

Daily Economic News Summary: 13 June 2018

1. NDA Government Built 73 Pct More Highways Than UPA's Last 4 Years

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

The Narendra Modi government has built around 73% more national highways in its first four years till 2017-18 compared with the last four years' in office of the previous UPA dispensation beginning 2010-11. The present government has constructed a total of 28,531 km national highways in its four years since 2014-15 as against 16,505 km by the previous government in four years till 2013-14. One of the priority areas, the highway construction, under the present dispensation, grew over the years to touch its highest in 2017-18 at 9,829 km followed by 8,231 km in 2016-17. The government had built 6,061 km national highways in 2015-16 and 4,410 km in 2014-15. On the other hand, in 2010-11, a total 4,500 km highways was constructed, 2,013 km in 2011-12, 5,732 km in 2012-13 and 4,260 km in 2010-11. While the NDA government's construction averaged at 19.5 km a day since 2014-15, the UPA's average was 11.27 km from 2010-11 to 2013-14. When the Narendra Modi government took over in May 2014, the construction rate stood at 11.67 km per day. Under the new regime, it grew to 12 km per day in 2014-15, 16.6 km per day in 2015-16, touching a record 22.5 km per day in 2016-17 and even better at 26.9 km in 2017-18. For the current fiscal, the Nitin Gadkari-led ministry has set an ambitious target of building 45 km/day. Of the 16,418 km construction target in the whole of 2018-19, the ministry of road transport and highways (MoRTH), which builds national highways through state PWDs, will build 9,698 km followed by National Highways Authority of India at 6,000 km and National Highways Infrastructure Development Corporation (NHIDCL) has been entrusted with the target of building 720 km.

2. Paytm Mall Raises Rs1,500 Crore From Softbank, Alibaba

Source: Livemint ([Link](#))

Online retailer Paytm Mall has raised about ₹1,500 crore from Japan's SoftBank Group Corp. and existing investor Alibaba Group Holding Ltd, as part of the ₹3,000 crore funding commitment that was initially announced in April, Paytm Mall said in a filing with the Registrar of Companies. The third tranche also saw SoftBank's Kabir Misra joining the Paytm Mall board, according to

documents sourced from business intelligence platform *paper.vc*. According to Paytm Mall spokesperson, Michael Evans, president of Alibaba, has also stepped down from the Paytm Mall board. In April, Paytm's biggest investor Alibaba, and Japan's SoftBank, together pledged to invest a total of ₹3,000 crore (\$450 million) into Paytm Mall. SoftBank plans to invest a total of ₹2,600 crore in Paytm Mall, with the rest coming from Alibaba. The deal values Paytm Mall (Paytm E-commerce Pvt. Ltd), between \$1.6 billion and \$2 billion, two people close to the development said on condition of anonymity, when the funding was announced. The development comes soon after SoftBank and Tiger Global spearheaded one of the largest sales in e-commerce history—the \$16 billion acquisition of Flipkart by Walmart Inc., which was announced last month. SoftBank's investment in Paytm Mall is its second investment in an online retailer in India. Paytm Mall directly competes with Flipkart.

3. ₹7,000-Cr Sugar Package Hardly A Relief: Farmers' Body

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

The Central government's ₹7,000-crore package for reviving the sugar industry has hardly any benefits for the farmers, members of the Rashtriya Kisan Mazdoor Sangathan (RKMS) said on June 12. While the cane dues are about ₹22,000 crore, only ₹1,175 crore is being used for clearing dues. "A chunk of ₹4,440 crore has been cleared for infrastructure for increasing ethanol production, subject to mills that will avail the facility and an additional ₹1,500 crore will be an incentive for mills that will export two million tonnes of sugar," said VM Singh, Convenor, RKMS. Singh said the exports are not going to see the light of the day as the international prices of sugar are hovering at ₹22-24 a kg as against domestic prices which are higher at ₹28-32 a kg. Mill owners using an excuse of non-payment of dues due to fall in sugar prices is not acceptable, Singh maintained. "When sugar prices were high, did mill owners make timely payments? In 2007-08 when the sugar prices shot up from ₹16 per kg to ₹40 per kg, instead of sharing their profits or making timely payments, the sugar mill owners multiplied their units from 35 to 95," said Singh.

