

Daily Economic News Summary: 17 September 2018

1. India In A Catch-22 Situation On Free Trade Pact With The US

Source: The Hindu, Business Line ([Link](#))

The government seems to be in two minds about whether it should go in for a free trade agreement (FTA) with the US. While many officials are against a pact as they believe it will hurt domestic industry and agriculture, there is a small but influential group in the government that favours an FTA, according to two sources aware of the developments. Although India, because of its indecision on the matter, has not officially spelled out its intention to get into a free trade dialogue with the US, there are indications from the White House hinting at some informal talks on trade deals already happening between the two countries.

2. India May Restrict Non-Essential Imports To Check Rupee Fall

Source: Livemint ([Link](#))

After 14 September's measures to increase capital inflows to check a falling rupee and curb the rising current account deficit (CAD), the next in line could be trade-related measures to curb non-essential imports and boost exports. On 14 September, finance minister Arun Jaitley said a broad policy decision has been made to take necessary steps to cut non-essential imports and increase exports, in the backdrop of the CAD touching 2.4% in the June quarter. "The items will be identified in consultation with the line ministries in the next few days and necessary decisions will be taken. We will also keep in mind that the decisions are WTO-compliant," he said.

3. Commerce Ministry Eases Process To Avail Export Incentives Under MEIS Scheme

Source: Financial Express ([Link](#))

The commerce ministry's foreign trade arm DGFT has simplified the procedure for traders to avail export incentives under the MEIS scheme, a move aimed at promoting ease of doing business for exporters. Under Merchandise Exports from India Scheme (MEIS), the government provides duty benefits depending on the product and country. The Directorate General of Foreign Trade (DGFT) will start the process of system driven approval of the MEIS claim applications from tomorrow in respect of exports made through EDI (electronic data interface) shipping bills. The move will

enable automatic approval of claims made by exporters to avail incentives under this scheme and the new process is allowed through electronic data interchange ports.

4. Made In India' Military Combat Vehicles By Tata Motors To Be Showcased At BIMSTEC Nations Summit 2018

Source: Financial Express ([Link](#))

Tata Motors will showcase its two flagship vehicles at the BIMSTEC Nations Summit 2018 in Pune. The two vehicles namely Tata 4X4 Mine Protected Vehicle (MPV) and the WhAP8x8 ICV (CO developed with the DRDO) will be shown to the Army Chiefs and nearly 400 plus army officers from BIMSTEC Nations. The company says that the two vehicles will demonstrate its expertise in the combat range and its commitment to the “Make-In-India For Defence” policy of the Government of India. Tata Motors flagship product WhAP8x8 (Wheeled Armoured Amphibious Platform) is India’s First Infantry Combat Vehicle that has been designed for optimised survivability, all-terrain performance and increased lethality and has been jointly developed with the Indian Defence Research and Development Organisation (DRDO). It is a fully loaded vehicle with safety features such as Blast protection, Ballistic Protection and NBC protection.

5. Air India Plans To Sell Four Subsidiaries; Headquarter Building In Delhi, Other Land Asset

Source: Firstpost ([Link](#))

The government plans to soon initiate the strategic sale process for at least four subsidiaries of loss-making Air India, including Airline Allied Services Ltd (AASL) and Hotel Corporation of India (HCI), according to officials. Besides, plans are on the anvil for selling the headquarter building of Air India in the national capital as well as various other land assets and buildings of the airline in different parts of the country. The government has prepared a list of the airline's assets that could be hived off as part of the strategic sale plan for Air India and its subsidiaries, officials said. According to them, the disinvestment process is likely to be initiated soon for four Air India subsidiaries —AASL, HCI, Air India Air Transport Service Ltd (AIATSL) and Air India Engineering Service Ltd (AIESL).

6. Government Announces 5 Measures To Save Rupee: The Mess Is Uglier Than It Appears; Cosmetic Measures Won't Do The Trick

Source: Firstpost ([Link](#))

The markets have been waiting for some decision to be taken by the government or the Reserve Bank of India (RBI) on the currency. The crazy logic in the market is that as long as the government says that what is happening in the market is all right and that there is no reason to push the panic button, it is assumed that the system is comfortable with the depreciation and the rupee tumbles further. And this is what was happening in the last two to three weeks. Now that there has been some kind of intervention announced by the government, it is worth analysing how it will help the rupee to get stronger.

7. Bigbasket, Grofers Revive Merger Talks

Source: Livemint ([Link](#))

Grocery startups BigBasket and Grofers have revived talks for a merger as their investors Alibaba Group Holding Ltd and SoftBank Group Corp. look to join hands, ahead of a costly market share battle with Amazon and Walmart Inc.-owned Flipkart to dominate India's online grocery market, three people familiar with the development said. The proposed deal involves BigBasket acquiring its smaller rival, the people said on condition of anonymity. If the deal goes through, the merged entity could raise \$250 million from China's Alibaba Group Holding Ltd, one of the three people said. Japan's SoftBank Group Corp. and other investors could pour more capital into that entity, the other two people said. Grofers and Big Basket declined to comment. A spokesperson for Alibaba said, "As a policy we do not comment on market speculations." A SoftBank spokeswoman declined to comment.

8. Mahindra & Mahindra All Charged Up For A Hatchback Drive

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

Mahindra & Mahindra, India's leading SUV specialist, is considering its first ground-up hatchback as part of its plan to have a range of cars to hold its own in the fiercely competitive Indian passenger vehicles market. Mahindra may tap into the development expertise of Italian design house Pininfarina to plan a hatchback with electric power train, and Ford for a mid-sized sedan, or it may even plan a mid-sized sedan on its own. Mahindra will have to invest \$110-\$120 million on the

project if it decides to go ahead with the hatchback plans. On the commercial vehicle front, it has launched the new three-wheelers at the recent Global Automobile Summit — Move in the national capital which runs on electric; Supro, a mini load carrier; and a range of electric buses.