

Daily Economic News Summary: 20-21 March 2018

1. Modi's Ambitious \$3 Billion Infrastructure Fund NIIF finally takes off; here's A Look at Its Journey

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

India's first sovereign wealth fund NIIF has bought 90% stake in logistics firm Continental Warehousing in partnership with Dubai's DP World, which is the first investment of the platform. This deal has got moving the plan of creating an investment platform for ports operations in India. The joint venture of NIIF and port operator DP World — Hindustan Infralog (HIPL) — will purchase the 90% stakes of Continental Warehousing (Nhava Sheva) Ltd for \$400 million, ET reported. "Hindustan Infralog Private Limited (HIPL)... announces the acquisition of a 90 per cent stake in Continental Warehousing Corporation (Nhava Seva) Ltd (CWCNSL)," the company statement in a statement. The purchase consideration is less than 5% of DP World's net asset value as of the financial year 2017. The Reddy family, founders of Continental Warehousing, one of the biggest in India, will retain the remaining 10% shareholding and stay involved in the business operations. HIPL has a wealth chest of \$3 billion wealth chest to an investment platform in ports, terminals, transportation and logistics businesses in India. In January this year, National Investment and Infrastructure Fund (NIIF) partnered with DP World and aims to use its \$3 billion for investing in the ports sector. HIPL will invest in opportunities in the ports sector, and beyond seaports into areas such as river ports and transportation, freight corridors, port-led special economic zones, inland container terminals, and logistics infrastructure including cold storage.

2. 'You Fix India, Trade Will Fix Itself': Bibek Debroy Explains What's Needed To Boost India's Trade

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

Bibek Debroy's mantra for fixing country's trade is: You fix India, and trade will fix itself. Explaining the idea, noted economist and PMEAC member said that India's trade prospects will depend on the efforts that are being taken to improve logistics, integrate investments in the global supply-chain, improve the business environment and develop infrastructure. Bibek Debroy said

reforms that are fundamental in nature are non-populist measures which do not give instant pay-offs and will require time to bear fruit in terms of improvements in GDP and productivity. The mantra, therefore, is ‘You fix India and trade will fix itself’, he added. “These attempts could be seen as a minimum basket of basic goods and services to every citizen, enabling an environment for businesses and directing subsidies to the intended beneficiaries,” Bibek Debroy said at an event organised by FICCI on global trade on March 19. It also noted that while the implementation of the Goods and Services Tax (GST) was a tectonic shift towards an integrated and connected market system, boosting India’s trade, but what really needed is infrastructural development to support trade and more private investments.

3. Govt Extends Fixed Term Employment Facility for All Sectors

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

The government has extended the facility of hiring workers on fixed term employment to all sectors for improving the ease of doing business for companies intending to hire people for completing specified projects, tasks or orders. This facility was available only to the apparel manufacturing sector as per the Industrial Establishment (Standing Order) 1946. As per a notification issued by the Labour Ministry to amend the Order, words “fixed term employment in apparel manufacturing sector” will be replaced by “fixed term employment” meaning that facility would be available for all sectors. In his Budget speech earlier last month, Finance Ministry Arun Jaitley had said, “the facility of fixed term employment will be extended to all sectors”. The fixed term employment was introduced in apparel manufacturing sector in Industrial Employment (Standing Order) Act in October, 2016. The concept of fixed term employment defines the tenure of employment as well as other associated conditions of service and remunerations, which are provided to regular employees under various labour laws.

4. Informal WTO Ministerial Meeting Begins with 52 Nations

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

Delegates from as many as 52 countries, including the US and China, are participating in the informal meeting of the WTO being held in Delhi on March 20 amid increasing protectionism in global trade. India has called this meeting to explore options to reinvigorate the World Trade

Organisation (WTO). Welcoming the participants, Commerce and Industry Minister Suresh Prabhu hoped that the meeting will provide opportunity to the participating countries to engage in free and frank discussions. The ministry said in a statement that delegations from 52 countries including WTO Director General Roberto Azevedo are participating in the discussions. Ministers and Vice Ministers from 27 countries are part of the delegations. “All heads of delegations appreciated the Commerce Minister’s initiative in calling this meeting and providing political guidance for the work in the WTO,” it added. Informal discussions will continue through the day and the delegates will explore in detail the option for reinvigorating the WTO. Expressing concerns over increasing protectionism, Azevedo has said: “There was the announcement by the US of new tariffs on steel and aluminium. In response, we also heard announcements of other potential trade restrictive actions by numerous other economies. This is of real concern. The risk of escalation is clear.” He said that instead of escalating tensions, the WTO member countries need to find ways to resolve issues hampering global trade constructively.

