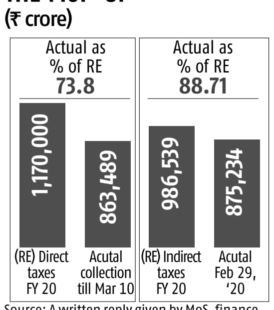
IN BRIEF

Govt needs ₹3 trn in 20 days to meet direct tax target

The Centre needs to collect ₹3.06 trillion from direct taxes in 20 days, and ₹1.11 trillion from indirect taxes in a month to meet the Revised Estimates (RE) for 2019-20, minister of state for finance Anurag Singh Thakur said in the Rajya Sabha in a written reply. The data showed that the government has collected 73.8 per cent of direct tax target as given in RE by March 10 and 88.71 per cent of indirect tax mop-up projection by February 29. Thakur said as far as direct tax was concerned, the final instalment of advance tax was due in March. "It is premature to comment on tax collection growth," he said. INDIVJAL DHASMANA

THE MOP-UP
(₹ crore)



Source: A written reply given by MoS, finance Anurag Thakur in the Rajya Sabha

SC allows permanent commission for women in Navy

Maintaining that women and men officers should be treated equally, the Supreme Court on Tuesday cleared permanent commission for women in the Navy and asked the Centre to complete the modalities in three months. The Bench also rejected the Centre's stand that sea sailing duties cannot be granted to SSC (Short Service Commission) women officers in the Navy because its Russian vessels do not have washrooms for them. PTI

Accepted RS berth for greater cohesion: Former CJI Gogoi

Former Chief Justice of India Ranjan Gogoi on Tuesday defended his decision to accept nomination to the Rajya Sabha, saying he wants the legislature and judiciary to work together for nation-building. Gogoi, however, said he would speak in detail about the issue, over which he and the Modi government have come under attack, after taking oath as a member of the Rajya Sabha. PTI

SC seeks MP govt response on BJP's plea for floor test

The Supreme Court has asked the Kamal Nath government in Madhya Pradesh to give its response by Wednesday to former chief minister Shivraj Singh Chouhan's plea seeking a direction for an immediate floor test in the House. Meanwhile, the Congress has moved the SC seeking access to communicate with its rebel MLAs allegedly kept in Bengaluru. BS REPORTER

CAA does not violate fundamental rights, Centre tells SC

The Centre on Tuesday told the Supreme Court that the Citizenship (Amendment) Act does not violate any fundamental right. The Centre, in its affidavit in response to the pleas challenging CAA's constitutional validity, termed the legislation legal. It said citizenship to the persecuted minorities of three countries would be granted in a manner as specified under the law governing grant of citizenship. PTI

Power gencos, states owe ₹22,770 crore to coal firms

Dues to coal mining entities have increased 16% over the past four years

SHREYA JAI
New Delhi, 17 March

Power generating companies, especially state-owned units, owe ₹22,770 crore to Coal India (CIL), Singareni Collieries (SSCL) and NLC India. Of this, CIL owed ₹12,423 crore as on January. SSCL owed ₹6,286 crore.

These dues of generating companies (gencos) to coal mining entities rose 16 per cent over the past four years. Among the states, Tamil Nadu and Telangana have the highest share of dues to NLC and SCCL, respectively.

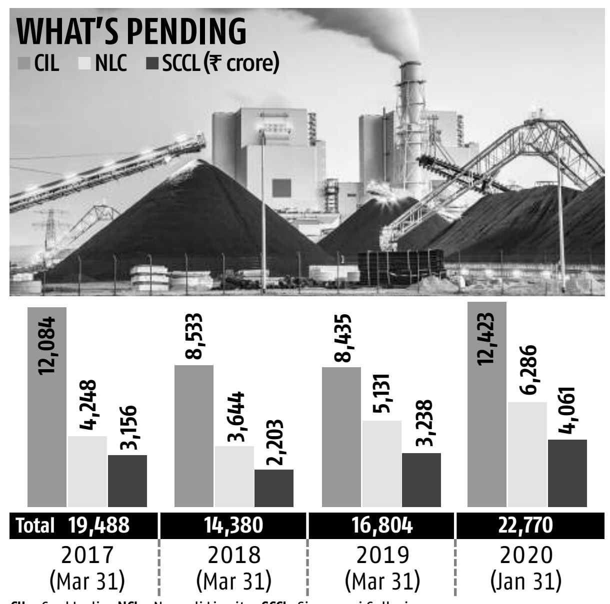
CIL had told Parliament's standing committee on coal and steel that it keeps supply on to defaulters in the national interest. "We supply under a fuel supply agreement (FSA) which provides for payment of coal through advances. However, most of the times, keeping in mind national interest and maintaining uninterrupted power generation, even though state electricity boards/state gencos/central public sector units do not make timely payment, CIL had to continue coal supply. This further increases the outstanding dues," it had said.

