

Daily Economic News Summary: 5 April 2018

1. 'Sagarmala Project Will Reduce Logistics Cost Drastically'

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

The ongoing Sagarmala project, launched in 2015, will drastically reduce the logistics cost in the country and make the industry competitive, according to Kailash Kumar Aggarwal, Joint Secretary in the Union Ministry of Shipping, who is in-charge of the project. At present, logistics cost in the country is in the range of 14-16 per cent against 8-10 per cent in other countries. Aggarwal said that as part of Sagarmala, estimated to cost over Rs 8 lakh crore, 562 projects would be taken up in the country between 2015 and 2035. "Port modernisation and capacity augmentation, port connectivity (including coastal shipping and inland waterways), port-led industrialisation and development of coastal communities such as fishermen are four main components of the Sagarmala," he said. Capacity of the ports would go up to 3,500 million tonnes by 2025 from 2,000 mt now. "A total of 112 port projects have been taken up, of which 50 have been completed and the rest are in various stages of implementation. The total estimated cost of these projects is Rs 70,000 crores," he explained. Viswapati Trivedi, former Secretary in the Union Ministry of Shipping, said a number of projects had been taken up at the Indian ports in recent years through public-private partnership (PPP) mode and "even though some of them have run into difficulties, most of them are doing well in spite of a few initial difficulties. Several projects in the Vizag port have been taken up successfully. Therefore, it is the way to go."

2. Cabinet Approves Downsizing Of Competition Commission Of India

Source: Livemint ([Link](#))

In a move to check government interference in the working of anti-trust regulator Competition Commission of India (CCI), the cabinet on April 4 cut the number of members appointed by the central government. According to an official statement the government approved "rightsizing the CCI from one chairperson and six members (totalling seven) to one chairperson and three members (totalling four) by not filling the existing vacancies." Besides reducing government interference in the quasi-judicial body, the move is expected to stimulate business process of corporates and

generate job opportunities by speeding up hearings and approvals, the statement added. The government said that the proposal is in pursuance of its objective of “minimum government-maximum governance”. In another decision, the cabinet approved the closure of Burn Standard Co. Ltd, a public sector enterprise under the railways, due to poor physical and financial performance despite financial assistance and other support provided by the government.

3. US Tariff Hike Won't Impact India's Prospects Of Becoming Top Steel Exporter: Govt Source: The Hindu, Business Line ([Link](#))

The government April 4 said India's prospects to become a top steel exporter depends on a range of factors, including competitiveness and demand, and will not be impacted by the trade barriers the US has put on imports, the government said on April 4. Last month, US President Donald Trump imposed high tariffs on steel and aluminium imports and defended his step by saying that it was necessary to boost the US industry hit by “unfair” business practices, a move that has ignited fears of a global trade war. The US decided to impose 25 per cent import tariff on steel and 10 per cent on aluminium. Minister of State for Steel Vishnu Deo Sai said in a written reply to the Rajya Sabha, “The exports to the US constitute only about 2.6 of India's total exports of steel. The minister said the US move to impose high tariffs on steel imports will not have an impact on India's aim to become a leading steel exporter.

4. NHAI May Compensate Some Projects Affected By Bharatmala Source: Livemint ([Link](#))

The National Highways Authority of India (NHAI), to ensure smooth implementation of the ambitious Bharatmala project, is working on a policy to compensate brownfield projects that have either reached traffic maturity or are likely to be impacted by the over Rs5-trillion roads project. Under the proposed “policy for capacity augmentation under PPP (public-private partnership)”, project concessionaires will be given options of selling the assets back to NHAI, undertaking revamp of the brownfield projects or terminating the toll contract. The policy is being envisaged as many national highways in the country either have or are about to reach their traffic maturity. Besides, several greenfield projects will be built that could lead to diversion of traffic from the present highway projects, which would be contrary to the contracts between the NHAI and the

project concessionaires. Under the Bharatmala project, the government plans to build 83,677km of national highways, which includes widening present national highways and building economic corridors and expressways at a total cost of Rs5.35 trillion