5. US Supports WTO, Wants Reforms: Roberto Azevedo

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

The global trade environment remains fraught with risks but the US — the original proponent of the World Trade Organization (WTO) that has now become its most vocal critic — supports the multilateral trading body even though it wants reforms in it, WTO director general Roberto Azevedo said on March 19. The WTO chief, however, expressed concerns over the US blocking the appointment of appellate body members, which, unless resolved fast, would cripple the international trading body’s dispute settlement prowess. Although the WTO chief didn’t elaborate on the specific reforms sought by the US, Azevedo’s statement on the sidelines of a mini-ministerial in New Delhi suggests the world’s largest economy under Donald Trump is unlikely to insist on dismantling the WTO, though it has criticised rule-based, multilateral trading system the body represents. The mini-ministerial comes at a time when the US has waged a trade war in steel and aluminium by raising tariff for its imports, while promising to take more such protectionist measures. Importantly, the ambivalence of the US policy was apparent when it dragged India to the WTO over the latter’s export subsidies earlier this month, even though it has been flaying the WTO’s role as the global trade arbitrator. The US claimed India’s export subsidies, worth around

\$7 billion a year, “harm American workers by creating an uneven playing field on which they must compete”.

6. India in Focus, Walmart Aims to Double Down on Its E-Commerce Investments

Source: Livemint ([Link](#))

Walmart Inc., the world’s largest retailer, is looking to double down on investments in its e-commerce business, hire more top tech talent from countries like India, and invest in or acquire Indian tech start-ups, amid a bruising global battle against Amazon.com Inc., even as it inches closer to a deal to acquire a majority stake in India’s largest internet start-up, Flipkart Ltd. In an interview on March 19, Walmart’s chief technology officer Jeremy King said the company would continue to expand aggressively in India, where it built out its largest technology centre outside its home market a few years ago. King, however, declined to comment on Walmart’s current talks with Flipkart. *Mint* first reported on 17 February that the Arkansas-based retailer may end up taking a large stake in Flipkart at a price that could value India’s largest e-commerce firm between \$20-23 billion. *The Economic Times* had reported on 31 January on the initial talks between Walmart and Flipkart. Over the past few years, Walmart has made significant strategic investments and acquisitions to advance its e-commerce ambitions. In 2016, Walmart bought US-based online retailer Jet.com for \$3.3 billion, while the same year, Walmart acquired a 5% stake in China’s second-largest e-commerce firm JD.com. The aggressive investments in e-commerce and the current talks with Flipkart come at a time when the growth of Walmart’s global e-commerce sales witnessed a slowdown in the December quarter, declining to 23%, compared to 50% growth in the preceding quarter.

7. Telecom Policy to Be Unveiled at Next Parliamentary Session

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

The government on March 20 said the new telecom policy is almost ready and will be brought in the next session of Parliament after a Cabinet nod. “The new telecom policy is almost ready, and, this month, we will place it on the Department’s website for public comments. We will bring it in the next session of Parliament,” Manoj Sinha, Telecom Minister, told reporters here on March 20. Speaking on the sidelines of a ‘Deen Dayal SPARSH Yojana’ award ceremony, Sinha said the

recent Cabinet nod to the telecom relief package — that entails giving more time to companies to pay for the spectrum they bought, as well as liberalising spectrum caps — will ensure that the success of the sector continues unabated. He added that the telcos can opt to pay for the spectrum either by the new schedule or continue under the existing arrangement. Earlier this month, the Cabinet allowed telcos to pay for spectrum over 16 years instead of 10 years, as per which the Department of Telecommunications amended telecom services licences on March 19.

