'Evaluating options for **Tesla's entry'**

Amitabh Kant, CEO of NITI Aayog, holds forth on electric vehicles, start-ups, cryptocurrencies and more in a tell-all interview

PHOTOGRAPHS BY **YASIR IQBAL**

After successfully steering India's start-up movement, Amitabh Kant, 65, in his fourth stint as the NITI Aayog CEO, is driving India's 'Go Green' mission by encouraging tech-led disruption in the energy and mobility sectors. Leading talks with US-based Tesla, the 1980-batch retired IAS officer, along with other government departments, is framing a conducive policy to facilitate the world's largest electric vehicle maker's entry into India. In an interaction with *Business Today*'s *Dilasha Seth,* Kant says the recent IPO success of Zomato and Nykaa will boost the confidence of other start-ups in encouraging venture capitalists and private equity investors to back more domestic start-ups. Edited excerpts:

Q: NITI Aayog has propelled several transformative policy reforms. What have been the most exciting initiatives for you?

A: Whether it has been digitalisation, start-ups, innovation, improving learning and health outcomes, monitoring and evaluation as well as the transformation of the aspirational districts, NITI Aayog has played a key and critical role. We have also worked on a range of new areas of growth. Some of our initiatives such as Atal Tinkering Labs have been massively successful in fostering innovation in the country. We are at the forefront of driving clean mobility in the country. We have looked at the best practices across the world, and understood their applicability in the Indian context. We have been able to drive a very innovative spirit in India. Look at the phenomenal growth witnessed by the Startup India movement. This year we have seen the emergence of 40 unicorns in such a short while. We are witnessing a massive digital disruption in India, and technology is enabling India to leapfrog in the post-Covid-19 era. We are pushing the limits on both going digital and going green.

Q: We've seen a lot of start-up action even in the IPO space. How do you look at that, given the fact that most are not even profitable yet? Some like Zomato have got what analysts feel are unrealistic valuations...

A: We started the Startup India movement in 2016... At that time, I had not imagined that in such a short time India would become the third-largest start-up ecosystem, behind the US and China. The start-up ecosystem has truly emerged now, and it will grow even faster. Investors are realising the importance of promoting these start-ups. Business sentiments matter a lot when investment decisions are made. On the issue of valuations, I feel market analysts would be best-placed to answer this. But, these start-ups have huge future potential.

Q: Do you expect the IPO successes of Nykaa and Zomato to encourage more entrepreneurs to go public?

A: The success of the recent IPOs proves that Indian investors have become more mature. Success stories in the start-up ecosystem will boost the confidence of other start-ups in encouraging venture capitalists and private equity investors to back more domestic start-ups. This will further strengthen the Indian start-up ecosystem. Ultimately, this would give a massive boost to entrepreneurship. And the great thing is that the start-up movement in India is now being financed and supported by Indian investments and funds from within India, and the funding is coming from Indians.

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Q: While you mentioned start-ups and their success stories, there is uncertainty among cryptocurrency start-ups. While legislation is coming soon, what is your take on the space?

