

Daily Economic News Summary: 17 April 2018

1. Cash Crunch: Atms Go Dry, Rs 2000, Other Notes Vanish In Many States; Here's What Government Says

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

Bringing back the memories of cash crunch pangs due to demonetisation in November 2016, ATMs in many states have gone dry, say reports. ANI on April 17 reported people as saying in Bhopal that they have been facing cash crunch for the last 15 days as the ATMs are not dispensing currency notes. “We are facing a cash crunch. ATMs are not dispensing cash. The situation has been the same since 15 days. We have visited several ATMs on April 17 as well, to no avail,” the agency quoted people as saying. Similar reports have come from other cities in several states. Union Finance Minister Arun Jaitley tweeted, “Have reviewed the currency situation in the country. Over all there is more than adequate currency in circulation and also available with the Banks. The temporary shortage caused by ‘sudden and unusual increase’ in some areas is being tackled quickly.” ABP news on April 17 reported RBI sources as saying that the cash crunch has been effected by spike in demand of currency notes during the ongoing festival season. RBI data in February this year had shown that the currency in circulation in the country was at 99% of pre-demonetisation level. The total currency in circulation stood at Rs 17.78 trillion on 16 February, 2018. Before demonetisation, the total currency in circulation was Rs 17.97 trillion.

2. UK Joins International Solar Alliance To Mark Narendra Modi Visit

Source: Livemint ([Link](#))

The United Kingdom on April 16 joined the India-led International Solar Alliance (ISA) ahead of Prime Minister Narendra Modi's four-day visit to Britain. At an event held at the London Stock Exchange as part of the Commonwealth Heads of Government Meeting 2018 (CHOGM), Britain formally announced its membership of the alliance, which aims to raise \$1 trillion of private and public finance to provide affordable and sustainable energy for all by 2030. The UK's partnership will involve providing expertise and advice to the alliance, but no monetary contributions. The Department for International Development (DfID) said its partnership of ISA, which it described as Modi's flagship climate treaty, is aimed at giving over 1 billion of the world's poorest people

access to cheap, clean, and renewable energy. DfID highlighted that ISA has already brought together over 60 countries who have pledged to increase solar power that will ensure homes remain lit, children can be educated in schools, health facilities can provide life-saving treatment, and businesses have access to vital mobile and internet services. The UK becomes the 62nd country to join ISA, which includes countries like France, Australia, Bangladesh, Tuvalu, Benin, UAE, Brazil, Vanuatu, Burkina Faso, Sierra Leone, Tanzania and Uganda. Britain's traditional financial aid programme to India ended in 2015, with the country now focussed on providing India with "world-leading expertise" and private investment to boost prosperity, create jobs and open up markets.

3. Air India Divestment: While Domestic Airlines Pull Out Of Race; Mohan Bhagwat Wants Only Desi Firms To Run It

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

Even as the domestic carriers IndiGo, Spicejet and Jet Airways have pulled out of Air India stake sale, RSS chief Mohan Bhagwat says that the government shouldn't allow foreigners to take control of state-run carrier Air India. Speaking at a BSE event yesterday, Mohan Bhagwat said, "If Air India has not been run properly, then give it to those who would be able to run it properly. He should be an Indian as you should not let your skies be controlled by someone else." Bhagwat then gave the example of Germany or Russia, saying that the countries don't allow a majority shareholding in the company, capping the holding at 39-49%. Interestingly, the government is looking to sell a 76% stake in the debt ridden carrier. Under the currently applicable foreign direct investment (FDI) rules, no foreign airline can own more than 49% in Air India, while they can own up to 100% of any Indian carrier. Apart from Air India stake sale, Bhagwat also spoke about cashless economy saying that such a system should be inclusive. "If you bring a cashless system, it does not work because not everyone uses the cashless system in our country," he said.

