

Daily Economic News Summary: 15 January 2018

1. WEF Ranks India 30th on Global Manufacturing Index

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

The World Economic Forum (WEF) has ranked India at 30th position on a global manufacturing index below China's 5th place but above other BRICS peers. The WEF listed human capital and sustainable resources as the two key challenges for India and said the country needs to continue to raise the capabilities of its fast-growing labour force. The report, which analyses development of modern industrial strategies and urges collaborative action, has categorised 100 countries into four groups—Leading (strong current base, high level of readiness for future); High Potential (limited current base, high potential for future); Legacy (strong current base, at risk for future); or Nascent (limited current base, low level of readiness for future). India has been placed in the 'Legacy' group along with Hungary, Mexico, Philippines, Russia, Thailand and Turkey, among others. China figures among 'leading countries', while Brazil and South Africa are in 'nascent' ones. About India, the 5th-largest manufacturer in the world with a total manufacturing value added of over USD 420 billion in 2016, the WEF said the country's manufacturing sector has grown by over 7 per cent per year on average in the past three decades and accounts for 16-20 per cent of India's GDP.

2. Agriculture Top Priority for the Government: Arun Jaitley

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

The Finance Minister, Arun Jaitley said agriculture is the top priority for the government, because an overwhelming portion of our population is dependent on it. National Commodity & Derivatives Exchange (NCDEX) has introduced options in guar seed, one of its most important products in the futures segment. It is the second exchange to launch options trading after MCX but the first one to introduce an agri options product. In a first for the country, on Jan 15, Jaitley launched options trading in a farm commodity on (NCDEX) and affirmed the move will enable farmers to hedge their price risks better. NCDEX has introduced options in guar seed, one of its most important

products in the futures segment. It is the second exchange to launch options trading after MCX but the first one to introduce an agri options product.

3. Idea Cellular, Vodafone May Start Operating as one Entity from April

Source: Livemint ([Link](#))

The Idea-Vodafone merger is likely to be completed at least three months ahead of the deadline of first half of the year. Idea Cellular Ltd and Vodafone Group Plc's Indian unit are likely to start operating as a single unit from April, two people aware of the matter said. The two firms now require only the Department of Telecommunication's approval to proceed with the merger. The two companies, which are currently negotiating one of the most complex mergers in India, will create the world's second largest and India's largest telecom operator, surpassing Bharti Airtel Ltd, post completion of the merger process. It will have almost 400 million customers with 35% customer share and 41% revenue market share. It will have a revenue of Rs81,600 crore and an operating profit of Rs24,400 crore. The merger agreement is based on equal rights and equal shareholding between Idea Cellular's promoters and Vodafone Group.

4. Thanks to FDI Norms Tweak, Joint Audits Will Boost Indian Entities

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

With the new regime, if there is a requirement for compulsory appointment of a foreign auditor in the shareholders' agreement, then there should be a joint audit. Companies will now have to go for joint audits in case a foreign investor insists on having an international auditor, a move that will provide a fillip to Indian audit entities. The government's decision is seen as a significant step towards boosting the prospects of local auditing firms amid the backdrop of Big 4 audit firms holding sway, especially when it comes to companies where there is an overseas investment. While relaxing the Foreign Direct Investment (FDI) policy last week, the government said that there were no provisions in respect of specification of auditors that can be appointed by the Indian companies receiving foreign investments. Hence, it has been decided to provide in the FDI policy that

wherever the foreign investor wishes to specify a particular auditor/ audit firm having international network for the Indian investee company, then the audit of such companies should be carried out as joint audit wherein one of the auditors should not be part of the same network, an official release had said.

5. Jittery over Govt's Anti-Profitteering Drive under GST, Firms May Move Court

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

Anxious over the government's anti-profitteering drive under the goods and services tax regime, companies in the segments of fast-moving consumer goods (FMCG) and information technology (IT) software are planning to petition the high courts in Delhi and Mumbai, seeking more clarity on the clause. The anti-profitteering authority has so far got 169 complaints alleging that suppliers of goods or services have not passed on GST benefits to customers. The Director General of Safeguards, the investigative arm of the Department of Revenue, has sent notices to Pyramid Infratech, Honda Motor Vehicles, Lifestyle International, and Hardcastle Restaurants (master franchisee of McDonald's) on this ground. The Confederation of Indian Industry (CII) has also pressed for clear guidelines on anti-profitteering, saying the issue could lead to hardship for smaller players. The anti-profitteering mechanism is a three-stage process. There is a state-level screening committee for local complaints and a standing committee for national-level complaints; then, investigation by the Directorate General of Safeguards, and then a probe by the decision-making body, the National Anti-Profitteering Authority.

