

Daily Economic News Summary: 13 March 2018

1. Solar Projects: Narendra Modi Government Calls for Less-Risky Funds, Outlines 10-Point Plan

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

The NDA government on March 11 called for concessional financing and less-risky funds for solar projects to raise the share of solar power in the energy basket, provide cheaper electricity and cut carbon emissions to fight climate change. With French President Emmanuel Macron by his side at the founding conference of the India-initiated International Solar Alliance (ISA), Prime Minister Narendra Modi presented a 10-point action plan to promote the use of solar energy available to all nations, which included raising the share of electricity generated from photovoltaic cells in the energy mix, framing of regulations and standards and consultancy support for bankable solar projects. Speaking at the plenary session of the conference in the presence 23 heads of nations and 10 ministerial representatives gathered in New Delhi, Modi said there should be a full ecosystem for availability and development of technology, economic resources, and development of storage technology, mass manufacturing and innovation. “India has launched the “world’s biggest renewable energy programme with a target to generate 175 GW of electricity from renewable sources by 2022”. This would be more than double the present renewable energy capacity and would be enough to overtake renewable expansion in the European Union for the first time.

2. India Attracts USD 209 Billion FDI during Apr 2014 to December 2017

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

Foreign direct investment has increased “steadily” in the country with total capital inflows reaching \$208.99 billion during April 2014 to December 2017 period, a Union minister said on March 12. The main sectors that received maximum foreign inflows include services, computer software and hardware, telecommunications, construction, trading and automobile. “A total FDI of USD 208.99 billion from April 2014 to December 2017 has been received,” Minister of State for Commerce and Industry C R Chaudhary said in a written reply to the Lok Sabha. In a separate

reply, he said the number of functional export oriented units (EOU) has reduced to 2,197 so far in 2017-18 from 2,239 in 2016-17. The number of functional units in 2015-16 was 2,269 and 2,293 in the previous fiscal, he added. “On the recommendations of the Public Accounts Committee...a committee under the development commissioner Kandla SEZ (special economic zone) has been constituted on February 6 to identify the shortcomings of EOU scheme.

3. Double Bonanza for Economy: February CPI Inflation Eases to 4.44%; January IIP Up 7.5%

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

The CPI inflation in the month February eased further to 4.44% from previous month’s 5.1% on the back of lower food prices but continues to remain higher than the 4% target of the Reserve Bank of India. The inflation of the month of February has beaten ET Now poll prediction of 4.6%. Meanwhile, January IIP has also surged from December’s 7.2% to 7.5%. Last month the inflation had eased from a 13-month-high after food and vegetable prices moderated overcoming the loss caused due to unseasonal rains. The CPI food inflation for the month of February has been recorded 3.26% down from 4.7% in January. “This easing appears to have come largely on the back of a slowdown in the food price inflation on account of one-off seasonal factors. However, some uptick in core inflation was recorded but that was counterbalanced by the decline in food inflation,” Richa Gupta, Senior Economist at Deloitte India said.

4. Long March: Farmers End Protest after Maharashtra Government Accept Demands

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

With a sea of protesting farmers swamping Mumbai and political pressure mounting, the BJP-led Maharashtra government on March 12 accepted the demands of the farmers, including their right to till forest land. Emerging from a three-hour meeting with representatives of the All India Kisan Sabha (AIKS) at Vidhan Bhawan — Radhakrishna Vikhe-Patil of the Congress and NCP’s Dhananjay Munde and Ajit Pawar were also present at the meeting chief minister Devendra Fadnavis said: “The government has agreed to enforce all demands made by the AIKS. The state government will accord forest land rights to tribals. It is a legitimate demand of the tribals which will be strictly implemented within six months.” The 12-member AIKS delegation expressed satisfaction and called off the protest. “We expect the government to implement all promises made

in a time-bound manner,” the delegation said. This signalled a major victory for the farmers who had marched 180 km from Nashik to Mumbai over six days to press their demands. The major demands conceded include the tribals’ right to forest land, loan waiver since 2008, minimum support price for farm produce, the Narpar-Daman Ganga river-linking project, 31 water conservation projects, among others.

5. India Grounds All Airbus A320Neos with Faulty Pratt & Whitney Engines

Source: Livemint ([Link](#))

Aviation regulator Directorate General of Civil Aviation (DGCA) on March 13 grounded 11 Airbus A320neo (new engine option) aircraft powered by Pratt & Whitney engines following instances of glitches, the government-agency said. Among the 11 Airbus A320neo planes grounded, eight belong to InterGlobe Aviation-operated IndiGo and three to the Wadia Group-run GoAir, DGCA said, adding that the grounded aircraft are currently fitted with a single affected-engine each. “... keeping the safety of aircraft operations, A320 fitted with PW 1100 engines beyond ESN 450 have been grounded with immediate effect,” the DGCA said in a statement, adding that both IndiGo and GoAir have been asked by the regulators not to refit these engines with spares currently available with airlines. EASA is the European Aviation Safety Agency that oversees regulatory and executive tasks for civilian aviation safety. An IndiGo spokesperson said the airline will comply with the DGCA directive and has grounded its aircraft with faulty engines. According to aircraft manufacturers Airbus, there are about 113 A320neo aircraft with P&W engines in operation worldwide. Some 10% of the total A320neos powered by Pratt & Whitney engines have both engines affected, Airbus said in February.

