

Quick view

Government to bring new hydel policy next fiscal

The government will bring out a new policy for the hydro power sector next fiscal to boost the clean source of energy, a senior official said on Monday. "We are working on a new hydro policy for quite sometime. We will (bring) it next fiscal," power secretary P K Pujari told reporters at a TERI event here. The new policy also seeks to bring large hydro projects on a par with smaller ones in terms of availing various benefits. At present, small hydro projects of up to 25 MW capacity are considered renewable energy initiatives and are eligible for various incentives by the government.

Bihar government presents ₹1.60-lakh-crore Budget

The Bihar government on Monday presented a ₹1.60-lakh-crore Budget for 2017-18 with no proposal of any fresh tax. Presenting a revenue surplus Budget of ₹14,555.59 crore in the state Assembly, finance minister Abdul Bari Siddiqui said, "We have presented a Budget expenditure of ₹1,60,085.69 crore for 2017-18 which is ₹15,389.42 crore more than the current year's Budget estimate of ₹1,44,696.27 crore." "We have not proposed any fresh taxes in the Budget," Siddiqui told reporters after the Budget presentation.

NHPC inks 35-year PPA with Odisha government

In a filing with the BSE on Monday, NHPC said it has signed long-term power purchase agreement for power generated from the upcoming Teesta 4 and Teesta 5 power projects with Gridco. The agreement would be valid for a period of 35 years from the commencement of the commercial operations of the power projects, the state-owned hydro power producer said. Gridco is the state electricity transmission arm of the Odisha, engaged in the bulk purchase and sale of power to the distribution companies in the state. The financial terms of the agreement were not disclosed.

SC asks tribunal to decide on DIAL charges within 2 months

Malyaban Ghosh
New Delhi, Feb 27

THE ministry of civil aviation has made a proposal to the Appointments Committee of the Cabinet to extend the tenure of the current bench of AERAAT (Airport Economic Regulatory Authority Appellate Tribunal) by a year—till March 2018—for quick resolution of the issues regarding the decrease in tariff at the Delhi International Airport (DIAL). This is pursuant to the Supreme Court asking AERAAT to decide on the appeals against the tariff orders of Airport Economic Regulatory Authority (AERA) as expeditiously as possible, preferably within two months.

Air India, while moving the apex court seeking implementation of the reduced tariff for the second control period at DIAL, had raised the issue with regard to the tenure of the current bench of AERAAT expiring on March 8. The SC has now kept the matter for further hearing on April 24.

In May 2016, the Supreme Court had asked AERA to decide on the matter within three



months by August 2016. Solicitor General Ranjit Kumar appeared for Air India while senior counsel Abhishek Manu Singhvi represented DIAL.

The tenure of the current bench of AERAAT will come to an end by March 8 this year and while hearing the matter on February 23, the appellate tribunal asked for an assurance from the civil aviation ministry for extending the term till the appeal is disposed of.

Air India has mentioned in the SLP that DIAL is currently recovering ₹300 crore approximately per month and if permitted to

carry on would by the end of the second control period make a total collection of ₹17,157.15 crore against a target revenue of ₹7,709.61 crore.

"We are expecting the matter to be decided within the next two months since the apex court has now directed AERAAT. Also, the tribunal has asked for an extension till the tariff issue is resolved and the MoCA has made a proposal for the same to the ACC. This is a significant development and we are expecting tariff to come within the first half of this year," an Air India official said.

The Airport Economic Regulatory Authority in a fresh application filed before the reconstituted bench of AERAAT on November 30 mentioned that an excess collection could hit ₹9,447 crore if the charges are not revised downwards. In December 2015, AERA ruled for a 90% reduction in the airport charges in DIAL but the matter was challenged by them in the Delhi High Court. AERA then appealed in the Supreme Court and the matter was referred to the appellate tribunal to decide within three months which ended in August 2016.

Apex court notice to finmin on fringe benefit tax issue

Indu Bhan

New Delhi, Feb 27: The Supreme Court on Monday sought response from the finance ministry, the Central Board of Direct Taxes (CBDT) and others on a plea challenging an income tax law that empowers authorities to prescribe value of any additional income (fringe benefit or amenity/perquisites) to the bank employees for taxation purposes.

A bench headed by Justice Kurien Joseph issued notice to the finance ministry, the CBDT, the income tax department, the Federal Bank, the Kerala government and others after the All India Bank Officers Confederation (AIBOC) sought to declare the provision as "unconstitutional".

Various other banking staff associations have moved the apex court on the issue.

The apex court has also restrained the income tax department from levying or collecting or deducting any tax from the salary of the bank officers during the pendency of the appeals.

AIBOC has challenged the Madras High Court's April last year's judgment that rejected its contention that Parliament ought not to have given to the executive the right to prescribe the

value of "perquisites" without any restrictions.

The banking body said such fiscal liability can only be fixed by a competent legislature under the statute and no such tax or fiscal liability can be imposed by Rules/subordinate legislation. "Hence impugned Rule 3 (7) (i), which seeks to prescribe, interest free loan or loan at concessional rate



granted by the employer to the employee, as a perquisite, is ex-facie not only beyond the scope and power which can be available under the Rules but also ultra vires provisions of Income Tax Act..." the petition stated.

