odisha, where the states had been asked to take over the BharatNet implementation, the data showed. The work in these states is also being supervised by BBNL on a weekly basis, senior government officials close to the development said. In other states such as Andhra Pradesh and Telangana, which had decided to pursue the scheme on their own, the growth in the number of service ready GPs is still sluggish. In Andhra Pradesh, of the 13,518 GPs, only 12 per cent had been made service ready, while in Telangana, 15 per cent of 13,421 GPs had been made service ready as of January 31. As reported by *The Indian Express* earlier, until March 2019, only 0.2 per cent had been service ready in Andhra Pradesh, while work was yet to start in Telangana

EXPLAINED **Scheme has neared completion in Bihar, Punjab**

THE PACE of BharatNet scheme has picked up some pace in areas which are being handled by BBNL. In Bihar and Punjab it has neared completion, while in Chhattisgarh, Jharkhand, Maharashtra, and Odisha, the work has picked up pace after the agency started supervising the work being done. The work is supervised by BBNL in these areas on a weekly basis. Under the BharatNet scheme, the Centre is for now providing free WiFi services to all villages and GPs till March 2020.

due to lack of approvals. Tamil Nadu's status quo as of March 2019 due to lack of regulatory approvals continued as the state is yet to start in that state. The state's target under BharatNet is to make 12,909 GPs service ready by March 2020. With the targets set for phase one having been missed already, officials are also unsure if they will be able to achieve the targets for BharatNet phase two either. The government had changed in tact last year and

tried to rope in private sector to complete the unfinished projects.

The Indian Express had earlier reported that under the PPP model, private sector will be invited to bid circle-wise for the BharatNet project and the maximum contract duration of the project is likely to be 25 years. The selection criteria for service provider will be their quote for viability gap funding, and the bidders will be expected to provide "on demand" internet connectiv-

IRDAI may allow life insurers enter health segment; General insurance cos oppose proposal

Nine-member committee set up to study feasibility

GEORGE MATHEW
MUMBAI, FEBRUARY 25

THE INSURANCE Regulatory and Development Authority of India (IRDAI) is considering the possibility of allowing life insurance companies to offer health policies despite opposition from general insurance companies.

The regulator has set up a nine-member committee with former New India Assurance Chairman and MD G Srinivasan as Chairman and LIC Chairman MR Kumar as Co-chairman to study the feasibility of allowing life insurers to offer indemnity-based health policies.

As of now, only general insurance firms and specialised health insurance companies are allowed to offer indemnity-based health policies. The IRDAI move follows intense lobbying by private life insurance companies for an entry into the fast-growing health insurance segment. "IRDAI (Health Insurance) Regulations 2016 allow life insurance companies to offer benefit based health insurance products only. Representations have been received from life insurance companies to allow them to offer indemnity products as well," IRDAI said.

3 KEY POINTS

- 1 As of now, only general insurance firms and specialised health insurance companies are allowed to offer indemnity-based health policies
- 2 The IRDAI move follows lobbying by private life insurance firms for an entry into the fast-growing health insurance segment
- 3 However, the General Insurance Council has opposed the proposal

of such covers, leave alone buying them. Before they clamour for insured life insurance industry better market whatever is already within their purview," he said.

Another complaint against life insurers is mis-selling. "One major problem the life insurance industry is besieged with is rampant mis-selling. It is time they first put their house in order before thinking of unchartered areas," the council official said, adding, "indemnity based health insurance business needs enormous claims handling capacity and that too under very tight time lines. Where is the experience and capability for these very small life companies that are clamouring for new avenues? The real big ones are fully conscious of their role, responsibility and limitations and are not keen on this." "Life insurers were earlier allowed to sell these products and were not allowed afterwards. They should be allowed again," said the CEO of a private life insurance firm.

Insurance Act, 1938 vide Insurance Laws (Amendment) Act 2015 recognised health insurance as a separate class of business. Historically, health insurance is recognised as one of the important elements of healthcare and health insurance premiums have

SBI Cards IPO price band at ₹750-755

ENS ECONOMIC BUREAU
MUMBAI, FEBRUARY 25

SBI CARDS & Payment Services, India's second largest card issuer, is hitting the market with a Rs 9,000-crore initial public offering with a price band of Rs 750-755 per share. The IPO, which opens on March 2 and closes on 4, comprises fresh issue of equity shares aggregating to Rs 500 crore and an offer for sale where promoters will offload nearly 13 crore shares.

