

20 ECONOMY

ADJUSTED GROSS REVENUE DUES

Bharti Airtel pays additional ₹8,004 cr, claims compliance with SC judgment

Sum includes ₹5,000 crore to cover any differences arising from reconciliation exercise

ENSECONOMIC BUREAU
NEW DELHI, FEBRUARY 29

BHARTI AIRTEL on Saturday said based on its self-assessment of the adjusted gross revenue (AGR) to be paid, it had deposited an additional sum of Rs 3,004 crore with the Department of Telecommunications (DoT). In addition to the Rs 3,004 crore, the company has also deposited a sum of Rs 5,000 crore as ad-hoc payment with the DoT to cover any differences that may arise from the reconciliation exercise being undertaken by the ministry.

In a filing with the exchanges, the company said the self-assessed AGR calculation was for the period between FY2006-07 and December 31, 2019, whereas the interest on AGR was paid for up to February 29, 2020. With the payment of these funds, the company said it has fully complied with the Supreme Court's October 24, 2019 judgment on AGR.

On October 24, 2019, the SC upheld the DoT's definition of AGR and said since the licensees had agreed to the migration packages, they were liable to pay the dues,

EXPLAINED Focus now on what Voda Idea does next

WITH BHARTI Airtel having claimed to pay the entire AGR dues based on its internal calculations, the spotlight is back on Vodafone Idea, which is said to be struggling with raising funds for AGR payments.

The company is under the lens of rating agencies which believe that the telco does not have adequate funds to make the payments by 17 March 2020, given lack of clarity on "promoter equity infusion, severe erosion in refinancing flexibility and insufficient cash balance".

the penalty on dues, and the interest on penalty due to delay in payments. The apex court had then given the telcos three months to clear their AGR dues.

That three-month deadline ended on January 23, before which the telcos had unsuccessfully tried to persuade the DoT to give them more time to pay the dues. Having failed there, the telcos again approached the apex court seeking a review of the October 24 judgment, which was

also turned down.

The telcos had then filed a modification plea before the apex court, seeking its permission to sit down with DoT and negotiate a timeline. It was during the hearing of this modification plea on February 14 that the top court had come down heavily on the telcos as well as the DoT for not complying with its orders.

Following the SC's wrath, Bharti Airtel wrote to the DoT offering to pay Rs 10,000 crore by

TELCO	AGR PAID SO FAR	GOVT ASSESSED AGR
Bharti Airtel	13,004	35,586
Vodafone	3,500	53,039
Tata Teleservices	2,197	14,000
Reliance Communications	NA	20,400
Reliance Jio	195	195

February 20, and did so. The company has, so far, paid Rs 13,004 crore and an additional Rs 5,000 crore as the principal, and the interest component of its AGR dues.

The total payment made by Bharti Airtel is half of the government's calculations on the AGR dues payable by the company. The DoT has estimated that Bharti Airtel's needs to pay more than Rs 36,000 crore as AGR dues. Reliance Jio, too, last month cleared all its AGR-related dues amounting to Rs 195 crore well within the Supreme Court's January 23 deadline.

With Reliance Jio and now Bharti Airtel having paid their self-assessed AGR dues, the spotlight is back on Vodafone Idea, which is

said to be struggling to make the payments. The company which owes around Rs 53,000 crore towards AGR-related dues, has paid around Rs 3,500 crore to the DoT. This the company had said, is half of the principal amount of the self-assessed AGR dues.

Top executives from Bharti Airtel and Vodafone Idea have, starting February 14, regularly met various DoT officials, the telecom and the finance minister trying to work out some way from the huge AGR payouts they face. There has been no relief from the DoT so far, even as talks of a possible bailout package being offered to the telecom companies have been doing the rounds.

Tax revenues pick up in Jan, but shrink in Apr-Jan; total receipts at ₹12.82 lakh crore

ENSECONOMIC BUREAU
NEW DELHI, FEBRUARY 29

EVEN AS tax revenues picked up during January, the government's cumulative gross and net tax revenues posted a contraction during April-January, declining by 2 per cent and 2.1 per cent, respectively, data released by Controller General of Accounts Friday showed.

With this contraction, meeting the Revised Estimates would be a stiff aim for the government, as for the remaining two months of this fiscal gross tax revenues need to clock a growth rate of 22.1 per cent over the previous year.

Direct tax collections during April-January have declined 4.9 per cent to Rs 7.45 lakh crore, which accounts for 63.7 per cent of the Revised Estimate for the full financial year. The government now needs to collect 36.3 per cent, or Rs 4.24 lakh crore, in the remaining two months, a task which would be tough given the average monthly direct tax collections have, so far, stood at around Rs 75,800 crore in this financial year.

