

Daily Economic News Summary: 29 March 2018

1. Opening Round: Air India Starts Taxiing Towards Its Flight To Privatisation

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

Setting the ball rolling for the divestment of flag carrier Air India, the government on March 28 issued a preliminary information memorandum (PIM) offering 76% equity in the airline along with its budget arm Air India Express and airport service unit Air India SATS. The proposed dilution will ensure transfer of complete management control of the carrier, while allowing foreign airlines or foreign consortium partners to pick up 49% equity in the airline provided that the chairman and at least two-thirds of directors are Indians and effective control vests with Indian nationals. A minimum of 27% equity must remain with Indian entities. The government has sought an expression of interest (EoI) for a 76% stake in Air India along with control of its 100% owned subsidiary and low-cost arm Air India Express, and a 50% equity that Air India holds in AI-SATS (a joint venture with Singapore Airport Terminal Services). The final bids are to be invited on May 14 and the divestment process is to be completed by December this year.

2. Govt Asks US For Waiver From 25% Tariff On Steel And 10% On Aluminium

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

India has asked the United States to exempt it from higher tariffs on steel and aluminium, saying Indian exports of the two products did not pose a security threat to America, three government officials said. Last week, US President Donald Trump suspended tariffs for Argentina, Australia, Brazil, South Korea, Canada, Mexico and the European Union, the biggest US trading partner, until May 1, 2018, as discussions continue. India's trade ministry has written to the US government, asking that it also be exempted from the 25 percent levy on steel and 10 percent on aluminium to protect US national security and economic interests, grounds that experts say suggest are primarily aimed against China. "The tariffs will definitely affect our exports. And clearly, as far as the quantum is concerned and the type of steel is concerned, there is no such thing as a security threat to the US," Steel Minister Chaudhary Birender Singh told Reuters.

3. Trump's Immigration Proposal Could Benefit Indian Americans Professionals

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

Highly qualified Indian Americans, a large number of whom are in a long agonising Green Card wait, with a stable financial status could benefit under a new draft proposal under which an immigrant seeking any kind of government welfare benefit could be denied legal US residency. A copy of the draft report, obtained and released by The Washington Post, indicates that relatively younger group of those foreign nationals applying for permanent legal residency or Green Card would have a much better chance of their petitions being approved by the US Citizenship and Immigration Services (USCIS) rather than those who are closer to their retirement age. At a minimum, foreign national should be able to support himself/herself and any dependents with assets, resources, or annual income equal to at least 125 per cent of the federal poverty guidelines (FPG) based on the household size, DHS said. Hundreds of Indian Americans seeking green card, on an average earn much more than this FPG guidelines, are more educated than the national average and poverty rate is lowest among all major ethnic minority communities in the US.

4. NITI Aayog Launches Ranking of 'Aspirational' 101 Districts in India

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

NITI Aayog has come up with a mechanism under which 101 most underdeveloped districts of the country termed as 'aspirational' would be competing with each other in terms of performance and they will be ranked on 49 indicators based on various data points. The 49 indicators on 81 data points will cover five development areas of health and nutrition, education, agriculture and water resources, financial inclusion and skill development and basic infrastructure. From the beginning of next fiscal year from April 1, this real-time data collection and monitoring will be open for public viewing. India cannot grow at a high rate on a long run until these districts catch up, whatever high are the GDP number, it has no meaning until the benefit of growth percolates down to very basic level, NITI Aayog CEO Amitabh Kant said while announcing the launch of ranking for the "Aspirational Districts". The ranking of districts follows the launch of 'Transformation of Aspirational Districts' by Prime Minister Narendra Modi in January with an aim to quickly and effectively transform some of the most underdeveloped districts in the country.

5. Register on E-Way Bill Platform Ahead Of Apr 1 Rollout: Adhia to Businesses

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

With just three days left for the e-way bill roll out, the government has asked businesses and transporters to enrol on the dedicated platform as only around 11,00,000 entities have registered so far, officials said on March 28. Businesses would be required to present the electronic way (e-way) bill to a GST inspector (if asked) for inter-state transportation of goods worth over Rs 50,000 through road, railways, airways and vessels. Finance Secretary Hasmukh Adhia said the company handling the backbone of the new indirect tax regime, GST Network, is much better prepared to roll out the new system from April 1. "...But I'm not too sure whether traders, dealers and transporters are still ready. I would like to appeal to them to register themselves on the e-way bill portal ...as early as possible; they should not then tell us that we didn't inform them," Adhia said. GSTN CEO Prakash Kumar said, so far 1100,000 businesses and transporters have registered on the e-way bill platform and most of the registrations are likely to happen at the last minute.

6. China to Take Concrete Steps to Bridge Trade Gap, Set up Industry Park:

Suresh Prabhu

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

China has agreed to take concrete steps such as giving more market access to Indian products and services, and setting up industrial parks here to narrow the widening trade deficit, Commerce and Industry Minister Suresh Prabhu said. India has raised the concerns of ballooning trade deficit and the growing difference between imports and exports, at a meeting with his Chinese counterpart Zhong Shan, he said. The Chinese minister "has agreed to balance the trade with India over a period of time by doing 3-4 things. He is personally keen to address the trade deficit issue by importing more from India", Prabhu told PTI. China would work to provide greater market access to agricultural items, pharmaceuticals and other manufactured products, he said. To facilitate the movement of goods, the neighbouring country has agreed to organise Government-to-Government meetings to address regulatory issues for sectors like pharma and also hold Business-to-Business meetings. Prabhu said that exporting more services to China will also help address the trade deficit issue in a big way.