'Jan records PE investments worth \$2.5 billion'

PE/VC inflows started 2020 on a strong note as January saw investments worth \$2.5 billion, an IVCA-EY report said



34% Rise in PE/VC investments last month over January 2019, when investments worth \$1.9 billion were recorded

36% SHARE OF INFRASTRUCTURE SECTOR AMONG ALL PE/VC INVESTMENTS IN JANUARY

- LARGEST DEALS ANNOUNCED IN JANUARY**
- \$566 million takeover of debt of RattanIndia Power Limited by Goldman Sachs and Varde Partners
 - \$246 million investment in IndInfravit Trust by Canada Pension Plan Investment Board, Allianz Capital Partners and Ontario Municipal Employees Retirement System

\$1.4 billion VALUE OF FIVE LARGE PE/VC DEALS, I.E. VALUE GREATER THAN \$100 MILLION, IN JANUARY

- SECTOR-WISE INVESTMENT IN JANUARY**
- Infrastructure: \$898 million
 - Financial services: \$531 million
 - E-commerce: \$264 million

\$461 million Value of 12 PE/VC exit deals recorded in January

Source: IVCA-EY/PTI

Sebi paper: Stricter norms proposed for corporate bonds, debenture trustees

ENS ECONOMIC BUREAU
MUMBAI, FEBRUARY 25

WITH DEFAULTS by listed corporates on the rise, the Securities and Exchange Board of India (Sebi) has proposed stronger regulatory framework for governing corporate bonds and debenture trustees, including enhanced disclosure requirements.

The regulator has suggested that non-banking financial companies (NBFCs) should create charge on the identified assets for every bond issue. "The increased events of default by a few financial institutions and the lapses/complications on the part of

debenture trustees in the expeditious enforcement of the security has brought to the fore the need for a review of the present regulatory framework for debenture trustees," Sebi said in a consultation paper on "Review of the Regulatory Framework for Corporate Bonds and Debenture Trustees".

Sebi has also proposed to mandate minimum disclosures. For standardisation of Debenture Trust Deed (DTD), it has proposed that the same should be bifurcated into two parts. One part should have standard clauses common to all DTDs. The second part should contain specific and customised clauses and

The regulator has suggested that non-banking financial companies should create charge on the identified assets for every bond issue

identified charge," Sebi said.

It said a delinquency rate benchmark should be fixed by the DT at the time of signing of Debenture Trust Deed. "This delinquency rate in assets will be used by DT as one of the factors

for monitoring the asset quality. If the delinquency rate in assets breaches the proposed threshold, issuer will be asked to replace those assets with other standard assets within a given time frame," Sebi said.

Sebi said a fund should be created by the issuer at the time of issuance of debt that shall be used by DT in the event of default towards recovery proceedings expenses. "The value of such fund shall be 0.01 per cent of the issue subject to the cap of Rs 25 lakh per issuer," it said.

"Sebi had recently increased the minimum net worth of DTs to raise the bar for financial entities entering the trusteeship

business, put in place the provisions of penalising issuers for non-creation of charge on security, e-voting mechanism for consent taking etc. in its on-going efforts to enhance the role of debenture trustees play in the market ecosystem," it said.

However, it has been observed that still there have been cases of delay in enforcing the security in the event of default, which is detrimental to the interests of the investors. "The increased events of default by a few financial institutions and the lapses/complications on the part of debenture trustees in the expeditious enforcement of the security has brought to the fore the need for

a review of the present regulatory framework for Debenture Trustees," Sebi said.

According to the data received from the Trustee Association of India (TAI), it is observed that in the past 5 years, around 2.3 per cent of the issues have defaulted (93 per cent of which are secured debentures) out of which DTs have been able to enforce the security successfully in around 10 per cent of the secured issues, recovery proceedings are pending at different stages in around 60 per cent of the issues and in around 30 per cent of the issues recovery is pending due to non-communication from debenture holders.

IERTC: ROLE OF RERA IN ENERGIZING REAL ESTATE SECTOR IN GURUGRAM

Promoters have to push govt to provide external development services: HRERA

EXPRESS NEWS SERVICE
GURUGRAM, FEBRUARY 25

"PROMOTERS PUTTING pressure on the right authorities" is critical for completion of projects in Gurugram, and for ensuring basic infrastructure is available to people purchasing houses in the city, Chairman of Haryana Real Estate Regulatory Authority (HRERA) KK Khandelwal noted.

In his opening address at the Indian Express Round Table Conference on Monday, where panelists discussed the "Role of RERA in Energizing Real Estate Sector in Gurugram", Khandelwal compared the real estate sector of the past to the Mahabharata, stating that both of these are based on a game of rules and principles.

Just as Krishna chose between these, he said, different parties in the real estate sector used to earlier chose to either follow or not follow both rules and principles, or were partial to one over the other. "After the coming of RERA, one is bound to follow rules and,

because now there is a well written statute, there is an awakening and awareness among customers," he added.

