

## **GST may be delayed further as parties get poll ready**

### ***Budget session unlikely to be productive***

The government announced the schedule of Parliament's Budget session on Thursday with a hope of getting crucial Bills related to goods and services tax, bankruptcy, and real estate regulation cleared. But the Opposition parties appeared unrelenting as the session coincides with the elections in five states — West Bengal, Tamil Nadu, Kerala, Assam and Puducherry.

At the India Investment Summit on Thursday, Finance Minister Arun Jaitley expressed hope that the Opposition will “ see reason” to ensure the passage of the goods and services tax ( GST) constitution amendment Bill in the coming session. Jaitley said a joint committee of Parliament, which is examining the details of the bankruptcy and insolvency Bill, is expected to submit its report by the first week of March and the Bill might be passed in the Budget session itself.

However, until and unless either of the two sides bows down for the sake of legislative reforms, the upcoming session might be unproductive like the previous two because the Opposition commands a majority in the Rajya Sabha.

The Cabinet Committee on Political Affairs ( CCPA) on Thursday met to finalise the dates for the presentation of the Railway Budget will end on March 16, with over a month- long recess from March 17 to April 24. The Houses will meet again from April 25 to May 13. In total, the session meant for financial business of the government will see 31 sittings over 81 days.

Parliamentary Affairs Minister M Venkaiah Naidu said he was optimistic that GST, real estate regulation, and bankruptcy Bills will be passed during the session.

**Budget...** He claimed to be in touch with the Congress and other “friendly” Opposition parties. He said the government has already discussed the three points of disagreement on GST with the Congress. Naidu had met Congress President Sonia Gandhi after the Winter session in early January.

However, sources in Congress said there has been no effort by the government to build bridges after the Winter session washout. The imposition of President's Rule in Arunachal Pradesh is a sore point with the Congress. Also, all Opposition parties are preparing to corner the government on its “insensitive response” to the death of Dalit scholar Rohith Vemula. Congress Vice-President Rahul Gandhi had visited the Hyderabad Central University twice to express solidarity with the protesting students. The Congress and other opposition parties also complain of the government’s “misuse” of investigative agencies like the Central Bureau of Investigation and Enforcement Directorate.

Senior ministers met leaders of all political parties to explore whether there was any demand to curtail the session in view of the forthcoming state polls. The five states are scheduled to vote for a new government between the first week of April and first week of May. Both sides were unanimous in their support for a full session. Several members of the Parliament will be busy campaigning for the state polls and their attendance in the House is likely to be intermittent.

In 2011, the month-long Budget session recess had been done away with because of the elections in these states. The then government had decided not to send the Finance Bill to the Standing Committees. The recess is the time given to department-related standing committees to examine the Budget proposals of different ministries and departments.

The assembly election dates are likely to be announced by first week of March. Communist Party of India (Marxist) chief and Rajya Sabha MP Sitaram Yechury said every year government should come out with a calendar of Parliament sittings so that there is no confusion. “The Election Commission will then decide the dates for elections knowing when Parliament is sitting.

The Prime Minister will also know about the sittings and will remain in the House and not be abroad,” Yechury said.

**Birla Corp seals...** “For the industry, the deal clearly shows that there is hardly any interest in the market for cement M&As. The plant is pretty new — just a couple of years old. Even Reliance Infra was earlier expecting over Rs.5,000 crore, but they have got just ? 4,800 crore. That tells you the state of the M&A appetite,” he added.

The Ambani group — which has combined debt of Rs.98,800 crore — has also announced that Reliance Communication will sell its telecom tower subsidiary to private equity firms Tillman Global Holdings and TPG Asia. An Update on the deal is expected anytime.

Interestingly, a transaction between Birla Corp and Lafarge India collapsed early this week. In August last year, Birla Corp had acquired 5.15 mtpa cement capacity of Lafarge India in Chhattisgarh and Jharkhand for Rs. 5,000 crore. But the deal failed as an amendment in the Mining Act prohibited transfer of mining rights in case of asset sale.

Lafarge now plans to sell its entire asset of 11 mtpa capacity in India through share sell to complete its global merger with Holcim. Birla Corp said it is looking for legal recourse on the failed deal with Lafarge.

**Nasscom...** When asked, why Nasscom has downgraded the growth numbers, Chandrashekhar said, “We had estimated that the domestic segment will grow at a certain pace on the back of the announcements made by the government and trends that we saw. However, many of those have not taken off. As and when they do, we will see a larger impact.” Apart from domestic business, there are signs of growth in export of digital solutions. Domestic revenues are expected to grow at 11- 13 per cent in FY17. At the same time, digital solutions business is likely to expand by one- and- a- half times.

In FY16, IT-BPM domestic revenues grew at 10 per cent, reaching Rs.1.41 lakh crore . E-commerce, start-ups and technology-focused government growth agenda were among the growth drivers. The e-commerce segment added estimated revenues of Rs.1.08 lakh crore in FY16.

Analysts were expecting the industry’s growth numbers to further come down as companies prepared to meet clients’ demand in the adoption of newer technologies such as cloud, software as a service (SaaS) and mobility. Though digital spending is surging, the deal sizes are getting

smaller. “ Start- ups and ecommerce are the new champions of the industry and I expect these segments to increase their contribution to industry growth in the years to come,” said BVR Mohan Reddy, chairman, Nasscom. “ Digital contributed about 13 per cent for the leading technology companies. Also, the industry employed over 250,000 digitally skilled employees.

Digital M& A deals also witnessed a spike in volume and value crossing \$ 2 billion in 201516 growing three times over last year.” With automation, digitisation and other technology interventions, hiring also took some beating. The industry added 200,000 employees in FY16, compared with 230,000 in FY15. The employee base of the industry touched 3.7 million.

Nasscom also said India’s start- up landscape is now a global success story with young companies and unicorns making a difference in high- impact areas. With over 4,200 start- ups, India is now the third largest start- up base globally with over 1,200 start- ups being created every year aided by \$ 4.9 billion funding, over 150 active VC/ PEs and over 110 incubators and accelerators.

**Ratan Tata...**“Tata would be the right partner.” UC has around \$ 500 million of investments in stock markets but this would be the first focused plan to invest in startups in the country. The partnership with Tata could eventually help set up its own team in India. The partners did not commit on any investments or figures, saying the engagement had only begun.

Baccher said the partnership would also explore bringing technologies and inventions in the eight universities that come under the University of California, that could help in creating low cost and mass scale solutions.

Since stepping down as chairman of Tata Group, Tata has bought minority stakes in a little over 25 companies. These include Snapdeal, Ola, Urban Ladder and a Chinese smartphone maker. He says these are private investments, done to learn about emerging businesses and work with youngsters. “The challenge in investing in a start- up on the one hand is less than investing in stock market systems. At the same time, the risk profile could be higher,” said Tata. “ In my view, the risks and difficulties involved with start- ups are less in magnitude than investing in a major company that has got millions of rupees tied up in a new project.” He said he appreciated the government’s move to provide support to start- ups and helping build a system for entrepreneurs.

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