The government has, so far, in the 10 months of this fiscal garnered 66.3 per cent of the net tax revenue estimated in the revised estimates of this fiscal as against 68.7 per cent of the full year estimate previous year. With the government restricting expenditure in

DIRECT TAX COLLECTIONS IN APRIL-JANUARY

■ With this contraction, meeting the Revised Estimates would be a stiff aim for the government, as for the remaining two months of this fiscal gross tax revenues need to clock a growth rate of 22.1 per cent and net tax revenues need to grow at a steep rate of 70

per cent over the previous year

■ Direct tax collections during April-January have declined 4.9 per cent to Rs 7.45 lakh crore, which accounts for 63.7 per cent of the revised estimate for the full financial year

January-March to 25 per cent of the estimate for the full financial year, compared with the earlier norm of 33 per cent, the government has a limited window to spend in February and March, with the total expenditure compression expected to be over Rs 2 lakh crore. Taking into account expenditure compression, the usual trend of revenue collection in the last quarter and the expected from the proposed Vivad se Vishwas scheme, the government's net tax collections are likely to fall short of the revised estimate.

The government's total receipts during April-January period of current fiscal stood at Rs 12.82 lakh crore, with tax revenue at Rs 9,98,037 crore, while non-tax revenue stood at Rs 2,52,083 crore. Non-debt capital receipts stood at Rs 32,737 crore, which includes Rs 18,351 crore of disinvestment proceeds. Rs 5,30,735 crore has been transferred to state governments as 'devolution of share of taxes' by the Centre in same period, which is Rs 11,003

crore lower than the previous year.

For April-January, total expenditure was Rs 22.68 lakh crore, or 84.1 per cent, of Revised Estimates, of which Rs 20,00,595 crore is on revenue account and Rs 2,67,734 crore is on capital account. Out of the total revenue expenditure, over Rs 4.71 lakh crore is on account of interest payments and over Rs 2.62 lakh crore is on account of major subsidies.

During April-January, the fiscal deficit touched 128.5 per cent of the whole-year Budget target. The deficit in the year-to-date period was 121.5 per cent of the corresponding target. The government has targeted to restrict the fiscal deficit (RE) at Rs 7,66,846 crore for the year ending March 31, 2020. In the Union Budget for 2020-21, presented in Parliament earlier this month, Finance Minister Nirmala Sitharaman had raised the fiscal deficit target to 3.8 per cent of the GDP, from earlier estimate of 3.3 per cent for 2019-20 due to revenue shortage.

BRIEFLY

Allahabad Bank lowers external benchmark

New Delhi: Allahabad Bank Saturday announced a cut of up to 40 basis points in benchmark rate on external benchmark-linked products.

Shareholders nod for stake sale in GMR Airports

New Delhi: GMR Infrastructure Saturday said it will seek shareholders' nod for stake sale in airport business.

₹400 cr income unravelled in I-T Dept search

Chennai: Searches in the premises of a Chennai-based business group have unravelled unaccounted income over Rs 400 crore, the I-T department said.

REL buys 14.36% in RFL from PE investors

New Delhi: Religare Enterprises has said it has acquired additional 14.36 per cent in Religare Finvest from private equity investors.

Internet giants unhappy with Pak regulations

Islamabad: Facebook, Google and Twitter have threatened to suspend their services in Pakistan over the new censorship rules. PTI

What Britain wants from the EU on trade

Britain has unveiled a tough negotiating mandate for talks with the European Union, underlining its desire for future economic and political independence that pits London on a collision course with Brussels. Here are some key sections from the mandate document



TIMING

The two sides have until June to get what London's negotiating team called "the broad outline of an agreement" to be finalised by September, otherwise Britain would head for an Australian-style agreement, a looser trading arrangement.

FINANCIAL SERVICES

Britain said it wants "legally binding" obligations on access to the European Union financial market coupled with arrangements for maintaining trust as rules evolve.

STATE AID

"The agreement should ensure that the UK and EU's state owned enterprise operate in a fair and transparent manner and do not discriminate against businesses in the other party when buying and selling on commercial markets," the document said.

REGULATION

The agreement should include provisions on good regulatory practice and regulatory cooperation, in relation to business activities. They should include reciprocal commitments to regulation-making processes that are robust, transparent, evidence-based and proportionate.

STANDARDS

Britain wants its trade agreement with the European Union to include commitments not to weaken protections on labour laws and standards.

FISHING

Britain wants to a separate agreement on fishing alongside its free trade deal with the European Union, with annual negotiations on dividing up the total catch between them. Source: Reuters

China Feb factory activity contracts at record pace as coronavirus bites

REUTERS
BEIJING, FEBRUARY 29

FACTORY ACTIVITY in China contracted at the fastest pace ever in February, even worse than during the global financial crisis, highlighting the colossal damage from the coronavirus outbreak on the world's second-largest economy.

China's official Purchasing Managers' Index (PMI) fell to a record low of 35.7 in February from 50.0 in January, the National Bureau of Statistics said on Saturday, well below the 50-point mark that separates monthly growth from contraction.

Analysts polled by Reuters expected the February PMI to come in at 46.0.

