

## Daily Economic News Summary: 10 April 2018

### **1. \$15-Billion Indian Air Force Tender: Foreign Firms Look To Partner HAL**

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

With the Indian Air Force (IAF) issuing the requests for information (RFI) for purchase of 110 fighter aircraft at an estimated total cost of \$15 billion, the race has intensified among three major aerospace companies US-based Boeing, European firm Eurofighter and Russia's Mikoyan to tie up with an Indian partner. State-run Hindustan Aeronautics (HAL) could be favoured by these global giants for a tie-up, sources indicated. According to the RFI, of the planes, 15% have to be in flyaway condition while the remaining 85% will have to be made in India with a strategic partner. Other foreign majors in the fray for the multi-billion contract already have Indian partners. While the US aerospace giant Lockheed Martin has recently announced its partnership with Tatas, Swedish company SAAB has had an alliance with the Adani Group since 2017. The government had unveiled the SP model in 2017 under which select private firms were to be roped in to build key military platforms like submarines and fighter jets in India in partnership with global defence majors. Sources said the government is seriously considering involving the defence PSUs under the framework of the strategic partnership model. There was criticism of the strategic partnership model as it did not envisage any clear role for major defence PSUs like HAL, Mazagon Dock Shipbuilders and Bharat Earth Movers which are leading producers of key military platforms.

### **2. Power Ministry Unveils Scheme To Help 2,500 MW Stranded Thermal Plants**

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

In an attempt to bring some relief to the stressed thermal power sector, the government has introduced a pilot scheme to procure electricity from power plants without PPAs. A combined capacity of 2,500 megawatt (MW) will be procured through this scheme. Though no time line for inviting tenders has been announced, the power ministry said PTC India would sign three-year (mid-term) power purchase agreements (PPAs) with successful bidders and contract with power distribution companies (discoms) to sell electricity. The pilot plan proposes that a single entity, which quotes or matches the lowest bid in the auction, would be allocated a maximum capacity of

600 MW. A company cannot quote part capacity from different power stations in the same bid. If PTC procures power less than 55% of contracted capacity in a month, the power plant would be paid a compensation, whose quantum would be linked to spot power prices at the Indian Energy Exchange. The competitive bidding for the pilot scheme would be conducted by PFC Consulting, a subsidiary of the Power Finance Corporation. PFC Consulting had signed a memorandum of understanding (MoU) with PTC India in January for exploring power procurement opportunities from coal-based power plants.

### **3. PM Modi Asks Psus To Come Up With Development Roadmap In 100 Days**

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

Prime Minister Narendra Modi on 9 April gave a 100-day deadline to the heads of central public sector enterprises (CPSEs) to come out with a roadmap with "measurable targets" for strengthening state-owned companies and promoting development activities. Addressing a CPSE conclave here, Modi also suggested that their CSR spend should be focused largely on one specific theme each year. Elaborating, he mentioned improving operational and financial performance; transparency and accountability in processes; procurement through the GeM platform and from MSMEs; and preparation for technological disruptions such as Artificial Intelligence, Quantum Computing and Robotics. Identifying five challenges for CPSEs, Modi said they should focus on maximising their geo-strategic reach, minimising import bill, integrating innovation and research, optimal utilisation of CSR Fund and coming up with a new development model by 2022.

### **4. 25,000 Farmers To Benefit From This Food Processing Project By Modi Government**

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

The Narendra Modi government, which has vowed to revolutionalise the food processing industry in the country to help farmers who often suffer due to crop damage, has inaugurated the second mega food park in Uttarakhand, which it claimed would help 25,000 farmers in the vicinity. The mega food park has been set up at a cost of Rs 99.96 crore at Mahuakhera Ganj village was inaugurated by Union Minister for Food Processing Industries Harsimrat Kaur Badal on April 8. The food park would have a central processing centre as well as well as three Primary Processing Centres (PPCs) along with primary processing and storage near the farm, Harsimrat Kaur Badal

said. The food park is expected to lead to a turnover of about Rs. 450-500 crore annually. The food park is also expected to provide direct and indirect employment to 5,000 persons. Food processing is transforming cooked or perishable food ingredients, by physical or chemical processes, to make it marketable and for longer usage. With the participation of 60 countries and over 50 global CEOs, the government managed to get investment commitment of whopping of Rs 1.2 lakh crore in coming years. Moreover, food processing sector is expected to employ 9 million people in India and expected to generate about 8,000 direct and 80,000 indirect jobs besides reducing food wastage by 2024, according to ASSOCHAM-Grant Thornton Research paper.

