

Daily Economic News Summary: 3 December 2018

1. Modi Government To Change Customs Duty Architecture To Boost Trade, Ease Of Doing Business

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

After rolling out the most comprehensive indirect tax reform-the goods and services tax-the Narendra Modi-led NDA government is set to unleash the next generation of changes to the customs duty architecture to speed up India's trade and improve the ease of doing business. The proposed changes seek to do away with face-to-face contact with tax officials, automate the release of goods and ensure e-traceability of shipments, measures that can substantially reduce corruption and allow faster movement of merchandise.

2. China Says No To India's Proposal For Bilateral Trade In Domestic Currencies

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

China has not accepted India's proposal to carry out bilateral trade in local currencies which was aimed at bridging the ballooning trade deficit with the neighbouring country, an official said. India's exports to China stood at only USD 13.4 billion, imports aggregated to USD 76.4 billion in 2017-18, leaving a trade deficit of USD 63 billion. It was USD 51.11 billion in 2016-17. India had suggested China for renminbi-rupee trade to boost its exports and tackle the widening trade deficit concern. India has also proposed trade in national currencies with some other countries, including Russia, Iran and Venezuela. New Delhi has trade deficit with these three countries, too.

3. Steel Companies May Go For Expansion Through Brownfield Route

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

The steel sector, which is on a consolidation mode now under the IBC process amidst strong domestic demand, is unlikely to witness any greenfield expansion as mill-owners are likely to go in for brownfield expansion at least for the next half a decade or so, say industry players and analysts. Domestic steel demand touched 91 million tonne (mt) in fiscal 2018, making the country the third largest consumer of the alloy in the world. In FY18, domestic demand grew by 8 per cent, while globally it grew by 5 per cent. According to Crisil, companies with around 22 million tonne

crude steel capacity are under various National Company Law Tribunal (NCLTs). These were from the first round of the stressed assets resolution process by the Reserve Bank.

4. Flipkart, Amazon Bleed: E-Commerce Burns Cash, But Investments Keep Pouring In
Source: Financial Express ([Link](#))

Even as Amazon and Flipkart slug it out for the top spot in India's e-retailing arena, profit and loss (P&L) statements across the sector remain a sea of red. Losses for a clutch of 30 companies in the year to March 2018 nudged Rs 17,000 crore. That's about a 100% rise over the losses of Rs 8,000 crore or so reported in 2014-15. If that seems somewhat smaller than anticipated, analysts at Kotak Institutional Equities (KIE), who did the analysis point out, it's because some accounts are yet to come in; once added, the losses, they believe, would comfortably hit Rs 19,000 crore or thereabouts. The sheer size of the market convinces e-retailers that there's room for everyone, even latecomers.

5. Big Turbulence: Indigo Lone Survivor As Aviation Sector Suffers Huge Losses
Source: Financial Express ([Link](#))

Unable to cope with falling yields, all airlines except IndiGo are slowing down. While IndiGo topped up capacity by 30% year-on-year in October, the increase for the rest of the sector was a shade above 9% y-o-y. This was way slower than the 18.9% y-o-y rise seen in June and 12.3% y-o-y in August. Analysts say IndiGo is leveraging a strong balance sheet to gain market share and remains unfazed by falling yields. The low cost carrier's share rose to an enviable 42.8% in October 2018. In contrast, SpiceJet reported a share of 11.7%, its lowest in more than two years. GoAir had just 8.8% compared with an average of 9% for 2018. Jet Airways and its low-cost subsidiary JetLite commanded a share of 14.9% and national carrier Air India had 12.2%.

6. Whatsapp Chief Writes To RBI, Seeks Nod To Expand Payment Services To All Users
Source: Financial Express ([Link](#))

WhatsApp Chief has written to the Reserve Bank of India (RBI), seeking a formal nod to expand payments services to all its 200 million users in India. The messaging app, which has drawn fire from the government over spread of fake messages on its platform, continues to wait for a regulatory clearance to launch full-fledged payments operations in India – months after its 'testing'

amassed nearly one million users, and almost two years since it first began discussions with the government on its payments services plans. The development comes at a time when competitors such as Google have forged ahead with their payments offerings. WhatsApp is currently piloting WhatsApp payments, and its Chief Chris Daniels has now written to the RBI urging that a formal approval be granted to take the payments product to all its users in the country.

7. India To Host G20 Summit In 2022, 75th Year Of Independence: Narendra Modi

Source: Livemint ([Link](#))

Prime Minister Narendra Modi on 1 December announced that India will host the G20 summit in 2022, the year the country would celebrate the 75th anniversary of its Independence. The G20 is a grouping of the world's 20 major economies. Modi made the announcement at the closing ceremony of the two-day summit held here in Argentina's capital. Italy was to host the international forum in 2022. Thanking Italy for allowing India to play the host, Modi invited G20 leaders to India in 2022, which also marks the 75th anniversary of India's Independence.

8. Government Brings In Three Think Tanks To Strategise For RCEP Talks

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

The government has roped in three of India's premier think tanks to prepare a road map for negotiating the Regional Comprehensive Economic Partnership (RCEP) trade agreement expected to conclude next year. RCEP is a mega-trade agreement spanning the 10 Asean countries and its six free-trade agreement partners Australia, New Zealand, Japan, China, Korea and India. RCEP countries will meet for a round of negotiations in Indonesia in February and the ministerial in Thailand in April followed by another round of talks in Australia in May.