4. China On Mind, Modi Goes All Out On AI To Bolster India's Hunt For High Tech

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

In a concerted effort towards making India a leading nation in the field of artificial intelligence, Prime Minister Narendra Modi has asked Niti Aayog to familiarise all ministries with the high-

end technology and explain how it can be leveraged to address the country's socio-economic problems. Central ministries will be required to set up dedicated artificial intelligence cells and eventually they will all be integrated to help scale up the performance of all social indicators. Following this directive from the PM, the government's think-tank is likely to periodically review the progress made on AI across ministries. The Aayog has already initiated pilot projects on adoption of AI across health, education and agriculture. By May end, it will formulate a national strategy/policy on AI, outlining the scope of research, adoption and commercialisation of the technology. According to the official, the PM wants NITI Aayog to adopt a comprehensive strategy for commercialization of AI so that the nation collectively benefits from the technology. The Aayog has already initiated pilot projects on adoption of AI across health, education and agriculture. By May end, it will formulate a national strategy/policy on AI, outlining the scope of research, adoption and commercialisation of the technology.

5. Ola To Roll Out 10,000 Electric Vehicles Over The Next 12 Months

Source: Livemint ([Link](#))

Ola, the cab-hailing service that is in talks to raise at least \$1 billion in fresh funds, will introduce a fleet of 10,000 electric vehicles (EVs) over the next 12 months. On April 16, Ola, run by ANI Technologies Pvt. Ltd, said that as part of its Mission: Electric initiative, it would look to deploy 1 million electric vehicles on the roads by 2021. As part of its latest launch, Ola will mostly deploy three-wheeler vehicles, or what the company calls e-rickshaws and electric auto-rickshaws. So far, electric vehicles have not taken off in a big way in India because of the high cost of manufacturing and the lack of sufficient infrastructure such as battery-charging stations—despite Prime Minister Narendra Modi's ambitious 2030 goal of making all new vehicles electric by then. Ola has also encountered initial struggles to get its electric vehicle project up and running. However, that situation is expected to change for the better over the coming months and years as large investors such as SoftBank place massive bets on the electric vehicle sector. Bengaluru-based Ola is not the only company that is making a massive foray into the electric vehicle segment. In November, India's only electric car maker, Mahindra and Mahindra Ltd, forged a non-exclusive partnership with Ola's arch-rival, Uber Technologies Inc., to deploy its electric vehicles on the Uber platform in select cities.

6. India To Launch Natural Gas Trading Hub By October

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

The government plans to launch a natural gas trading hub by October, creating an Indian gas benchmark which will spark a surge in consumption of the cleaner-burning fuel. Petroleum and Natural Gas Regulatory Board (PNGRB) has sought bids to hire a consultant to help develop a regulatory framework for operationalising the gas trading/exchange hub. “In order to further boost the consumption of natural gas in the country, Government is considering the establishment of a Gas Trading Hub / Exchange (GTHE), where natural gas can be traded, and supplied through a market-based mechanism instead of multiple formula driven prices,” PNGRB said in the tender floated for hiring the consultant. For this, the thrust is on increasing the availability of natural gas by enhancing the domestic production, encouraging the import of Liquefied Natural Gas (LNG), completion of national pipeline grid and speedier roll out of City Gas Distribution network in the country. The PNGRB said the oil ministry has asked to initiate steps for framing of necessary regulatory framework to enable the establishment and operation of a GTHE. The oil regulator said it wants to hire a consultancy firm to provide assistance in carrying out a detailed study on various pre-requisites

7. Westinghouse Capable Of Delivering India Nuclear Reactors: Rick Perry

Source: Livemint ([Link](#))

US energy secretary Rick Perry said on April 16 that Westinghouse Electric Co. is emerging out of bankruptcy and is now capable of delivering the planned six nuclear reactors to India on time. On his first visit to India, Perry said India must look at “broad portfolio” of energy sources to deliver reliable electricity to its growing population and not just at affordability. Civil nuclear cooperation has been a cornerstone of US-India relations. The 2016 deal, under which Westinghouse was to build six AP1000 reactors in Andhra Pradesh, was concluded after more than a decade of diplomatic efforts. But it was in limbo after Westinghouse in March last year filed for bankruptcy following an estimated \$13 billion of cost overruns at two US projects. “India is on top of that list.” Rick Perry, US Energy Secretary rejected doubts being raised on spending millions of dollars on large and expensive foreign-built nuclear plants when dropping renewable power prices had provided with a surfeit of electricity generation, saying sustainable reliable power

is key to meeting growing energy needs. India has one of the world's oldest nuclear power programmes, having built Asia's first research reactor in 1954. But electricity generated from nuclear remains a small part of the energy basket. The country has 22 reactors providing up 2.1% of the country's overall capacity, compared with 17.7% from renewable sources and 58.7% from coal.