According to it, interest-free loan or loan at concessional rate granted by the employer to the employee cannot be a perquisite as envisaged under the diverse provisions of Income Tax Act.

SC bench to verify how Mallya case came up before it

fe Bureau

New Delhi, Feb 27: The Supreme Court on Monday adjourned the hearing in liquor baron Vijay Mallya's loan default case to Friday (March 3) after his lawyer CS Vaidyanathan sought the matter to be heard by the original bench comprising justices Kurien Joseph and R Nariman.

The bench comprising justices Adarsh Kumar Goel and UU

Lalit said it would verify how the case filed against Mallya by a consortium of 17 banks led by the SBI was listed before it when another SC bench was already hearing it. "There is a system of listing. It cannot be listed like this. There must be some order from the Chief Justice to list before us or the judges themselves must have directed so. We will verify it and tell you," the bench said.

Earlier, the Justice Joseph-led

bench had asked Mallya to file his response on charges that he had allegedly transferred \$40 million, which he had received towards the \$75-million payout package with Diageo in February last year, to his children in "flagrant violation" of various judicial orders. Mallya had in November told the court that he had transferred the amount to his three children through gift settlements within two days of receiving it.

The consortium is seeking recovery of over ₹9,000-crore dues from the now-defunct Kingfisher Airlines. Mallya, who has pegged domestic assets at ₹2,014.60 crore and overseas assets worth ₹780 crore, has been living in the UK since March 2016.

Earlier this month, a special court issued an NBW against Mallya in the ₹1,300-crore loan default case, raising hopes of his extradition from the UK.

From the front page

Airtel cues end of roaming charges

It did this by offering international travellers a daily pack and a monthly pack for around ₹649. Anyone subscribing to it would get all incoming calls free, while out-

going to India as well as local calls will be charged at ₹3 per minute after 100/400 free minutes while data charges will be at ₹3 per MB against the normal ₹650 per MB.

What Bharti has now done is to protect even customers travelling international with-

out a pack. In their case, through an automatic adjustment, charges will be made equal to the daily pack for that particular country. This means that the moment a customer's billing reaches the price of a one-day pack for the country, he/she will be auto-

matically moved to that pack. "This will allow our customers to use their devices abroad without any fear. Even post the exhaustion of pack benefits, customers will continue to enjoy extremely attractive rates for calling and data usage. Call charges have

been reduced by up to 90% to as low as ₹3 per minute and data charges by up to 99% to ₹3 per MB across popular roaming destinations," the company said in a statement.

Cutting charges on international roaming won't hurt the company since international pacts are done on the basis of barter deals. This means that the subscribers of overseas operators will also be charged on similar lines for roaming if they roam on Bharti's network in India. Incumbents like Bharti would have an edge over Jio in the international roaming part because overseas operators do barter deals based on subscriber base and a new entrant takes time in cutting such deals.

Last week, Reliance Industries chairman Mukesh Ambani said that its telecom arm Jio will start charging its subscribers from April 1, but since its tariff are far lower than that of incumbents, analysts said that a round of tariff war is imminent.

Jio, which has crossed the 100-million subscriber mark said that existing subscribers as well as those who come on board by March 31 will be eligible to join the company's Prime membership programme on payment of ₹99 for a one-year period. Under this programme, subscribers will have to pay ₹303 every month for the next one year and will get 1 GB data every day, which means 30 GB in a month, which is much higher and cheaper than any of the offers of incumbent operators.

For later entrants (non-Prime users), Jio would do a comparative analysis of all the data packages by competitors and offer 20% more for the same charge. To put it in perspective, on average a bundled data plan by incumbent operators offers data at ₹50 per GB or ₹25 per GB in some cases, but Jio's rates are ₹10 per GB.

Farm credit goes to a preferred few

Analysts feel the situation wouldn't have been that bad if adequate loans for purchase of fertilisers, quality seeds and farm equipment had been provided to farmers in eastern parts of the country.

Of ₹8.45 lakh crore farm credit disbursed in FY15, Tamil Nadu's share was 12% while Punjab's share was nearly 9%. As the government is likely to target a farm-sector growth of 4% over a 15-year horizon, flow of farm credit to needy states must form an essential part of the strategy.

"Banks should ensure that certain fixed shares of farm credit flows to the deprived states. This can be done by looking at the share of different crops among states. The amount of credit should not be less than two-thirds of a state's share in crop output," Chand said. For example, if the share of Odisha in agricultural output is 10%, then its credit share should not be less than 7%.

Observing the imbalance in farm credit growth, the finance ministry has recently asked the public sector banks to take effective steps to increase flow of loans to eastern, northeastern and central regions of the country. Farm loans (crop loan and term loan) are pegged at ₹10 lakh crore in FY18, up 11% from FY17. Since saturated states don't actually need the amount of credit they are currently taking, analysts believe such loans are being diverted for consumption purpose, often leading to indebtedness.