7. India Issues Notice to Facebook Over Data Breach

Source: Livemint ([Link](#))

The ministry of electronics and information technology on March 28 wrote to Facebook Inc., seeking replies from the company on queries regarding Indian data on the social media platform. The government has sent five questions to the company and sought a response by 7 April, the ministry said in a statement. The IT ministry letter seeks clarity from Facebook on whether personal data of Indian voters and users has been compromised by Cambridge Analytica or any other entity in any manner. The government has also sought to know specific steps proposed to be taken by Facebook to prevent misuse of personal data for potential interference in, or manipulation of the Indian electoral process. Last week, the government sent a notice to London-based analytics firm, Cambridge Analytica, the centre of the Facebook data breach controversy, seeking response on issues related to data of Indians collected by the firm or its intermediaries or associates. The government had sent six questions to the company and sought its response by 31 March, failing which it may take legal action, the IT ministry said.

8. Forget Job Growth, Employment In India Fell Between 2014 And 2016

Source: Livemint ([Link](#))

India on March 28 allowed the import of used goods for repair and refurbishing on condition that the imported items are exported, a move that could entice companies like smartphone maker Apple further into the Indian market. New Delhi has changed its policy at a time when US and its biggest trading partner China are on the brink of a trade war, with President Donald Trump announcing plans to impose tariffs on up to \$60 billion worth of Chinese goods. China plans to impose additional duties on up to \$3 billion of US imports, mainly in response to Washington's import tariffs on steel and aluminium. The sparring has cast a spotlight on US firms such as Apple, which assemble the majority of their products in China for export to other countries. Electrical goods and tech gadgets are the largest US import items from China. China is currently among the top destinations for repair and refurbishment of electronic devices. India wants waste generated during the repair and refurbishing of the imported items to be treated in line with local laws including health, safety and environment norms, a government order issued on March 28 said.

9. China Keen On Bilateral Investment Pact With India

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

China is keen on a bilateral investment treaty (BIT), addressing the trade deficit and setting up industrial parks in India and has sought India's cooperation on matters of common interest at the recently-held Joint Group on Economic Relations, Trade, Science and Technology. "China expressed interest in increasing investments in India and highlighted the BIT," said a government source aware of the development, adding that further discussions would be held with the Department of Economic Affairs. The China-India BIT came into force in August 2007 and was terminated in July 2017 after India asked partner nations to renegotiate on basis of the new model text. Discussions took place on March 26 when Chinese minister of commerce Zhong Shan co-chaired the 11th meeting of the India-China joint group with commerce and industry minister Suresh Prabhu. The source noted that "though India was trying for a meeting for very long, the Chinese side confirmed it only a month ago."

10. Sebi Clamps Down On Derivative Markets; Algo Trading Made More Accessible

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

The Securities and Exchange Board of India (Sebi) on March 28 tightened the derivative markets framework to curb the excessive speculation and prevent small investors from entering the high-risk space. The market regulator, at its board meeting held on March 28, also accepted majority of the recommendations made by the Uday Kotak Committee on corporate governance but deferred decision on key proposals such as one on sharing of information with promoters. Sebi announced steps to make algorithm trading more accessible and reduced the cost of buying equity mutual funds. It also proposed to introduce a new compliance framework for stocks undergoing insolvency proceedings and an "entirely new" set of buy-back regulations. To ensure derivatives and cash market move in sync, Sebi enhanced the eligibility criteria on stocks allowed to trade in this segment. It further said stocks that don't meet certain criteria will compulsorily have to be physically-settled. Currently all futures and options (F&O) contracts are cash-settled without any physical delivery. Around 209 stocks are currently traded in the F&O segment, which market players said will reduce following Sebi's latest measures.

11. Common Shareholder Softbank Calls For Merger Between Uber, Ola In India

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

Japanese investment giant SoftBank has called for a merger between homegrown Ola and US firm Uber's India unit as part of its planned consolidation in Asia's fast-growing ride hailing app market. The talks, facilitated by SoftBank, which is the largest investor in both companies, have been going on for nearly a year, according to sources close to the development. However, in the past few days, this call for a merger between Uber and Ola has gathered steam. Softbank's push for consolidation in India's ride hailing market comes days after Uber announced its exit from Southeast Asia after selling its local unit to rival Grab. Post the completion of that deal, Uber will control 27.5% stake in the combined entity. Another source added that SoftBank is in favour of Ola acquiring the Indian unit of Uber, but the finer details of the deal are being discussed. Both companies are looking at having a controlling stake in the combined entity, which is also why the talks have been progressing relatively slowly so far. Softbank declined to comment on the development, while an Uber spokesperson denied that any such talks on a potential merger or acquisition are currently on.