Claiming that the Real Estate Regulatory Act (RERA) and the regulatory authority created to implement it had led to the city maintaining a "steady pace of sales volume in 2019", the HRERA Chairman said Gurugram saw a 125 per cent rise in launch of new units in the second quarter of 2019, compared to the same period the year before. Similarly, he claimed sales rose by "around 5 per cent" and prices fell marginally by 4 per cent, and unsold inventory reduced by 14 per cent.

"Large number of irregularities which were in practice are now more or less absent. Earlier also, there were very good promoters. They launched projects... there was no difference between commitment and delivery... Some of the people, who may not be in real sense imbibing the principles of real estate got into this business and gave bad name to the total industry. After coming into force of

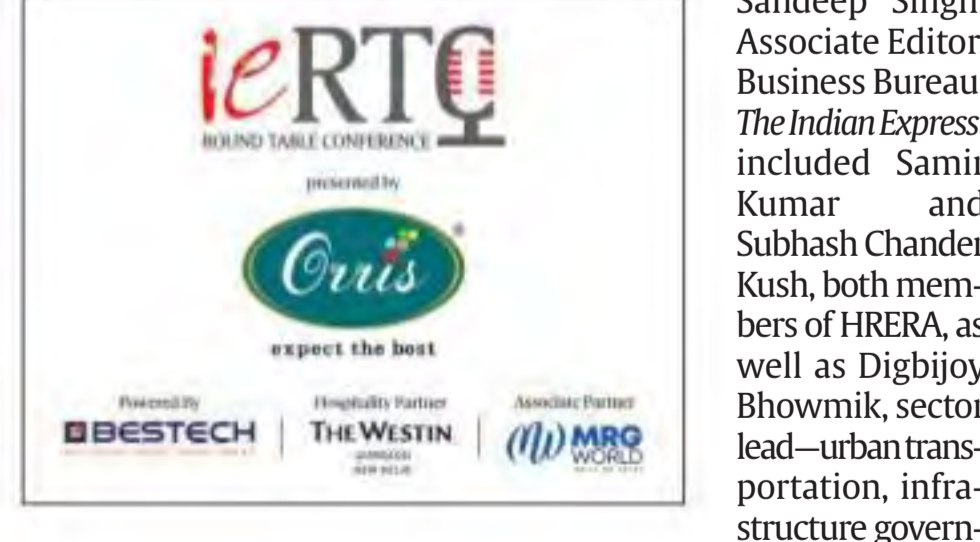
RERA, confidence of buyers has been restored," said Khandelwal, warning, however, that "bad promoters" should be "taught a lesson" so as to prevent a "perilous" impact on real estate growth.

In a panel discussion following Khandelwal's address, however, several developers spoke of their own problems with development authorities, saying these too were responsible for delays in giving possession and services to allottees. Navin Raheja, CMD, Raheja Group, classified developers in Gurugram into two groups — the "lucky" ones "on the left side of the National Highway, till Rajiv Chowk", and the "unlucky" ones, on the right side of the highway and beyond this junction. The latter stretch is known for lack of accessibility and infrastructure, with many residents who bought units there running from pillar to post to procure basic services.

"Why should customers go and buy if there is no accessibility? It's a pain for customers, they have given money in 2007... They gave money for an ecosystem, a



Left to right: Digbijoy Bhowmik, Sector Lead—Urban Transformation Infrastructure, Government & Healthcare, KPMG; Samir Kumar, Member, HRERA; KK Khandelwal, Chairman, HRERA; Subhash Chand Kush, Member, HRERA; Navin Raheja, CMD, Raheja Group and Amarjit Bakshi, CMD, Central Park at the Indian Express Round Table Conference on Role of RERA in Energizing The Real Estate Sector in Gurugram. *Abhinav Saha*



obtaining licenses. "When you go to Town and Country Planning for a license, you go as a businessman... you know that this is the problem, the government is sluggish... in spite of that, you go there and say you will provide everything... I fully agree with you that development authorities have failed to provide external development services... We have to find solutions to this with the people who have to do this work... Promoters have to push this, and maintain pressure on the government."

Other panelists at the event, which was moderated by Sandeep Singh, Associate Editor, Business Bureau, *The Indian Express*, included Samir Kumar and Subhash Chander Kush, both members of HRERA, as well as Digbijoy Bhowmik, sector lead—urban transportation, infrastructure government and healthcare, KPMG.

Bhowmik said a lack of "vision" was equally responsible for the chaos that prevails along stretches like Dwarka Expressway, adding that RERA is apart from other acts of its kind, since it focuses on development of the sector as well, and not just regulation.

"This act is not only about regulating, it is also about developing the sector, about how real estate as an industry should evolve, with respect to the current situation in the market. The job of the authority is not simply protecting the customers," said Bhowmik.