

Daily Economic News Summary: 22 August 2019

1. INX Media case: CBI arrests P. Chidambaram in an evening of high drama

Source: Livemint ([Link](#))

In a dramatic turn of events, former Union minister P. Chidambaram was arrested by the Central Bureau of Investigation (CBI) from his New Delhi residence on 21 August night, about an hour after the senior Congress leader addressed reporters at the party office. With Chidambaram returning to his residence immediately after the press briefing, the CBI team reached his Jor Bagh home, entering the house by scaling the compound walls. CBI filed an FIR in May 2017 over alleged irregularities in the Foreign Investment Promotion Board (FIPB) clearance to INX Media for receiving overseas funds of ₹305 crore in 2007, when Chidambaram was finance minister in UPA-1.

2. New road map for ordnance factories soon

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

The government will appoint a high-level committee comprising ministers to draw up a road map for turning government-controlled ordnance factories, which supply arms and ammunition and other equipment to the armed forces, into defence public sector units (DPSUs), government officials who did not want to be named said. “The defence ministry will approach the Union cabinet soon for setting up of the committee,” one of the officials said. Early into its second term in office, the Narendra Modi government has in principle decided to corporatise the 41 ordnance factories the oldest government entities to increase their efficiency, sharpen their competitive edge and expand their export potential. Ordnance factories, overseen by the Ordnance Factory Board (OFB), manufacture all kinds of equipment used by the armed forces — from tanks and artillery guns to personal weapons and ammunition, and even shoes and mosquito nets.

3. Amazon sees no slowdown yet, ready to invest more in India

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

US-based online retailer Amazon said it would take a longterm view on investing in India and not get distracted by developments in the short term, amid signs the country may be heading into a slowdown. Amazon India manager Amit Agarwal said the online retailer was upbeat not only about domestic sales, but also exports. He was responding to media queries during the opening

of Amazon's largest campus building globally, in Hyderabad on 21 August. Amazon currently exports Indian products of over 50,000 registered sellers through its global selling platform, and hopes to surpass \$5 billion in exports in the next three years from over \$1 billion so far, he said. Amazon will continue to invest, add more selection and make things more affordable and faster to ensure customers respond positively and the retailer grows at a very health rate.

4. India to rank trade partners to gauge restrictiveness

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

India is developing an index to rank eight of its major trading partners and countries it is pursuing free trade agreements (FTA) with, to gauge their restrictiveness to cross-border movement of professionals, a crucial area of interest for the country. The commerce and industry ministry has begun an exercise to rank the US, Canada, Australia, the Netherlands and India, among others on various criteria such as entry barriers, discriminatory measures, competition barriers and transparency in regulation on the index which is being developed on the lines of OECD Services Trade Restrictiveness Index. There is a growing view among policymakers that the country has not been able to get a good deal from its trade partners in services sector, particularly in FTAs. This index will also help it highlight the kind of restrictions trade partners imposes on India.

5. Finance ministry reviewing India's free trade agreements

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

The finance ministry has initiated a review of India's free trade agreement framework to assess the impact of such pacts on the overall economy. The view has been gaining ground among policymakers and industry that these free trade agreements (FTAs) brought little tangible benefit to India, while helping the partner country. There is also a sense that FTAs have adversely impacted India's manufacturing, which the government is trying to boost through 'Make in India'. "The idea is to assess how these agreements really benefitted the country's economy," said a government official aware of the development. The review is being carried out by the department of economic affairs along with the departments of commerce and revenue, among others.

6. Karnataka to come up with new innovation policy

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

Karnataka is working on a new policy on innovation and technology with a view to address the new age challenges in regulation for innovation, Additional Chief Secretary EV Ramana Reddy, said on 21 August delivering the keynote address at the India Innovation Summit 2019 organised by CII in Bengaluru. "We are considering innovative concepts such as regulatory sandboxes to ensure adequate legal framework for innovation is available. Our aim is to make the state a leading promoter for all emerging technologies by strengthening existing technology Centers of Excellence in areas such as Cyber Security, Data Analytics, IoT, Artificial Intelligence," he said.

7. Amazon opens biggest global campus in India, can accommodate 15,000

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

E-commerce major Amazon on 21 August opened its largest campus in Hyderabad outside of the US facility. Spread across 9.5 acres to accommodate over 15,000 employees, the new campus is Amazon's first own office building and is the single-largest building globally. The campus contains over 2.5 times more steel than Eiffel Tower, measured by weight. Amazon first started operations in India from Hyderabad in 2004. The company plans to strengthen its focus on talent in India. It has 62,000-odd full-time employees, the largest tech base outside Seattle and approximately 1.55 lakh contract employees. Besides, it is also first Amazon facility to create an Alexa Pod and experiment the Inside Day 1 Alexa Skill (Beta) and the campus is built to offer Agile-based environment to maintain well-being of employees and foster inclusion.

8. Netherlands court threatens to sell Jet Airways assets

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

The administrator of a Netherlands court, which is pursuing insolvency of grounded Jet Airways, on 21 August threatened to sell off the confiscated assets of the debt-laden carrier because of non-cooperation by the committee of creditors (CoC). A three-member bench headed by Justice SJ Mukhopadhyay has sought the lenders' response on whether they are ready to pay fees and bear costs incurred by the Dutch court administrator, Rocco Mulder. The NCLAT said it would consider similar treatment for creditors of foreign countries as financial creditors and could allow cost of insolvency resolution process at overseas location to be borne in India. The tribunal will further hear the case on September 4. Representing Mulder, advocate Sumant Batra told the

National Company Law Appellate Tribunal (NCLAT) that the lenders are yet to decide on their claims.

9. HCL Tech, TCS in fray to clinch \$100-mn IT outsourcing deal from Fonterra

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

HCL Technologies (HCLT) and Tata Consultancy Services (TCS) are leading the race for bagging an IT outsourcing deal worth \$100 million from New Zealand-based dairy cooperative Fonterra Co-operative Group. According to sources, the contract is currently being serviced by DXC Technology and Datacom. “Fonterra has been evaluating various options to replace the current vendors and Indian providers like TCS and HCLT are leading the race,” multiple persons with knowledge of the development said. The contract with a tenure of five years, encompasses application development, maintenance and back office support with an aim of helping the cooperative with digital transformation. Fonterra is New Zealand's largest firm with an annual revenue of more than NZ 20 billion (around \$14 billion), which is double the size of India's Gujarat Co-operative Milk Marketing Federation, that sells Amul. The co-operative is owned by around 10,500 New Zealand farmers and contributes around 30 per cent of world's dairy exports.