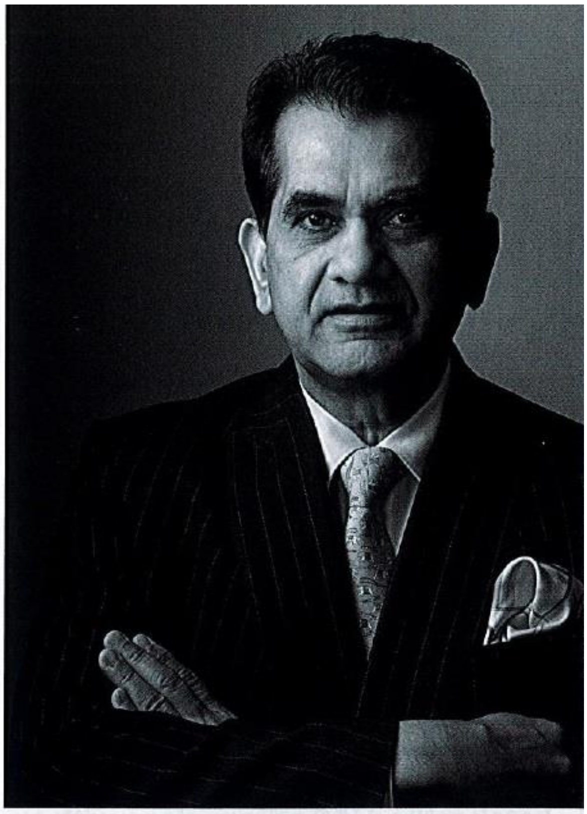
A: We need a sound regulatory system. Massive adoption of cryptocurrencies or crypto assets as a store of value has taken place in India. If we go by the latest industry reports, there are more than 230 start-ups in the crypto space with almost $270 million invested in the Indian blockchain and crypto start-ups. From the retail and institutional investors' point of view, about 1.8 per cent of India's population has invested in crypto until 2021, a growth of over 2.2 times over a year. And therefore, what is becoming evident is that crypto, both from the technology and investor viewpoint, is rapidly picking up in India. RBI [the Reserve Bank of India] had earlier banned crypto, but that was struck down by the Supreme Court. Without getting into the merits, I feel what we need is a well-curated, pro-innovation-led soft touch regulation in this sector that can ensure protection of interests of investors and address concerns surrounding the misuse of technology. There is certainly scope to learn from the best practices currently extant around the world along with existing global regulatory templates. This can also provide a nudge for the participation of the aspiring and mature tech talent pool of India in the innovation cycle that crypto offers in the newly emerging decentralised Web 3.0 ecosystem.

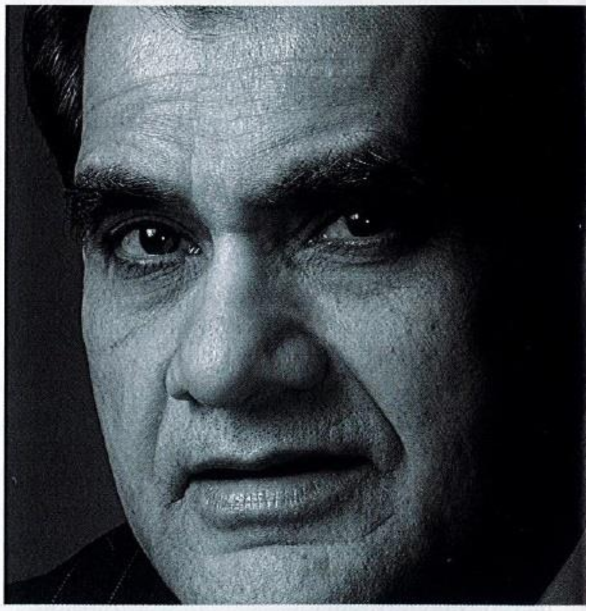
Q: By protecting investors' interests, do you mean to say that those who have invested in cryptocurrencies should not be affected by the legislation?

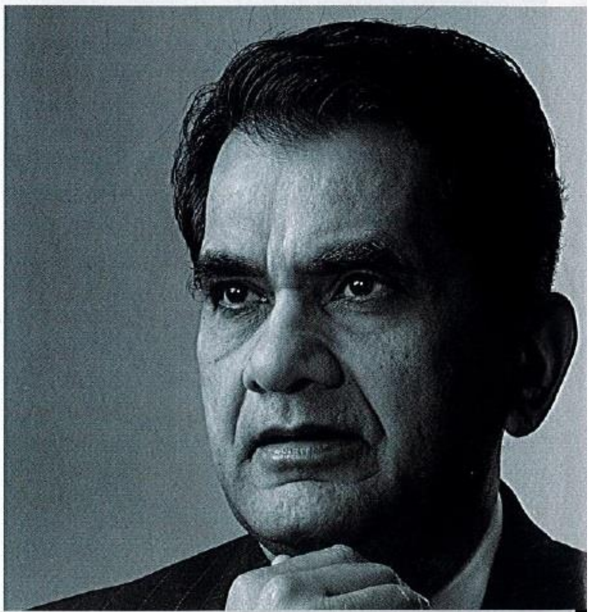
A: It should be a holistic regulation which should take into account the interests of all stakeholders, including the investors.