#### **5. Commercial Seaplane Service Set To Become Reality Soon: Govt**

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

Commercial seaplane service connecting smaller towns in the country is set to become a reality soon as a proposal in this regard has been found "feasible" and the Directorate General of Civil Aviation (DGCA) would come out with a set of regulations within 45 days, the government said in New Delhi. Civil Aviation Secretary R N Chaubey said single engine twin pilot planes would operate only between those routes which would be within the "gliding time" of the aircraft. The Civil Aviation Ministry has been toying with the idea of starting such service for quite some time. In December last year, Union Transport Minister Nitin Gadkari had asked then Civil Aviation Minister Ashok Gajapathi Raju to explore a regulatory regime for single-engine seaplane services. Expansion of airports, Chaubey said, is a key mission of the ministry as the sector is witnessing a 20 per cent growth rate and will double up the figure as crude oil prices would continue to remain soft in the coming years. In this regard, he said a consultant has been appointed by Airports Authority of India to come out with a roadmap within three month for augmenting airport infrastructure in the country.

#### **6. India Among The Hardest Hit By Protectionism In G-20 Club**

**Source: Livemint ([Link](#))**

Among the largest economies in the G-20 group, China, the US and India have been hit the hardest by protectionist measures in 2017, according to data from the Global Trade Alerts (GTA) database. Among emerging economies, China faced the greatest number of protectionist interventions in the

past year (403), followed by India (236). Recent developments—including US tariff actions against India—suggest that India could be hit hard by the growing tide of protectionism in the coming months as well. India was affected by protectionist interventions implemented largely by rich economies, the data shows. Within the G-20 club, fellow emerging economies have been less unkind to India compared to the advanced economies. India should ideally have served as a bulwark in the fight against protectionism, and could have worked to further the agenda of globalization, given the huge benefits the Indian economy has reaped from it. But India’s own protectionist tendencies have precluded such a role for the country. In fact, among major economies, the US and India imposed the most number of restrictions in 2017, according to the GTA database. India followed it up with even more import duty hikes in the Union Budget presented in February 2018. The budget substantially raised tariffs across a range of products, from fruit juice to mobile phones. Finance minister Arun Jaitley cited the goal of job creation and ‘Make in India’ to justify the move.

## **7. Satellite Images Data To Help Predict Economic Indicators**

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

The government is working on a project to make available latest satellite images and information to frame economic and development indicators to help policymakers come up with need-specific solutions across sectors like health, education, agriculture, sanitation and employment based on real-time data. Most of the current policy-making is based on once-in-a-decade census data, which is available with a big lag and is prone to error. The NITI Aayog is planning to collaborate with IIT-Delhi on a high-end project under which machine-learning tools can be developed to study and analyse satellite images up to district level, a senior government official told ET, speaking on the condition of anonymity. The idea is to predict key socioeconomic indicators using satellite image data. “IIT-Delhi has done a lot of work in this regards and we may firm up some kind of collaboration with them soon,” the official added. An IIT-Delhi professor confirmed the development to ET, also speaking on the condition of anonymity. The tool can also be used for flagging areas of risk — which areas could see an outbreak of waterborne diseases or dengue, which areas have poor sanitation or require improvement in pre-natal and post-natal care, etc.

### **8. Indian Tech Start-Ups May Struggle To Comply With New EU Data Law**

**Source: Livemint ([Link](#))**

The European Union's (EU's) upcoming General Data Protection Regulation (GDPR), which envisages strict rules for handling personal data of users, is proving to be costly for Indian technology start-ups that have operations in Europe. The new regulation that takes effect on 25 May specifies new protocols for handling and storing private data, and sharing it with third parties. Flouting GDPR regulations can attract fines of up to €20 million, or 4% of the company's global annual turnover. Europe is an important market for start-ups operating in the business-to-business (B2B) segment and mobile gaming. Hefty fines and strict regulations could hinder a firm's operations or lead to a complete shutdown, according to start-ups and policy experts whom *Mint* spoke to. According to Gaurav Kapoor, chief operating officer of MetricStream, GDPR is enforceable even if companies do not have an office in the EU or do not operate in the EU, but handle private data of EU citizens. MetricStream is a provider of governance, risk and compliance solutions. The new regulations also leave a lot of room for interpretation and the level of compliance differs according to the size of the company, according to a partner from a private law firm based in Bengaluru, who asked not to be named.

