Daily Economic News Summary: 1 April 2019

1. Government Notifies New Accounting Standard On Leases; Effective From Apr 1
Source: The Economic Times (Link)

The government has notified a new accounting standard Ind AS 116 that will bring in more transparency in recognition and disclosures about leases in companies' balance sheets, a senior official said on 31 March. The Indian Accounting Standard (Ind AS) 116 is expected to have a significant impact on various industries including aviation where airlines mostly operate planes on lease. Ind AS 116 to be effective from April 1 sets out the principles for recognition, presentation and disclosure of leases.

2. Vijaya Bank, Dena Bank To Become BoB From Apr 1
Source: The Economic Times (Link)

In a first three-way amalgamation, Vijaya Bank and Dena Bank will merge with Bank of Baroda (BoB) from April 1 to create the third-largest lender of the country. As a result, branches of Vijaya Bank and Dena Bank will function as BoB outlets from 1 April onwards. "Customers including depositors of Vijaya Bank and Dena Bank will be treated as customers of Bank of Baroda with effect from April 1, 2019," the Reserve Bank of India (RBI) had said in a statement on 30 March.

3. Nykaa On Its Way To Become The Next Billion-Dollar Indian Company
Source: Business Standard (Link)

Nykaa, an omni-channel retailer of beauty products, could well be on its way to become the next billion-dollar Indian company. The Mumbai-based start-up has raised Rs 100 crore from private equity firm TPG Growth at a valuation of $724 million, company filings sourced from business intelligence platform Paper.vc, showed. This means, in just six months, the company's valuation has more than doubled. In September 2018, when Lighthouse Advisors invested Rs 113 crore to buy out early investor TVS Capital, Nykaa was valued at $330 million. Earlier, in 2018, the start-up had also raised Rs 160 crore through primary and secondary share sale.

4. India Delays Levying Retaliatory Tariff On Us Goods To May 2
Source: The Economic Times (Link)

India has once again delayed the implementation of higher tariffs on some goods imported from the United States to May 2, according to a government order. The new tariff structure was to come into force from April 1. Angered by Washington's refusal to exempt it from new steel and aluminium tariffs, New Delhi decided in June last year to raise the import tax from Aug. 4 on some U.S. products including almonds, walnuts and apples.

5. Govt Plans To Specify A Unique Colour Code For Generic Medicines
Source: Business Standard (Link)

The central government is favourably considering an amendment to the decades-old Drugs and Cosmetics Rules, to specify a separate colour code for generic medicines, from branded medicines. A generic is a copy of a formerly patented drug. Of two types, branded and unbranded. Generic medicines might or might not have a trade name, as opposed to branded generics. They are made by small and large companies alike but not marketed through the doctor-channel; instead, these are pushed directly into the trade.

6. Mauritius, Singapore Investments Now Fully Taxable For Capital Gains
Source: Livemint (Link)

Starting 1 April, capital gains on investments made in India through companies in Mauritius and Singapore will become fully taxable, as concessions cease to exist on the route, long seen as a tax-efficient way of investing in Asia's third largest economy. FY20 will be the first year after a two-year transition period, since India amended its double tax avoidance agreements (DTAA) with these countries in 2016, to prevent aggressive corporate tax avoidance. What made India take serious efforts to correct the situation was the concern that at least a part of the foreign direct investments (FDI) coming into India and enjoying the tax treaty benefits were profits that were never reported to the authorities for taxation here, and were laundered abroad, to be brought back dressed up as FDI.

7. Fishery Subsidies: India To Submit Plan At WTO On Differential Treatment Of Developing Nations
Source: The Hindu, Business Line (Link)

To safeguard the rights of small and artisanal fishers to ensure that they continue to get subsidies for purchasing boats, nets and fuel, India has said that it will soon circulate at the World Trade Organisation a draft paper on granting special and differential treatment for members of developing and least-developed countries (LDCs). “India also submitted that the proposed caps should be introduced only on non-specific fuel subsidies not tragetted towards a particular industry,” a Geneva-based trade official, aware of the developments at the meeting on fisheries subsidies, told BusinessLine. WTO members are working on an agreement to put a lid on fisheries subsidies, which lead to illegal, unregulated and uncontrolled fishing across the world; some countries want it finalised by the Ministerial Conference in June next year.

8. Led by Swiggy, Zomato, Big Basket, Food Delivery Firms Corner Big Slice Of Funding Pie

Source: Financial Express (Link)

Online food delivery and grocery players have managed to get a fairly big slice of the funding pie in 2018-19, rustling up close to $2 billion. A big chunk of this, analysts say, would be used to create delivery infrastructure and acquire customers. “India’s food delivery market is scaling up rapidly from a 15-million order run rate as of March 2018, the market has scaled up to approximately 65-million orders currently, higher than earlier expected,” analysts at Kotak Institutional Equities (KIE) wrote in January. The estimated monthly operating cash burn of food delivery firms is $32 million at an average commission of 15%. In general, e-commerce companies would need continued support from investors as their losses show no downward trend. According to KIE, Swiggy’s aggregate losses during FY15-18 were $113 million while those for Zomato were $146 million. BigBasket and Grofers’ losses for the period stood at $147 million and $74 million, respectively.