Q: Is China's crackdown on tech companies also playing a role in the spike in investments into Indian tech-led start-ups and ventures?

A: We will grow and expand irrespective of China, simply because we are the only country in the world with massive amounts of data, cheap internet, an enabling ecosystem and a billion-plus biometrics, mobile phones and bank accounts. India has demonstrated its unique strength in the form of India Stack. We have used India Stack to grow and expand. We have demonstrated that we are able to bring efficiency through direct benefit transfers. We have demonstrated that our UPI is able to grow and expand. It has done over $100 billion worth of transactions in October. And on top of this, now, we have financial management companies, insurance companies and start-ups that assist people digitally. This demonstrates the huge capacity of young Indian entrepreneurship. That is why we could do Ayushman Bharat PM-JAY, which is a totally digital [scheme] for 500 million Indians. We could do CoWIN, which is digital, verifiable, and seamless. Therefore, irrespective of China, Indian enterprises will continue to grow and expand on the basis of the basic foundation that we have built. We are now data rich. We will become a role model for the developing world.







Q: What is the next big thing on NITI Aayog's agenda?

A: Going green. The disruption in the energy sector and mobility are all areas of massive disruption in the future. The kind of commitment India has made at the Glasgow summit would require it to leapfrog technology across a range of areas, whether it is solar, battery storage, or mobility. India needs to have a top-class grid to manage this Indian storage facility. India needs to do pumped storage. It needs to ensure that it is able to use its renewables to crack water and do green hydrogen. We are importing $160 billion worth of fossil fuels today, which will grow to $320 billion in the next decade. Now, to ensure that we become not an importing but an exporting country we need to become not merely a producer of green hydrogen, but to become the world's biggest producer of electrolysers, green steel and green ammonia. All this would require a massive amount of financial resources. Today, electricity is just 18 per cent of our energy. Eight-two per cent of our energy in refineries will need to be converted into green energy. And that will be the big area of the future. And those will be the key challenges for India. And that is where NITI Aayog will take the lead.

Q: NITI Aayog is also working on easier financing of electric vehicles (EV) with the World Bank. Can you elaborate on the plan? Will it not also require scaling up of charging infrastructure?

A: We are at an advanced stage of finalising a facility of $300 million with the State Bank of India and the World Bank. This facility would play a pivotal role in mobilising finance of around $1.5 billion for EVs. The instrument would act as a hedging mechanism for banks to access in case of defaults of loans on purchase of electric vehicles. This is expected to bring down the cost of financing for electric vehicles from 35-40 per cent to just about 10-12 per cent. The present rate of interest for electric two-wheelers or electric three-wheelers is very high and is expected to fall rapidly. It is also important to understand that the lifecycle emissions of EVs even at this point of time are much lesser than petrol and diesel vehicles. We are promoting the usage of charging points which will have high proliferation across India along with lower cost and lower space requirements than traditional charging infrastructure. The Department of Heavy Industries, under Phase II [of the FAME scheme], has already sanctioned over 3,000 charging stations across 68 cities and around close to 1,600 charging stations on highways.

Q: Now that we are talking of EVs, how soon do we see Tesla in India?

A: Tesla has pioneered EV technology and has disrupted the world market to move towards zero-emission vehicles. That [Tesla] is currently valued at almost about $2 trillion and the next 10 largest automotive companies together have a valuation of only $1.1 trillion. Tesla is keen to launch their cars in India but they do not have a system of parts being brought to India and assembled here. They bring the whole car, and that is a technology issue. We are evaluating the possible options and the best solution in the interest of the nation will be worked out. We will take a holistic view which would add to the overall economy in a big way and also give a boost to India's EV transition plans in due course.

Q: Is Elon Musk's demand for a 60 per cent reduction in import duty on EVs feasible?

A: It is under examination by different ministries of the government and a view will be taken shortly.

Q: While you speak about the government's digitalisation push, do you think its proposed policies with respect to e-commerce and data protection run counter to that?