4. AIIB Keen To Scale Up To Financing Of Standalone Infrastructure Projects

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

India, the second-largest shareholder in the \$100-billion Asian Infrastructure Investment Bank (AIIB) has emerged as the largest market for the bank due to the size of its economy, Najeeb Haider, Principal Strategy Officer, Strategy, Policy & Budget Department, AIIB, said. In India, AIIB has so far approved six projects worth of \$1.2 billion across transport and power transmission sectors and has six more of up to \$1.9 billion in the pipeline to be approved during the Third Annual Meeting of the Board of Governors of AIIB to be held in Mumbai at the end of the month. The multilateral development body, set up in China in 2016, currently has the support of 86 countries. Haider said currently AIIB, a new kid on the block in the infrastructure lending space, is mainly co-financing infrastructure projects along with established institutions like the World Bank and the Asian Development Bank (ADB) as it is still in the process of building team, knowledge and expertise. The next stage is to start building its own pipeline of deals and originating exclusive transactions across sectors like energy and power transmission, transport and sustainable cities. “This will take time, another 2-3 years before we have a pipeline of standalone transactions,” Haider said.

5. Government Expects New Telecom Policy To Be In Place By July End

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

The new telecom policy is expected to be cleared by the Union Cabinet by the end of next month, Communications Minister Manoj Sinha said on June 12. “I am hopeful of getting Cabinet approval on NDCP by end of July,” he said while talking about the achievement of the government in the last 4 years. The government has recently issued the National Digital Communications Policy (NDCP) which aims to provide access to every household with download speed of 50 Mbps, attract investment of around Rs 6.5 lakh crore in the sector and create 4 million new job opportunities with a few years. “When this government came to power, the sector was in turmoil. There was trust deficit among stakeholders which we have reestablished now,” Sinha said. On the Department of Posts (DoP), he said that it is waiting for approval of Reserve Bank of India to start 650 branches of India Post payments Bank which will be connected with all 1.5 lakh post office branches

gradually and create India's largest banking network. He said his ministry is working to create a separate insurance company under DoP.

6. Govt Back To Drawing Board On Air India Sale

Source: Livemint ([Link](#))

India will soon revive the sale of its money-losing flag carrier Air India with new guidelines after a recent attempt ended in a debacle last month, as the proposed terms deterred potential investors. Prime Minister Narendra Modi's administration is ready to "re-examine" its privatisation process, including a clause requiring a minority state stake in Air India Ltd, said Subhash Chandra Garg, a senior official in the Ministry of Finance. The government is considering various options and doesn't intend to insist on keeping 24% of the company, he said. "A certain kind of strategy was offered that didn't find many takers and therefore something different will have to be done," economic affairs secretary Garg said in an interview in New Delhi on June 11. "There's no fixed objective that government should have 24 percent. It can be re-examined." Modi's most high-profile privatization plan ended in a whimper on 31 May as a deadline for prospective suitors passed by with none showing interest in the airline mired in almost \$8 billion of debt. IndiGo, the nation's biggest carrier, initially said it was keen but pulled out after the government made it clear it wasn't selling Air India's international operations separately.

7. Government Mulls Equity Infusion Into BSNL

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

The department of telecommunications (DoT) is considering a proposal made by BSNL to infuse equity into it so that the state-run telecom operator can be allocated spectrum in the 2100 MHz band for launching 4G services to shore up its revenues. "We are considering it," telecom minister Manoj Sinha told reporters at the sidelines of an event on the ministry's achievement in the last four years. BSNL wants the government to allocate 5MHz spectrum in the 2100 MHz band in 19 circles for launching 4G services. The cost of the airwaves, according to rough estimates based on spectrum auction prices in October 2016 that comes to around Rs 12,955 crore, is proposed to be paid in half by issuing additional shares to the government and the remaining via revenue generated in equal annual installments. "BSNL and MTNL are working very hard to improve service quality,

despite not having the crucial 4G spectrum in a market that has become cut throat. But, there is always scope for better services,” the minister said.

8. Tata Steel’s Joint Venture With Thyssenkrupp Hits Delay

Source: Livemint ([Link](#))

Tata Steel’s proposed joint venture with German steel major Thyssenkrupp is likely to be hit by delays as workers and investors questioned the viability of the current business plan.

Representatives from the Tata Steel European Works Council (EWC), formed to address issues of transnational interest that significantly affect the Indian steel company’s employees in Europe, said in a statement this week that they remained “unconvinced” and also found Thyssenkrupp’s lack of engagement with them “deeply regrettable”. “The EWC acknowledges there is an industrial rationale for pursuing this JV, but with the matters outstanding the EWC remains unconvinced that this partnership with Thyssenkrupp would be in the best interests of the TSE (Tata Steel Europe) operations and the employees we represent,” the statement notes. “At this stage there are still significant gaps in our knowledge which makes it difficult to reach definitive conclusions. In particular, the financial structure of the deal remains a work in progress and there is very little available detail on the JV business plan,” it notes.

