

Daily Economic News Summary: 31 March 2016

1. Delhi govt to roll back proposed VAT on textile, footwear

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

Following protests from several MLAs, the Delhi government has decided to roll back the hike in VAT on low-cost footwear and textiles which was proposed in its Budget 2016-17. Deputy Chief Minister Manish Sisodia, in his Budget speech on Monday, had proposed a VAT of 5 per cent on all textiles and shoes priced at below Rs 500, triggering protests from several AAP MLAs, including Madan Lal, Alka Lamba and Vishesh Ravi, and BJP's Vijender Gupta. *"The Delhi government has decided to roll back the proposed hike in VAT on textiles and low-cost footwear,"* sources said. Sisodia had proposed rationalisation of tax on textiles and fabrics by applying uniform tax of 5 per cent on all varieties, including sarees except khadi and handloom. *"At present, footwear costing above Rs 500 and school bags costing above Rs 300 are taxable at 12.5 per cent. It is proposed to apply uniform VAT rate of 5 per cent on all kinds of footwear and school bags irrespective of their price,"* he had said. Terming the levy of five per cent VAT as an "onslaught on common man", Gupta had yesterday warned the Delhi government that if this tax proposal is not withdrawn, he would launch a state-wide agitation against it.

2. Invest and "Make in India": Arun Jaitley to Australian Businesses

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

Inviting Australian businesses to "invest and make in India", Finance Minister Arun Jaitley today said sectors like railways, defence and manufacturing now offer huge scope for foreign investments with liberalised FDI norms. *"India could manage to become a very low-cost service provider but failed to transform into a low-cost manufacturing,"* Jaitley said here, adding there is an opportunity now for the same. Launching 'Make in India' conference here on the second day of his four-day visit to Australia, the Minister invited Australian businesses to be a part of India's growth story. Separately during a bilateral meeting with Australian Foreign Minister Julie Bishop, Jaitley said there is a lot of scope for foreign investment in India in various sectors which have now been opened for FDI including railways, defence and manufacturing. He also listed out various reform measures undertaken by the Modi government in the last 22 months and asked Australian businesses to "invest and make in India".

3. Mumbai to get international arbitration centre by August

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

Mumbai is set to open the country's first international arbitration centre in August, posing a direct challenge to Singapore which is the favoured location currently for Indian businesses and wealthy families to settle disputes out of court. The arbitration centre would also be a step towards India's aim to establish Mumbai as an international finance centre, along with the GIFT city of Gujarat. According to the people involved in the Mumbai project, every finance centre - be it in Singapore, Dubai, Hong Kong or London - has the support of an international arbitration centre. It is estimated that an Indian company or promoter is involved in more than a fifth of arbitration cases filed every year in Singapore.

4. Five years after split, Honda sets formidable challenge for Hero Motor Corp

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

It's been five years since Honda Motor Co. parted ways with the Hero Group. Since then, the Indian two-wheeler unit of Honda Motor Co. has doubled its market share in the world's largest two-wheeler market. According to a *Mint* analysis, while Honda Motorcycles and Scooters India Pvt. Ltd has doubled its market share to 26% between 2010-11 and 2015-16, its erstwhile partner and market leader Hero MotoCorp Ltd has seen its market share slide 4.75 percentage points to 38.95%—the lowest in over two decades.

5. Lockheed Martin offers to build F-16, helicopters and UAVs in India

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

US defence contractor Lockheed Martin Corp. has offered to build its flagship F-16 fighter jets, C-130J Super Hercules military transport planes and helicopters in India. The American company is keen to make F-16V, the advanced fourth generation fighter jet in India, provided positive results emerge out of India-US talks next month, Lockheed Martin executives said. India and the US are set to hold government-to-government discussions on potential defence deals in mid April. "We are bullish about the prospects," said Randy Howard, director F-16, business development at Lockheed Martin.

F-16s are made in multiple countries and the company would not hesitate to set up the final assembly line of these fighter jets in India, Howard said. Abhay Paranjpe, director business development at Lockheed Martin Aeronautics Co., said the quality of talent, maintaining time schedule and low cost are the key driving factors for the company to consider moving the

manufacturing to India. Paranjpe said Lockheed Martin is aiming at making India a manufacturing base for its fighter jets, helicopters and unmanned aerial vehicles under the Make In India programme.

6. MBDA in talks with DRDO, Bharat Dynamics for making missiles

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

European missile manufacturer MBDA is in talks with the state-run Defence Research and Development Organization (DRDO) and public sector firm Bharat Dynamics Ltd (BDL) to co-develop and manufacture a short-range surface-to-air missile (SRSAM) for the Indian Navy through extensive technology transfer, said Loïc Piedevache, India head of MBDA Group. SRSAM will also have significant export potential—an added incentive for the government’s Make in India project, said Piedevache in an interview. *“SRSAM will be designed by DRDO, made by Bharat Dynamics assisted by MBDA’s longstanding and recognised expertise and know-how.”* Piedevache said MBDA Group has been working with India for more than 50 years. *“The company started its make in India strategy even before the Modi government started its Make In India campaign,”* he added.

The Make in India programme is now more than 18 months old. Launched on 25 September 2014, it was the brainchild of Prime Minister Narendra Modi to promote India as the world’s next manufacturing destination and attract Foreign Direct Investment (FDI). Twenty-five sectors were identified—from automobiles to aviation to pharmaceuticals to tourism and wellness. Under the programme, the government has awarded 56 defence manufacturing permits to private sector entities in the past one year, after allowing 49% FDI in the defence sector in August 2014, compared with 47 granted in the preceding three years.

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By Harsha Hazarika