A: The government has pushed the limits of digitisation in all areas, particularly start-ups. The phenomenal success of Digital India is for the entire world to see. The private sector and start-ups are contributing to the sector. Today the government

ON CRYPTO REGULATIONS

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ON AIR INDIA STAKE SALE

Air India's successful disinvestment when the sector is impacted by Covid-19 is a sign of the abilities, conviction, focus and single minded effort of the leadership. This will greatly speed up privatisation transactions in the coming years.

ON POLICY

A department comes up with a policy note, others respond and then finally, whatever decision is in the best interest of the nation is taken.

ON TESLA

Tesla is keen to launch their cars in India but they do not have a system of parts being brought to India and assembled here.

is taking a platform approach and this allows for the private sector to develop top-notch products. Take UPI for instance. Today, so many payment applications—PhonePe, BharatPe, Paytm, Google Pay—have been developed on the UPI platform, which has completely transformed digital payments and peer-to-peer money transfers in the country, providing a huge impetus today right from e-governance services to unique digital health IDs for citizens, and a fully digital tax collection mechanism and digital procurement. We are seeing an average of three start-ups per month. This is absolutely unprecedented. Now, in a large and diverse country like India, you will always have some policy announcement or the other. But we have a feedback mechanism and consultations. We take a balanced approach going forward.

Q: Are you suggesting that the draft e-commerce rules imposing heavy regulation on online discounts put out by the ministry of consumer affairs may be reconsidered?

A: That was a consultative process. No formal policy has come out. A department comes up with a policy note, others respond and then finally, whatever decision is in the best interest of the nation is taken. What is taken forward is always progressive and prudent.

Q: The government's National Monetisation Pipeline (NMP) worth ₹6 lakh crore focusses on five major sectors to privatise viable assets and attract investor attention. How confident are you of meeting this year's monetisation target of ₹80,000 crore?

A: The objective of NMP is to enable a systematic approach towards recycling of capital, leveraging the same for creation of world-class infrastructure within the country. Extensive consultation with stakeholders—public asset owners, private investors, and regulators—have been held to ensure timely roll-out of assets and maximisation of value. From amongst the assets identified for the current fiscal, Power Grid has already launched its first public sector InvIT raising ₹7,700 crore and NHAI has already launched its first InvIT on road assets raising over ₹5,000 crore. Bidding for multiple TOT [toll-operate-transfer] bundles of NHAI is under way and is expected to be closed soon. Other sectors like natural gas pipelines for airports, telecom, and railways are at various stages of bidding for the respective monetisation transactions. We are all working in close coordination with the ministries to ensure all necessary policy support and process efficiency for realisation of aspirations. We are very confident of achieving our targets.

Q: What are the learnings from the Air India disinvestment?

A: Air India was a challenging disinvestment and the government adopted a very innovative approach. This approach included creating Air India-specific alternative mechanisms and the separation of non-core assets. I think, most importantly, the decision taken by the government to use enterprise value as a bidding criteria was very forward-looking. This provided a much greater flexibility in the capital structure of Air India, post change of control. The enterprise valuation criteria mitigated high fluctuations in equity value risk associated with potential transactions. The new Air India disinvestment template, after many revisions, was significantly simpler and faster and better aligned with stakeholders' incentives and goals. Its successful disinvestment at a time when the aviation sector is significantly impacted by Covid-19 is a sign of the abilities, conviction, focus and single minded effort of the current leadership. This will greatly speed up privatisation transactions in the coming years.

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Q: This is your fourth term as NITI Aayog CEO. Do you see this role as the most exciting one in your four-decade-long career?

A: I have enjoyed and loved every single job in my career. But, working in Kerala for the traditional fisheries sector for about four years after my subdivision [posting], was very satisfying. My job then was to transform the lives of fishermen. I also enjoyed my stint as Secretary of the Department of Industrial Policy and Promotion, where I could work on ease of doing business and liberalising the entire investment policy. And much later when I came to NITI Aayog, one of the most satisfying things I've done is to work on the Aspirational Districts Programme to transform the lives of people at the grassroots level, and to build up a sense of competition amongst different districts. BT

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