The majority of its dues are from state and central government-owned generation companies, under FSAs. CIL said the agreement provides for levy of interest on delayed payment, which it does claim.

State power utilities are also struggling to pay central and private power generating companies. The dues of state-owned power distribution companies (discoms) towards central and private generation companies was ₹85,407 crore at end-December 2019. an increase of 56 per cent from January 2019. States also owe another ₹9,000 crore to renewable power producers.

The state discoms' cumulative loss was ₹18,316 crore as on December.

Commenting on the rising dues, the standing committee recommended coal companies take strict steps for recovering these. "The committee desire the matter be taken up more vigorously and, if warranted, imposition of a late payment surcharge be considered," it had said.



CIL= Coal India; NCL= Neyveli Lignite; SCCL: Singareni Collaries
Source: Report of standing committee on coal & steel, 2020

Bill for direct overseas listing of firms tabled

RUCHIKA CHITRAVANSHI & SANJEEB MUKHERJEE
New Delhi, 17 March

The Centre on Tuesday introduced the Companies Amendment Bill 2020 in the Lok Sabha to decriminalise procedural and technical lapses and to allow direct listing of securities by Indian firms in permissible foreign jurisdictions.

The Bill has also laid down rules for incorporation, registration, amalgamation, and functioning of producer companies, apart from paving the way for conversion of inter-state cooperatives into producer companies.

The proposed amendment is in line with the government's aim to streamline the functioning of farmer-producer organisations in order to achieve the goal of promoting 10,000 new FPO in the next five years. A host of activities have been included into the ambit of producer companies that include financing the need of primary producers largely farmers.

The Bill has proposed to exclude certain class of companies from the definition of "listed company", mainly for listing of debt securities in consultation with the Securities and Exchange Board of India (Sebi).

It has also proposed allowing payment of adequate remuneration to non-executive directors in case of inadequacy of profits, by aligning the same with the provisions for remuneration to executive directors in such cases. The Bill also provides a window within which companies will not have to pay any penalties for delay in filing annual returns and financial statements in certain cases. To bring greater accountability and transparency, specific classes of unlisted companies have been proposed to prepare and file their periodical financial results.

The Bill has extended exemptions from filing certain resolutions to a particular class of non-banking financial companies and housing finance companies to reduce compliance burden for routine lending activities.

Vivad Se Vishwas Bill enacted

Vivad Se Vishwas Bill for direct tax dispute resolution was enacted on Tuesday. However, rules are yet to come, required for assessees to take part in the scheme. As such, around 13-14 days would be left for the assesssees to avail the full benefit of the scheme. BS REPORTER

YES BANK AT-1 BONDS

Bondholders want equal equity gains

JASH KRIPLANI
Mumbai, 17 March

PHOTO: DALIP KUMAR

HANGING IN BALANCE

- **₹8,415-cr** exposure of bondholders through Axis Trustee
- **70-80%** markdown for bondholders from equity conversion
- **67.7%** holding of banks that have infused fresh equity capital
- Individual investor with **₹10-cr** exposure also moved court

The additional tier-1 (AT-1) bondholders of YES Bank on Tuesday presented initial arguments before the Bombay High Court (HC), questioning why they were not being allowed to benefit from equity upside after the bank's reconstruction scheme. Existing promoters who held 8 per cent stake will be benefiting from YES Bank's reconstitution.

Along with the institutional bondholders, an individual investor — a cancer survivor — also moved the court to seek relief on ₹10 crore exposure to AT-1 bonds. "Why should promoters benefit from equity investment as the bank becomes viable and we are at zero," said senior advocate Janak Dwarkadas, who argued on behalf of Axis Trustee, the debenture trustee for majority of bondholders.

He said the bondholders were also willing to adhere to lock-in requirement of 36 months stipulated for equity investors. He also cited the bank's shares had already made over 200 per cent gains following the notification of moratorium and draft reconstruction scheme proposed by the Reserve Bank of India (RBI).

Bondholders re-iterated that they were willing to take 70-80 per cent markdown on their outstanding bond exposure of ₹8,415 crore, and sought these bonds to be converted into equity. One of the arguments was while the RBI scheme was introduced in larger interest of public, it was treating one segment unfairly. "Investors have put their savings in mutual funds, which are exposed to these bonds. There are also provident and pension funds that have exposures," Dwarkadas said. "These bonds were sold by YES Bank employees to my client," said one of the advocates, representing the individual investor with exposure to bank's AT-1 bonds.

Further, Dwarkadas pointed out it was not YES Bank, but the RBI, which had the discretionary powers to either write down the AT-1 bonds or allow equity conversion. However, it opted for the latter. He also punched holes on the YES Bank administrator's decision to formalise the write-down after the commencement of the scheme, i.e. on March 13.

He cited from the government's gazette notification on the schemes that stated unless otherwise expressly provided, "all contracts, deeds, bonds ... shall be effective to the extent and in the same manner, as was applicable before such commencement".