The sombre readings provide the first official snapshot of the Chinese economy's state since the outbreak of the coronavirus epidemic which has killed almost 3,000 people in mainland China and infected about 80,000.

The data foreshadows that the economic disruption from the virus will likely extend to the whole first quarter of 2020 since the disease outbreak has caused widespread transport curbs and required tough public health measures that have paralysed economic activity.

"We expect year-on-year growth in all activity data to be negative in January-February as China's economy has been severely constrained since 23 January," said analysts at Nomura.

SBI Cards raises ₹2,769 cr from anchor investors

PRESS TRUST OF INDIA
NEW DELHI, FEBRUARY 29

SBI CARDS and Payment Services has raised Rs 2,769 crore from 74 anchor investors, ahead of its initial share sale starting on March 2.

Anchor investors are institutional investors who are offered shares in an initial public offering (IPO) ahead of its opening.

Singapore government, Monetary Authority of Singapore, HDFC Mutual Fund, Government Pension Fund Global and Birla Mutual Fund are among the anchor investors.

Shares have been allotted at the offer's upper price band of Rs 755 apiece, as per a regulatory filing.

There are 12 mutual funds among the 74 anchor investors,

Singapore government, Monetary Authority of Singapore, HDFC MF, Government Pension Fund Global and Birla Mutual Fund are among the anchor investors

who have been allocated 3,66,69,589 shares and its value stood at Rs 2,768.55 crore.

The price band for the share sale—which would be open from March 2 to 5—has been fixed at Rs 750-755 apiece.

SBI Cards expects to raise around Rs 9,000 crore through the IPO.

USTR vows to push for trade deals with Britain, EU; seeks broader reset at WTO

REUTERS
WASHINGTON, FEBRUARY 29

THE TRUMP administration on Friday said it would focus on concluding new trade agreements with Britain, the European Union and Kenya over the coming year, while strictly enforcing trade laws and pushing for reforms of the World Trade Organization.

In its annual report to Congress, the US Trade Representative's office said members of the global trade body needed to fundamentally rethink what it called "an outdated tariff framework" that no longer re-

flected economic realities.

USTR delivered a scathing indictment of the WTO in the 338-page document, calling it an organization that had "strayed far from its original mission and purpose," while highlighting the Trump administration's push over the past year to confront what it called China's unfair trade policies and practices.

It said 2019 was "a historic year for American trade" in which the administration reached trade agreements with China and Japan, and secured congressional approval of a new North American trade deal with Mexico and Canada.

HEDGE FUND WILL BE SEEKING TO INSTALL ITS OWN NOMINEES ON SOCIAL MEDIA GIANT'S 8-MEMBER BOARD 'Elliott targets Twitter, seeking CEO Dorsey's removal'

REUTERS
NEW YORK, FEBRUARY 29

HEDGE FUND Elliott Management Corp has amassed a stake in Twitter Inc and is pushing for changes, including removal of the social media firm's chief executive, Jack Dorsey, two people familiar with the matter said Friday.

Twitter is one of the few US technology companies headed, but not controlled, by one of its founders. It has given shareholders equal voting rights, making Dorsey, who owns only about 2 per cent of the company, vulner-

DORSEY OWNS ONLY 2% OF TWITTER

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able to a challenge from an activist investor such as Elliott.

Twitter shares fell last year when the company disclosed that its platform experienced glitches that hindered its ability

to target ads and share data with partners. The San Francisco-based company's reluctance to expand beyond its core platform has also left it with limited scale compared to its larger social me-

dia peers.

Elliott, founded by billionaire Paul Singer, will be seeking to install its own nominees to Twitter's eight-member board when three of the company's directors stand for election at its upcoming annual shareholder meeting, the sources said.

It is not clear who Elliott would like Dorsey replaced with and how big its stake in Twitter is. The New York-based hedge fund has more than \$40 billion in assets under management, and has targeted companies in recent months ranging from eBay Inc to SoftBank Group Corp. The sources asked not to be

identified because the matter is confidential. Elliott declined to comment. Twitter did not immediately respond to a request for comment. Bloomberg News first reported on Friday on Elliott's position in Twitter.

Dorsey, 43, is one of Silicon Valley's most prominent entrepreneurs, and also runs Square Inc, a mobile payments company he co-founded.

While investors have tolerated this arrangement since 2015, when Dorsey became Twitter's CEO for the second time, his announcement in November that he would like to move to Africa for up to six

months raised questions among analysts about his management.

Dorsey, who helped conceive Twitter in 2006, first served as CEO until 2008, when he was replaced by one of his co-founders Ev Williams. Williams had accused Dorsey of being a poor manager and not focusing enough on Twitter's profitability.

Dorsey returned as interim CEO after his predecessor Dick Costolo stepped down. Dorsey's knowledge of the company and quick launch of new products convinced Twitter's board to hand him the reins on a permanent basis a few months later.