9. After Deadly Sterlite Protests, Vedanta Faces Another Challenge In Odisha

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

After an Indian state shut a copper smelter run by Vedanta Resources following deadly protests, the company faces another challenge 1,000 miles away, where axe-toting tribesmen and environmentalists have joined forces to demand the closure of an alumina refinery. An alliance of activists and local people have for years blocked London-listed Vedanta’s plans to mine bauxite in the green, jungle-clad Niyamgiri hills of eastern Odisha state, which the tribespeople consider sacred. The killing by police of 13 people protesting against the copper smelter in Tamil Nadu, to the south, has given fresh impetus to their campaign to also close the Odisha refinery run by the company’s Indian unit, Vedanta Ltd. The company is seeking to expand the plant. “We’ll shed our blood for Niyamgiri, we will die for Niyamgiri,” tribal leader Lado Sikaka, carrying an axe hooked onto his shoulder blade in the fashion of men from his community, told a crowd of several hundred

at a rally near the refinery, in the remote town of Lanjigarh, on June 5. “Vedanta can give jobs to only a few but Niyam Raja has given us everything,” he said, referring to the hill-god of the community’s traditional animist religion. “We will keep fighting till the end. We will intensify our agitation.”

10. Industry Wants Govt To Move Fast On Draft Defence Infrastructure Policy

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

Aerospace and defence manufacturers in the country have responded to the Union government’s draft policy on establishing defence testing infrastructure (DTI). The ministry, which promulgated the draft policy last month, had sought feedback by June 8. The new policy draft notes that defence testing infrastructure is often capital intensive, requiring continuous upgradation and it is not economically viable for individual defence industrial units to set up in-house testing facilities. It proposes DTI as a government-funded platform, especially in two “defence industrial corridors” already planned in Tamil Nadu and Uttar Pradesh. The scheme envisages six-to-eight DTI clusters to be set up with a grant of Rs 4 billion. The defence ministry will fund 75 per cent of the project cost of each DTI unit. The private sector has welcomed the DTI scheme, given that even large defence firms can’t afford to set up testing infrastructure needed for validating their products. DTI includes properly instrumented firing ranges for missiles, artillery and small arms and facilities to test “ruggedisation” of military equipment. It also includes laboratories for testing electromagnetic interference/compatibility (EMI/EMC) of radar and telecommunications equipment, and facilities for testing unmanned aerial vehicles (UAVs) along with forming specialised test-driving tracks. Tata Power (strategic engineering division) spent over Rs 1.5 billion to create its own EMI/EMC laboratory to validate its telecommunications equipment. But many other firms can’t afford this, given the lack of assured orders from the services.

11. Tata Consultancy Services Expands Agreement With M&G Prudential, Deal Now Worth Over \$1.2 Billion

Source: Firstpost ([Link](#))

Software services major Tata Consultancy Services (TCS) on June 12 said it has expanded its agreement with M&G Prudential, which will expand the deal size to more than \$1.2 billion. TCS had announced its 10-year partnership with M&G Prudential in January this year, which was worth

\$690 million. Under the deal, the administration of over four million life and pensions contracts were moved from Capita (Prudential's previous partner) to TCS' Diligenta. "The agreement has now been expanded to cover an additional 1.8 million customer policies which will move from M&G Prudential to TCS, bringing the total number of policies covered by the partnership to 5.8 million, and is worth an additional 500 million pounds (\$668 million) over the term of the contract," TCS said in a statement on June 12. Around 400 roles from M&G Prudential across a number of UK sites are expected to be transferred under the TUPE (transfer of undertakings) arrangements to the TCS' UK subsidiary, it added. Another 183 roles in India are also expected to move from M&G Prudential to TCS, the statement said. Over the last few months, TCS has announced a slew of large client wins including American insurer Transamerica (over \$2 billion), television rating measurement firm Nielsen (\$2.25 billion) and British retailer Marks & Spencer.

12. Projects Worth Rs 1.85 Lakh Cr Awarded Under Sagarmala By March 2018

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

Projects worth Rs 1.85 lakh crore have been awarded under the ambitious port-led development programme Sagarmala by March 2018, the government said on July 12. The Cabinet, chaired by Prime Minister Narendra Modi, in 2015 had given in principle nod to the project which was launched in 2016. A total of 224 projects -- entailing an investment to the tune of Rs 1.85 lakh crore -- were launched by March 31, 2018, Ministry of Shipping said in a statement. It said 196 projects worth Rs 71,868 lakh crores are expected to be awarded in 2018-19. Ninety-eight projects worth Rs 31,046 crore expected to be completed in 2018-19, the statement said, adding that 59 projects worth Rs 11,299 crore have been completed till March 31, 2018. "These include various infrastructure projects, coastal berth projects, fishery harbours and skill development projects. These projects are being implemented by relevant Central Ministries, State Governments, Ports and other agencies primarily through the private or PPP mode.