### **9. India Exports More Than 1.5 Lakh Bales Of Cotton To China Since It's Tariff War With US**

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

Indian mills have exported more than 1.5 lakh bales of cotton to China during last 10 days since the trade war between China and the US broke out. "We have contracted between 1.5 lakh bales to 2 lakh bales of exports to China during past 10 days," said Atul Ganatra, president Cotton Association of India (CAI). As soon as the trade restrictions between US and China come into force, Indian cotton trade expects China to shift to India for its cotton requirements. "We started getting inquiries right from the day the news of US taxes on China was announced," said Ganatra. Indian exporters are confident that export demand from China will remain incremental and remain even higher in 2018-19 as the country has been progressively reducing government stocks of cotton.

## **10. Natural Gas May Play A Major Role In India-Cyprus Bilateral Trade**

**Source: Business Standard ([Link](#))**

Natural gas has the potential to play an important role in greater bilateral trade between Cyprus and India in the years to come, a diplomat said on April 9. “India is a major natural gas importer and here Cyprus may play a role in exporting gas to India,” Cyprus High Commissioner to India Demetrios A Theophylactou said on April 9 during an interactive session at the Merchants’ Chamber of Commerce and Industry. He, however, clarified that no serious dialogue had been going on at present between the two countries in this regard. India expects to double share of natural gas in the country’s energy mix to more than triple imports to 70 million tonnes per year by 2022 for which more terminals are being planned. Cyprus, an island country in the Eastern Mediterranean, has also made promising offshore gas discoveries. Merchants’ Chamber Vice-president Vishal Jhajharia said in 2015-16, bilateral trade between the countries was \$107 million.

## **11. FY18 Fiscal Deficit To Be Below Revised Target As Govt Gets RBI, FCI Boost**

**Source: Business Standard ([Link](#))**

The Reserve Bank of India (RBI) and the Food Corporation of India (FCI) came to the aid of the government in bringing down its fiscal deficit for 2017-18, slightly below the Revised Estimates (RE) of Rs 5.95 trillion. The deficit clawed back from a Rs 1.2-trillion overshoot at the end of February. This was achieved primarily because the RBI transferred an additional Rs 100 billion in surplus to the exchequer and the FCI returned about Rs 500 billion, it was allocated, to the finance ministry. The fiscal deficit for April-February 2017-18 was Rs 7.16 trillion, 120 per cent of the RE for the full fiscal year, the highest overshoot for the 11-month period in any recent fiscal year. Finance Secretary Hasmukh Adhia and Economic Affairs Secretary Subhash Garg have announced that the revised fiscal deficit target for 2017-18 has been met, though no official numbers for March other than those for direct tax, and some disinvestment details, have been made public so far. For the year, disinvestment proceeds have slightly overshoot the RE of Rs 1 trillion, even as the RE for dividends from public sector enterprises and banks have been cut substantially. In March, there were two initial public offerings of defence PSU stocks – Bharat Dynamics and

Hindustan Aeronautics – and two instances of share buybacks by Bharat Electronics and MOIL [formerly Manganese Ore (India)].

## **12. Government No To Extension In Eoi Deadline For Air India**

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

The Ministry of Civil Aviation on April 9 ruled out any extension in the deadline to submit expressions of interest (EoIs) for Air India. Civil aviation secretary Rajeev Nayan Choube said the divestment procedure is continuing on a war-footing and the ministry is unlikely to extend the date for submitting EoIs beyond May 14. “We are going very, very fast with the disinvestment process. We are not looking at that option (of extending deadline to submit EoIs). We wouldn’t like to do that,” Chaubey told reporters on the sidelines of the CII Annual Session 2018. The government came out with a preliminary information memorandum on March 28, asking interested bidders to formally submit the EoI document by May 14. On India’s largest domestic carrier Indigo pulling out of the race to buy Air India, the aviation secretary seemed upbeat about other international aviation companies showing interest in the debt-ridden airline. “There is a lot of interest for Air India around the globe. Switzerland Aviation Consultant has also shown interest. IndiGo was the first airline to formally express interest in Air India. We will have to wait for the EoI deadline to get over to find if they (IndiGo) bid or not,” Chaubey added.