

Daily Economic News Summary: 2 September 2015

1. INSTC draft approval: Big step forward on India-Iran-Russia corridor

Source: **Economic Times** ([Link](#))

The much-awaited International North South Transport Corridor (INSTC) through Iran has been set in motion, with New Delhi, Tehran, Moscow and 10 other nations at a recent meeting in Delhi approving draft transit and customs agreements, which will provide the legal framework for moving freight on ship-rail-road route linking India, Iran, Russia, Central Asia and Europe.

India, with Iran's assistance and supported by Russia, has moved fast to make the INSTC project a reality after over a decade following the deal between Tehran and P-5+1 (US, Russia, China, UK, France and Germany) over Iran's nuclear programme that brightened the prospects of withdrawal of international sanctions against Tehran.

Besides senior officials of India, Iran and Russia, representatives of most of the 10 other participants and prospective participant nations attended the meeting. They agreed to undertake *"practical steps on issues related to logistics and infrastructure necessary for making the proposed transport corridor operational"*, an official said, adding, INSTC draft transit and customs agreements are under consideration by all the stakeholders.

2. Toyota to invest over Rs 1000 crore in India, doesn't rule out Daihatsu's entry

Source: **Economic Times** ([Link](#))

Enthused by the smart financial turnaround by its Indian subsidiary, Toyota Motor Corporation is committing fresh funds for Toyota Kirloskar. On the cards are an investment in a new engine plant and new projects (Innova, Fortuner and a mid-size sedan), that will entail a combined minimum investment of about Rs 1,000 crore in the next couple of years.

In an interview to ET, Takeshi Uchiyamada, the Toyota Motor chairman was candid when quizzed on the much speculated Daihatsu brand entering India. He did not rule out the introduction of Daihatsu, a Toyota subsidiary that makes small cars and compact utility vehicles, entering India.

3. Industrial strikes and lockouts see steep decline in India

Source: **Live Mint** ([Link](#))

The trade unions are all set for a nationwide strike on Wednesday but the country in general seems to be moving away from industrial disputes, strikes and lockouts, according to the labour ministry data.

Between 2003 and 2014, the number of strikes and lockouts has fallen by nearly three-fourth, the data shows. In 2003, Indian industries saw 552 strikes and lockouts, but in 2014, the number fell to 143. The fall in such incidents has been steep since 2012. In 2012, 447 strikes and lockouts were reported but fell to 143 in 2014.

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The fall in the number of strikes and lockouts has been steep since 2012. In 2012, 447 such incidents were reported compared with 143 in 2014.

| Year | Strikes and lockouts | Workers involved | Person-days lost (in thousands) |
|-------|----------------------|------------------|---------------------------------|
| 2007 | 389 | 724,574 | 27,167 |
| 2008 | 421 | 1,579,298 | 17,433 |
| 2009 | 345 | 1,867,204 | 17,622 |
| 2010 | 371 | 1,074,473 | 23,131 |
| 2011 | 370 | 734,763 | 14,458 |
| 2012 | 447 | 1,307,505 | 12,876 |
| 2013 | 198 | 1,057,887 | 3,665 |
| 2014 | 143 | 1,008,275 | 3,636 |
| 2015* | 40 | NA | 446 |

(*January-April)

Source: Labour ministry

Graphic: Subrata Jana/Mint

The number of workers striking work is dwindling as well. In 2003, 1.81 million organized sector workers struck work, but in 2014, it was down to one million. In the same period, the number of person-days of work lost has dwindled from 30.25 million in 2003 to 3.63 million in 2014, the ministry data shows. In the first four months of 2015, India saw 40 strikes and lockouts as against 53 in the same period in 2014 and 121 in 2013.

4. Govt aims to make automobile lynchpin of manufacturing drive

Source: **Live Mint** ([Link](#))

The government wants to turn the automotive sector into the “*mother of manufacturing activities*” by making it the engine of Prime Minister Narendra Modi’s “Make in India” initiative, according to a government document that was to be made public on Wednesday.

The National Democratic Alliance (NDA) government expects the passenger vehicles (PV) market to triple to 9.4 million units by 2026 from 3.2 million now if the economy grows at an average rate of 5.8% a year, says the document titled *Auto Mission Plan (AMP) 2016-26*.

If the economy grows at an average yearly pace of 7.5%, the size of the PV market is forecast to rise to 13.4 million units, making it the world’s second largest, behind only China. Based on the same premise, the commercial vehicle industry is expected to grow to 2 million and 3.9 million units, respectively, from 700,000 at the end of 2014-15. The two-wheeler market is likely to grow to 50.6 million and 55.5 million from 18.5 million units currently.

5. MAT relief for foreign investors

Source: **Live Mint** ([Link](#))

The National Democratic Alliance (NDA) government said on that it would spare foreign portfolio investors (FPIs) from minimum alternate tax (MAT) for the years prior to 1 April 2015, moving to defuse a row with overseas funds concerned about back-dated tax demands.

The move, in line with the recommendations of the A.P. Shah committee, came on a day benchmark equity indices tumbled after a key measure of Chinese factory output fell to the lowest level in three years, rattling stock markets around the world.

Finance minister Arun Jaitley said the government had decided to accept the recommendations—an announcement that will defuse a dispute that threatened to mar India’s image as an investment destination. Jaitley said the government will introduce clarificatory amendments to the Income Tax (I-T) Act to exempt portfolio investors from MAT in the next session of Parliament.

6. Google to continue to sharpen focus on India

Source: **Live Mint** ([Link](#))

Google Inc. is continuing to sharpen its focus on its India business by attempting to get more non-English speaking users online, providing more offline content to users with poor bandwidth, boosting the growth of its Android ecosystem, and helping more small businesses access the Internet, according to a senior company official.

This, even as the company attempts to maintain its credibility in the face of allegations of compromising data privacy, principles of Net neutrality, and abusing its dominant position in the online search and advertising markets both within the country and globally.

“As a company, we’re focused on digitizing India by bridging the gap. The strategy is to continue our focus on three pillars—bringing more consumers online, getting more local content and more SMBs (small- and medium-size businesses) online,” Rajan Anandan, vice-president and managing director of Google South-East Asia and India, said in a phone interview.

A little over three billion people use the Internet globally. India is already the second largest Internet user market in the world, after China, with over 300 million Internet users and is expected to reach 500 million by 2017.

By Harsha Hazarika