8. WTO: India Wants Differential Treatment to Continue for Developing Nations

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

India pushed for continuing with the Special and Differential Treatment (S&DT) for developing countries at the World Trade Organization (WTO) even as countries sought expeditions and immediate resolution of the impasse in dispute resolution. “The need for all developing countries, including LDCs, to benefit from S&DT provisions in future trade agreements was emphasised in many interventions,” said commerce and industry minister Suresh Prabhu in his concluding remarks as chair of the informal WTO ministerial gathering on March 20. Many countries suggested that developing countries opt out of the S&DT and adopt a case by case approach to the provision. Concerned over the US’ move to hike import duties on aluminum and steel, Azevedo said such trade restrictive measures have a “real potential” for escalation as other countries could retaliate even as India said it would take up the matter bilaterally with the US. “Many countries are saying we have a concern with it, there is potential for escalation and we have to proceed very carefully and try to work within WTO framework,” said Azevedo. The issue, he said, should be resolved within the multilateral framework to avoid a very disruptive and unpredictable scenario in global trade.

9. Niti Aayog to Come out With National Policy on Artificial Intelligence Soon

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

The Niti Aayog will soon come out with a national policy on artificial intelligence, outlining the scope of research and for the adoption and commercialisation of the technology to counter China's thrust towards AI. The policy is expected to lay out short-, medium- and long-term goals to be achieved by 2022, 2026 and 2030, as India gears up to meet its commitment towards sustainable

development goals, starting 2018. Under the policy, deadlines for commercial rollout of AI may also be proposed in areas like agriculture, health, education, banking, retail and transportation. It may also suggest incentives for startups and venture capital funds that undertake research and adoption of AI. These guidelines would be based on half a dozen pilots the Aayog has undertaken on AI in areas of agriculture, health, education and creation of other social infrastructure. According to the official, AI is a unique technology that can provide scale of application and quality of approach simultaneously. Finance minister Arun Jaitley, in the budget, had asked the Aayog to initiate a national programme to direct government's efforts in the area of AI.

10. Govt Draws Up Framework to Regulate Sand Mining

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

In a move that is expected to curb illegal sand mining, the Ministry of Mines on March 20 launched the 'Sand Mining Framework' for the States to regulate the activity. Addressing the third National Conclave on Mines & Minerals, Minister for Mines Narendra Singh Tomar said the framework had been prepared by his Ministry on the basis of studies conducted in various States and after consultations with the National Council for Cement and Building Materials, and the Cement Manufacturers' Association. "The suggestions in the framework will provide a roadmap for the States, and help them frame policies to check illegal mining," he stated. Tomar said the government had amended the Mineral Auction Rules 2015 in November last year to make the auction process less cumbersome and to help States auction mineral blocks quickly. "A record number of 41 mineral blocks have been put on auction within 3 months of the amendment, whereas 27 blocks were put up earlier in eight months from April to November 2017. Total estimated revenue to the State government over the lease period from the blocks already auctioned is ₹1,43,893 crore," he said.

11. Finmin Shoots Down Proposal For 'Non-Lapsable Defence Modernisation Fund'

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

The finance ministry has shot down the defence ministry's proposal to implement a longstanding quest of the Bharatiya Janata Party (BJP) — to create a "non-lapsable defence modernisation fund

(DMF)”, in which the military’s unspent capital budget is parked at the end of each financial year, from where it can be made available for the subsequent year’s procurements. The military points out that bureaucratic delay in sanctioning capital (modernisation) expenditure led to the surrender of billions of rupees in successive years, severely disrupting the military’s long-term modernisation plan. The BJP has traditionally been sympathetic to this perspective. On February 3, 2004, National Democratic Alliance (NDA) finance minister (and former defence minister) Jaswant Singh, while presenting the interim Budget, announced the setting up of a non-lapsable DMF. Three months later, the NDA was voted out of power. For the next 10 years, the United Progressive Alliance (UPA) government rejected any need for a non-lapsable DMF. From 2014-2016, the current NDA government followed the UPA lead. The Ministry therefore has reviewed its stated position taken so far and proposes to take up the case for setting up of a capital non-lapsable, roll-on fund afresh with Ministry of Finance immediately.”