According to an analysis done by former Commission for Agricultural Costs and Prices (CACP) chairman Ashok Gulati in April 2016, 30-40% of the funds allocated under the interest subvention scheme for farm credit gets diverted to non-agricultural usage. The interest subvention scheme was introduced in FY07 with a view to helping farmers with cheaper credit for crop loans. It provided interest subvention at 2% to banks for making crop loans available to farmers at 7%. Farmers are provided with a 3% interest subvention for short-term crop loans up to ₹3 lakh on prompt repayment of the loan. Thus, farmers have to effectively pay only 4% as interest for the said crop loan.

Craftsvilla, Yepme lay off staff to survive

Sandeep Sharma, co-founder of Yepme, told FE the firm has outsourced both warehousing and quality control to third-party agents. "Consequently, about 30 people involved in the operations have been asked to

go," Sharma explained.

Yepme typically sells fashion apparel and accessories under its own brand. In 2015-16, the company reported revenues of ₹130 crore and a loss of ₹96 crore. The management expects the business to be profitable at an operating level by April this year.

According to media reports, classifieds player Quikr, payments wallet FreeCharge and logistics player Vulcan have been pruning their operations, as a result of which employees have been asked to go.

Evaluating niche players like Craftsvilla, an industry expert pointed out that Craftsvilla had performed well on the supply side by introducing ethnic wear but was unable to create demand. "It lost out on the market share to larger horizontal players such as Flipkart and Amazon and that drove up the customer acquisition costs for the company substantially," he said.

Ration shops turn points of services

In Gujarat, the services that could be availed by citizens through these CSCs will include farmers' registration for various government schemes, air tickets booking, registration for Pradhan Mantri Awas Yojana, life certificate for pensioners, etc. "Most of our FPSs have either have desktop or laptops. Besides, most of the beneficiaries under the Food Security Act are paying through Aadhaar-enabled Payment System (AePS) which ensures cashless transaction," the official told FE.

The official added that currently, CSC is upgrading the software and training is being provided to those who run FPSs so that citizens could avail of the additional services within a month or so.

In a recent communication to the food ministry, MK Das, principal secretary, department of food and civil supplies, Gujarat, had stated: "We are in advance dialogue with the state road transport corporation for issue of monthly pass-

es for the students and other passengers and electricity board for payment of electricity bills through FPSs. Inclusion of these will further make PDS shops more viable and citizen-friendly."

Recently, food minister Ram Vilas Paswan urged states to create cashless transaction facilities at FPSs using technologies like AePS, RuPay debit card payment, Unstructured Supplementary Service Data, Unified Payment Interface and e-wallets. However, the food ministry official said AePS is a preferred mode of cashless transaction as it allows transaction using beneficiaries' Aadhaar authentication using point of sale (PoS) machines.

At present, only around 27,000 FPSs out of 5.27 lakh in the country have cashless transaction facilities. Besides Gujarat (14,160), such FPSs are mostly located in Andhra Pradesh (20,931), Madhya Pradesh (10,58), Chhattisgarh (523), Telangana (162), etc.

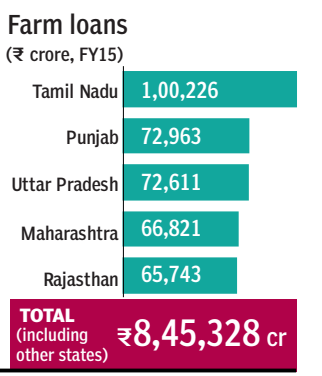
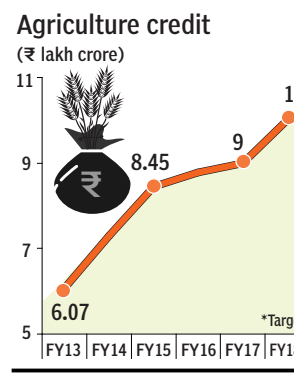
Under the AePS, the beneficiaries under NFSA carry only Aadhaar cards for getting their food grains in Gujarat. "The beneficiary provides their Aadhaar number, select her bank's name and gives thumb impressions while the desired amount is debited from bank accounts of beneficiaries for payments," a state government official said.

In all, 1.77 lakh FPSs have PoS machines. "States should immediately target beneficiaries under NFSA in urban areas and then spreading out to rural areas for ensuring quick transition to cashless transactions by end of March 2017," Paswan recently told FE.

UVs, SUVs eat into car sales

This is because the bulk of sales at Hyundai for the last more than a year has been driven by its SUV Creta.

If the market share of utility vehicles is seen, that of Maruti's during April-January increased to 26.6% against 15.3% in the same period last year and that of Hyundai jumped to 12.63% against 10.3% in the same period last year. Maruti's sales has also largely been driven by SUVs like Ertiga and Brezza, apart from the premium hatchback Baleno. The increased market share of these two players in the UV segment has pulled down the market share of Mahindra and Mahindra to 29.9% against 37.2% in the same period last year.



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