8. Insolvency: Ultratech Willing To Pay Rs 79.60 Bn To Take Over Binani Cement

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

UltraTech Cement is now willing to pay Rs 79.60 billion, which is Rs 7 billion more than its earlier offer, to take over Binani Cement, a bankrupt firm. However, the revised offer has failed to impress many of the lenders to Binani Cement. Sources close to UltraTech Cement said the matter relating to the hiked offer had been communicated to the resolution professional, Vijay Kumar Iyer, and the Committee of Creditors (CoC). The CoC has acceded to the Dalmia Bharat-led consortium's (UltraTech Cement's rival) plan and issued a letter of intent, based on which it has received part of the payment in accordance with the approved plan. A source said, "It now needs to be seen if the CoC, as well as the National Company Law Tribunal (NCLT), takes cognizance of the new offer, which is Rs 11 billion higher than the offer of the winning bidder." UltraTech Cement, an Aditya Birla Group company, filed an affidavit with the Kolkata Bench of the NCLT on April 16. The tribunal will resume hearing the case on April 17. Sources in Binani Cement, however, said that the two-member panel of judges in the Kolkata Bench of the NCLT has reserved the order after hearing the case and the out-of-court settlement route still remains open for the defaulting cement maker. Earlier, after losing out to Dalmia Bharat at the end of the bidding process, UltraTech Cement had upped its bid to Rs 72.66 billion hoping to outbid the Dalmia Bharat's offer.

9. Bankruptcy Proceedings: Uttam Galva To Repay SBI If Kept From NCLT

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

Uttam Galva Steels said on April 16 it proposed to repay State Bank of India (SBI) if the lender agreed not to seek a resolution for the bankrupt firm in the National Company Law Tribunal (NCLT). The company owed lenders around Rs 5,637 crore as of March 2017. Uttam Galva sought

four to five weeks from the Mumbai bench of the NCLT, indicating it planned to rope in a foreign investor to help repay its debts. Last week State Bank of India (SBI) rejected a one-time settlement put forward by the steel producer that would have resulted in a large haircut of around 50% for the bank. FE had reported in March that ArcelorMittal, which held a 29.05% stake in Uttam Galva, is likely to infuse around Rs 3,000 crore into the debt-strapped company to help it settle its dues with its lenders. ArcelorMittal, which has rebid for steelmaker Essar Steel, one of the coveted assets in the insolvency proceedings, had seen its bid rejected in the first round on its failing to meet the “eligibility” criteria. An amendment to the Insolvency and Bankruptcy Code (IBC) had ensured that promoters of defaulting companies were disqualified from bidding for other stressed assets. Uttam Galva was referred to the NCLT by SBI on March 15. During FY18, it posted a net loss of Rs 881 crore on revenues of Rs 3,418 crore. Apart from SBI, some of the other lenders to Uttam Galva include Canara Bank, Bank of India, Bank of Baroda and Union Bank.

10. FMCG Stocks In Focus: HUL, Britannia, Nestle India Hit New Highs

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

Shares of fast moving consumer goods (FMCG) companies such as Hindustan Unilever (HUL), Britannia Industries, Nestle India and Jubilant FoodWorks have hit their respective new highs on the BSE on expectation of good profit growth. Thus far in the month of April, all these four stocks have outperformed the market by gaining in the range of 8% to 9% on the BSE. On comparison, the S&P BSE Sensex and S&P BSE FMCG index were up 4% and 5%, respectively. Analysts at Edelweiss Securities expect consumer goods companies to see revival on both fronts, on volume growth and margin expansion from here on. With few state elections, expected populist budget, rural consumption should benefit. This coupled with improving macros and hopefully a good monsoon should also augur well for the sector. Global Financial Services have ‘accumulate’ rating on the stock with target price of Rs 9,900 as given the meaningful recovery in growth, huge potential for Nestle categories, high FCF (free cash flow) generation and scope for further earnings upgrades, analysts believe Nestle can re-rate further and regain its historical valuation premium to industry.