6. Govt Working on ‘Cash-Back’ Scheme for Counterfeits Sold on E-Commerce Platforms

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

To tackle the menace of counterfeit products being sold on e-commerce platforms, the Centre is mulling a cash-back scheme where e-commerce companies will reimburse consumers the money spent on an item in case it turns out to be a copied product and not an original that was promised by the merchant. “The Department of Industrial Policy & Promotion (DIPP) is discussing the proposed cash-back scheme, which is to be implemented on a voluntary basis, with the Consumer

Affairs Ministry and e-commerce companies. Talks are in the initial stage and it would take some time to take final shape,” a DIPP official has said. The Consumer Affairs Ministry, which already operates a helpline for e-commerce customers, will be the nodal Ministry for the scheme which would focus mostly on counterfeits. “In case of items such as mobile phones, a consumer may realise that her purchase is a counterfeit only after she sends it to the company for some repairs. This may be several months after the product is bought and not fall within the replacement period of 30 days offered by most e-retail companies. It may also not be possible to replace a counterfeit item if the vendor that sold it doesn’t have any original item. The new proposal of cash back would be to deal with such cases,” the official explained.

7. ‘Govt Working on National Policy for Domestic Workers’

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

Labour ministry is planning to bring about a national policy to protect the interests of domestic workers and to guarantee them minimum wages and social security which has been pending for almost three years now. “Discussions are underway regarding a national policy for domestic workers, including women with the aim to protect the domestic workers from abuse, harassment, violence and guarantee them rights in the matter of social security and minimum wages,” Minister of State for Labour Santosh Kumar Gangwar said in a written reply in Lok Sabha. The policy has been hanging fire for nearly three years as it was to be presented before the Cabinet in 2015. Among others, the policy envisages to make a provision for a minimum salary of Rs 9,000 per month, compulsory paid leave of 15 days in an year and maternity leave benefits to full-time domestic helps. The policy also includes social security cover and provisions against sexual harassment and bonded labour.

8. India, EU to Decide Fate of Trade Agreement Next Month

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

India and the European Union will discuss next month resumption of the much-delayed Bilateral Trade and Investment Agreement (BTIA) that hasn’t progressed much over the past five years. Chief negotiators of the two sides will meet in April to explore the possibility and work out some roadmap for the negotiations. “EU negotiators are coming in April to discuss how to take the talks

forward,” said a person aware of the development. The BTIA talks hit a roadblock on the contentious issues of import duty on European cars and alcohol (wines and spirits) levied by India, and recognition of India as a 'data-secure' nation by the EU. India also wants a greater access for its professionals in the EU. Prior to the meeting, the government plans to consult the industry on products of its aggressive interest or exports in which it wants tariff concession from the European Union. India and the EU had started the BTIA talks in 2007 and 16 rounds of negotiations have taken place till now. Negotiations were stalled amid the prolonged downturn in Europe and its focus on concluding the Transatlantic Trade and Investment Partnership agreement with the US.

9. Paytm to Launch Mutual Funds, Insurance, Banking Services Via Payments Bank

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

Mobile-first fintech major Paytm is planning a major push in the financial services sector. In the next few months, the Vijay Shekhar Sharma-led company is planning to launch services including mutual funds, general insurance, life insurance and a number of banking services via its payments bank. The firm, owned by One97 Communications, is also providing the option to transact offline with a physical debit card. “There is a lot of interest among consumers for physical debit cards. Within a time period, we have received orders from 850 towns. We are in the process of setting up banking outlets that will provide deposit, cash withdrawal, money transfer and other permitted banking services to the segment of customers who require assistance,” said Renu Satti, managing director and chief executive officer, Paytm Payments Bank, said. The company is set to add more than 100,000 Paytm banking outlets to expand the reach of its banking services. It has committed \$400 million over the next three years to expand offline distribution network by allowing trusted local partners to act as potential cash-in and cash-out points.

10. Panel Seeks More Amendments to Insolvency and Bankruptcy Code

Source: Livemint ([Link](#))

The insolvency law committee on March 12 recommended that the Insolvency and Bankruptcy Code (IBC) be amended to make eligibility requirements for bidders stricter and give lenders more flexibility in decision-making, said two people aware of the developments. The panel, chaired by corporate affairs secretary Injeti Srinivas, recommended amendments to Section 29A of the IBC,

which bars wilful defaulters, those with non-performing assets for over a year and people connected to these parties from bidding for stressed assets. The panel has suggested a change in the definition of connected party to include a person who along with a resolution applicant picks up an equity stake in the company facing insolvency. The panel has also recommended allowing promoters of medium, small and micro enterprises to submit resolution plans, provided they are not classified as wilful defaulters. The panel suggested that if a financial creditor and resolution applicant are related parties, the financial creditor should recuse itself from voting on the resolution plan at the committee of creditors (CoC). However, it is eligible to submit a resolution plan.