5. ‘Over 17 Lakh E-Way Bills Generated In 3 Days’

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

Over 17 lakh e-way bills for inter-state movement of goods have been generated by businesses and transporters since the launch of the GST anti-evasion measure on April 1, an official said on April 4. The number of e-way bills generated on its platform has been steadily rising with 2.59 lakh bills on April 1, followed by about 6.5 lakh and 8.15 lakh bills in the subsequent two days. Among states, Gujarat tops the list of e-way bill generation with 3.6 lakh bills generated during April 1-3, followed by Karnataka at 2.65 lakh bills. Karnataka is the only state which has also launch e-way bill for intra-state movement of goods, along with inter-state. “Going by the trend, the total number of e-way bills generation is likely to touch 9 lakh on April 4. On a daily basis, we are expecting a 5-10 per cent increase in the generation of bills,” an official told PTI. From April 1, transporters of goods worth over Rs 50,000 have been mandated to generate an e-way bill, which would be required to be presented to a GST inspector, if asked. This is being touted as an anti-evasion measure and would help boost tax collections by clamping down on trade that currently happens on cash basis.

6. Trade Deficit With India Decreased In 2017; Concerned Over Trade Barriers: US

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

The trade deficit between India and the US dropped by almost six per cent in 2017 compared to the previous year, the US Trade Representative (USTR) has said, even as it continued to harp on issues such as market access and high tariffs on several American products being imported into India. “The US goods trade deficit with India was USD 22.9 billion in 2017, a 5.9 per cent decrease (USD 1.4 billion) over 2016,” said the National Trade Estimate 2018 released by the USTR. India is one of the few countries with which US’ trade deficit has decreased in the last one year. US goods exports to India were USD 25.7 billion, up 18.7 per cent (USD 4.0 billion) from the previous year. The corresponding US imports from India were USD 48.6 billion, up 5.6 per cent. India was

the US' 15th largest goods export market in 2017, the annual report said. According to National Trade Estimate, India continues to maintain some of the highest average tariff rates worldwide. The large gap between India's WTO bound and applied tariff rates allows India to make frequent adjustments to the level of protection provided to domestic producers by modifying tariff rates, it said.

7. PNGRB Issues New Bidding Norms For CNG, PNG Retail Licence

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

The Petroleum and Natural Gas Regulatory Board (PNGRB), in the new regulations released on April 4, said future auctions would be conducted by asking companies to quote the number of CNG stations to be set up and number of domestic cooking gas connections to be given in the first eight years of operation. Companies quoting higher number of CNG outlets and piped natural gas (PNG) connections would get more marks, it said. The tariff they will charge for transportation of CNG and piped gas or PNG within the city, which previously was the deciding criteria for winning a licence, has been given just 10 per cent weightage. PNGRB said any entity securing CGD licence would have to enter into a firm supply agreement with a natural gas producer or marketer in a transparent manner on the principle of 'at an arm's length' within 180 days of winning a licence. The authorised entity has to achieve financial closure within 270 days from the date of grant of licence. The winning company would have 8 years of marketing exclusivity in the given city. Current licences provide for 5 years of exclusivity.

8. Equitativa Looking To Tap India For Reits In Education, Real Estate, Logistics

Source: Livemint ([Link](#))

Dubai-based Equitativa Group, an independent Real Estate Investment Trust manager, is looking to tap the Indian market to launch REITs in sectors such as education, commercial real estate and logistics, said a senior executive of the group. REITs are entities that invest in real estate such as leased office and retail, allowing developers to raise funds by selling completed, rent-yielding buildings to investors. Equitativa currently manages two REITs in Dubai—Emirates REIT and Residential REIT. Equitativa feels the Indian market presents the right opportunity for REITs, given that economy is doing well and the regulations around the asset class are conducive. While

the group has also been looking at expanding into other emerging economies such as Morocco, Egypt in North Africa and sub-Saharan Africa, at this stage India is the primary focus, he added. The group has been exploring opportunities across various sectors in India for the last nine months. Education, however, is at the top of the list for the REIT manager. Equitativa will primarily be looking at assets in the top 12 to 15 cities in the country.