6. IDFC Bank, Capital First to Merge in Share Swap Deal

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

Capital First shareholders to get 139 IDFC Bank shares for every 10 shares held. IDFC Bank and Capital First announced that their respective boards of directors at their meetings held on Jan 13, approved a merger of Capital First with IDFC Bank. Pursuant to the merger which is subject to regulatory and shareholder approvals, IDFC Bank will issue 139 shares for every 10 shares of Capital First. With this move, IDFC Bank has put the failed amalgamation bid with Shriram Group behind it. IDFC Bank, in a statement said, this announcement is pursuant to its stated strategy of “retailising” its business to complete their transformation from a dedicated infrastructure financier

to a well-diversified universal bank, and in line with Capital First's stated intention and strategy to convert to a universal bank.

7. First Labour Code on Wages Likely to Be Passed in Budget Session

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

Looking to bring a wave of labour reforms in 2018, the government will push its first labour code, Wage Code Bill, in the forthcoming budget session which would enable it to set benchmark minimum wage for different regions. "Wage Code Bill will be the first labour code which would be pushed for passage in the budget session. Labour ministry is expecting Parliament's select committee to table the bill in the budget session beginning by the end of this month," a source said. The Ministry of Labour and Employment aims to combine over 44 labour laws into four broad codes in wages, industrial relations, social security, and occupational safety, health and working conditions. The codification of labour laws will remove the multiplicity of definitions and authorities, leading to ease of compliance without compromising wage security and social security to workers.

8. Commerce Ministry Panel's Proposal to End MAT on SEZs under Review

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

The Minimum Alternate Tax (MAT) levied on special economic zones (SEZs) that hit fresh investments in the scheme is under review. A panel appointed by the commerce department had recommended removal of MAT for manufacturing units and zones to boost exports as well as job creation in the country. "The recommendations of the report are being examined," said a government official, who did not wish to be identified. A final call on the proposal will be taken in the budget keeping in view revenue implications and benefit that may accrue to the country in terms of manufacturing boost and jobs, the official said. Finance minister Arun Jaitley will present his fifth budget and the last full one of this NDA government on February 1. ET had earlier reported on the recommendations of the panel set up to review the SEZ norms. MAT was introduced to bring into the tax net "zero tax companies" which in spite of having earned

substantial book profits and having paid big dividends, do not pay any tax due to various tax concessions and incentives provided under the income tax law. MAT is levied at the rate of 18.5% plus surcharge and cess as applicable on book profit.

9. Commerce Ministry Working on New Support Measures for Next FTP

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

The Commerce Ministry is working on new schemes for the next foreign trade policy (FTP), to be released in 2019-20, with a view to boost exports, a senior government official said. The ministry has asked all the commodity boards and the concerned ministries to identify those “support” structures, which are compliant to global trade rules. The five-year foreign trade policy provides guidelines for enhancing exports with the overall objective of pushing economic growth and generating employment.

10. Greenko Eyes Essel Infraprojects’ Power Transmission Business for \$1 Billion

Source: Livemint ([Link](#))

Greenko Group is looking at entering the transmission business amid low renewable energy tariffs. Renewable energy company Greenko Group is in talks with Essel Infraprojects Ltd to acquire its power transmission business for an estimated \$1 billion, two people aware of the development said. Hyderabad-based Greenko Group, backed by Singapore’s sovereign wealth fund GIC Holdings Pte and the Abu Dhabi Investment Authority, is planning to enter the transmission business amid low green energy tariffs in India that will likely squeeze project developers’ profitability. Transmission projects are considered to be a safer bet, given the annuity nature of the business and risks such as land acquisition, right of way and forest clearance are restricted to the construction stage. Annuity projects are considered safe because they offer a fixed return.