9. Over 100 GW Of Renewable Energy Projects Will Be Under Implementation By Fiscal-End

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

The government estimates that over 100 GW of renewable energy projects will be under various stages of implementation before the current financial year ends. Speaking at the launch of the Thirty Second Edition of the TERI Energy and Environment Data Diary and Yearbook (TEDDY 2016-17), Secretary, Ministry of New And Renewable Energy, Anand Kumar, said, “We have closed financial year 2017-2018 with 68 GW of installed renewable power generation capacity. The government will bid out 10 GW wind power projects, 30 GW solar power projects in 2018-19.” “The government has already bid out 12.5 GW of wind power projects, 20 GW solar power projects in financial year 2017-2018. These are going to be completed within 13 months from the date of being bid out,” he added. Effectively, the government expects to have over 100 GW of renewable energy projects under various stages of implementation before 2018-19 ends. Another 6000 MW of wind energy projects would have had been added to this list if the feed-in-tariff model was continued for them, according to Kumar.

10. Bankruptcy: RBI Gives Provisioning Relief To Stressed Banks

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

The Reserve Bank of India has temporarily relaxed provisioning norms for lenders to defaulters undergoing bankruptcy resolution in a move that could help banks bolster their financial results for the year and quarter ended March. Provisions for accounts referred to the National Company Law Tribunal (NCLT) have been reduced to 40% of dues at the end of March for secured loans, down from 50% earlier, RBI told banks in a circular issued to them on April 4. However, the regulator said in the note, which ET has seen, that provisions will go back up to 50% for secured loans at the end of the June quarter. Provisions are money that banks have to set aside from their

gross profit as a cushion against the failure to recover dues from borrowers. There's no change on provisions for unsecured loans, which stand at 100% as soon as a case is referred to bankruptcy court. The banking regulator clarified that the revised norms are applicable only to the companies on the list of 40 stressed accounts that it has said should be referred to the NCLT, which hears such matters under the Insolvency and Bankruptcy Code (IBC).

11. HMD Global To Make Nokia Phones In India By 2022

Source: Livemint ([Link](#))

With an aim to boost local manufacturing, the Union government on 2 April imposed a 10% basic customs duty on import of smartphone components such as camera modules and printed circuit board (PCB) assembly. Prior to this, there was no import duty on these components. HMD Global, the exclusive licensee of the Nokia brand for phones and tablets, will progressively switch to manufacturing all components in India by 2022, a top executive said. The firm, at present, imports mobile phone components and assembles them in India. "Until this year, we imported all our components and assembled them here. Now we will be manufacturing some of the components in India as well... next year more, and the year after that even more. It's going to be a phased manner in which we start switching to component manufacturing also," Ajey Mehta, vice-president India, HMD Global, said. The company gives its manufacturing requirements to Foxconn which then builds its manufacturing plan in terms of geography and volume. Finland-based HMD Global was started by former executives of Nokia and set up business operations in India last year, followed by the launch of a dozen-odd devices throughout 2017. It has partnerships with Google for the Android operating system and with Taiwan-based Foxconn for manufacturing devices.

12. Flipkart Dialed Amazon After Walmart Revived Deal Talks

Source: Livemint ([Link](#))

India's leading e-commerce firm Flipkart reached out to global internet giant Amazon.com Inc. for a potential sale less than a year after its chairman said India needs to follow the Chinese example of promoting local companies over foreign ones, two people familiar with the matter said. Flipkart dialled Amazon after Walmart revived talks for a potential investment, the two people cited above said on condition of anonymity. In late 2016, initial talks between Walmart and

Flipkart stalled and Flipkart went on to raise \$3 billion in two rounds of funds from Tencent, SoftBank, eBay and Microsoft. A deal between the country's two largest e-commerce firms would create a monopoly in online retail and draw the attention of anti-trust regulator Competition Commission of India (CCI). Walmart is already in talks to buy 55% of Flipkart through a mix of primary and secondary share purchases in a deal that could value Flipkart at \$21 billion.