

Daily Economic News Summary: 2 April 2018

1. H-1B Visa Application Process Begins Apr 2; Zero Tolerance For Minor Errors

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

The process of filing petitions for H-1B, considered as the most sought-after work visa among highly skilled Indian professionals, begins on April 2 amidst unprecedented scrutiny by the Trump Administration. A strong indication is coming from US Citizenship and Immigration Services (USCIS), the federal agency which is responsible to process all H-1B visas, that there will be zero tolerance by it for even minor errors. Chatter at various social media platforms and groups indicate that immigration attorneys this time expect a much high rate of rejection. The H1B visa is a non-immigrant visa that allows US companies to employ foreign workers in speciality occupations that require theoretical or technical expertise. The technology companies depend on it to hire tens of thousands of employees each year from countries like India and China. Given the general campaign against highly skilled Indian professionals, the applications by Indian companies are likely to face a greater scrutiny of all these petitions. As in the previous years, Indian companies would have to pay much more fee per application than those from other countries. On an average they are required to pay USD 6,000 to the federal government per H-1B application.

2. Relief To Narendra Modi Government: E-Way Bill Rollout Smooth, But Experts Cautious

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

In a relief to the government, nationwide rollout of the electronic way (e-way) bill system for interstate transport of goods, above a threshold value, went smoothly on April 2 with multiple tax experts saying that their clients didn't face any system glitch. It stated that 1.71 lakh e-way bills had been generated from midnight on March 31 till 5 pm on April 1. This is much lower than daily average of 6-7 lakh e-way bill generated during the trial period since January 16. However, they have cautioned that the system needed to be monitored for at least a week, as traffic intensity changes. Karnataka was the only state which also notified the e-way bill system for moving goods within the state on April 1, while other states are to follow the system in phases over the next one

month . The GST Network, IT backbone for GST, said that the designated platforms for generating e-way bills performed smoothly on April 1. It stated that 1.71 lakh e-way bills had been generated from midnight on March 31 till 5 pm April 1. This is much lower than daily average of 6-7 lakh e-way bill generated during the trial period since January 16. GSTN said that nearly 11 lakh taxpayers had registered for e-way bill so far. However, the government had appealed to all taxpayers to register without delay rather than wait for the last day. Under e-way bill mechanism, businesses and transporters have to produce an e-way bill before a GST inspector for moving goods worth over Rs 50,000.

3. India's Way To \$1 Trillion Digital Economy

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

Digital is fast engulfing our lives. Users are consuming more of it, using an average of 4 GB of data a month on everything from entertainment to shopping. New users, all on smartphones, start using mobile internet with free services like email and regional language content, and “within weeks leapfrog to ecommerce and digital payments,” says Subho Ray, president, Internet & Mobile Association of India. Arpan Sheth, partner & head of Asia-Pacific for digital practice, Bain & Company, says there will be 600 million Indians with smartphones in five to seven years, each consuming content and transacting digitally. That creates immense opportunities across the lives of those individuals and impacts nearly all industries they interact with, including financial services, retail, media, travel & hospitality and healthcare.” Rajan Anandan, vice-president-South East Asia & India, Google, says, “In the next five years, India is really going to be a continuous story about user growth. And as India’s internet user base matures, there will be a significant impact on every vertical.” Poor bandwidth & technology could eclipse this the growth.

4. Long Term Capital Gains Tax To Come Into Effect From April 1

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

Several Budget proposals, including the reintroduction of tax on long term capital gains (LTCG) exceeding Rs 1 lakh from sale of shares, will kick in from April 1, the beginning of 2018-19 financial year. Besides, other tax proposals like reduced corporate tax of 25 per cent on businesses on a turnover of up to Rs 250 crore and a standard deduction of Rs 40,000 in lieu of transport

allowance and medical reimbursement, will come into effect from April 1. While the exemption limit on income from interest for senior citizens has been raised five times to Rs 50,000 per year, that for health insurance premium and medical expenditure has been raised to Rs 50,000 from Rs 30,000, respectively under section 80D of the I-T Act. For senior and very senior citizens, tax deduction for critical illness will be Rs 1 lakh from April 1 against the existing limit of Rs 60,000 for senior citizens and Rs 80,000 for very senior citizens. In the last regular Budget of the present NDA Government, Finance Minister Arun Jaitley had retained the 10-15 per cent surcharge on super-rich, while raising the health and education cess, levied on all taxable income, to 4 per cent from 3 per cent at present.

5. Strong Bilateral Ties Help Air India Operate Delhi-Tel Aviv Non-Stop Flights Over Saudi Skies

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

Air India's historic Delhi-Tel Aviv non-stop flight over Saudi airspace, the first flight to do so in over several decades on March 22 ran into controversy when the Israeli national carrier EL AL decided to go to an Israeli court against the grant of overflight rights to only Air India. However, former diplomats like former Foreign Secretary, Kanwal Sibal, term EL AL's decision as "ridiculous and short-sighted". The Israeli airline "should be looking at the larger strategic picture where Saudi Arabia has sent a very important political signal that Israel is not so much out of bounds that it will not permit overflight over Saudi territory by foreign airlines," Sibal says. He is of the opinion that EL AL does not have much business in India and so the airline can't be running into major financial losses because of denial of overflight rights over Saudi Arabia on its flights to India. Currently, EL AL flies to Mumbai using a longer route avoiding Saudi air space which is closed to it. This detour means that an EL AL flight takes almost 2 hours 10 minutes more than the 7 hours 15 minutes that the Air India flight takes to cover the distance

6. Tata In Race To Be India's Largest Steelmaker, To Overtake JSW And SAIL

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

Tata Steel seems to be closing in on Sajjan Jindal-promoted JSW Steel and, with a bit of luck in the National Company Law Tribunal (NCLT), could become the country's largest steelmaker for the first time. Just a week ago, the Tata group company was declared a successful resolution

applicant by the committee of creditors (CoC) of Bhushan Steel for buying out its stressed assets. The decision is yet to be cleared by the NCLT. Once Bhushan Steel is into its fold, Tata Steel will increase its capacity from 12.7 million tonnes per annum (mtpa) to 18.3 mtpa. That is pretty close to the 19.5 mtpa capacity of JSW, which has got an informal nod from the CoC to buy out Monnet Ispat & Energy, for which it was the sole bidder with private equity fund AION. The NCLT, Mumbai, has, however, stayed the creditors' meet to put the resolution plan to vote till April 3. Tata Steel has registered a growth of 11 per cent after it achieved the highest-ever annual sales of 12.13 million tonnes in 2017-18, according to provisional data. The firm has achieved a production of 12.26 million tonnes in the year ended March 31, 2018, as against 11.35 million tonnes in the year-ago period.

7. Govt May Have To Stop Export Subsidies Within The Next Nine Months

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

There is a possibility of the government having to stop export subsidies within the next nine months, if it happens to lose the trade dispute registered by its American counterpart at the World Trade Organization (WTO). Last month, US trade representative Robert Lighthizer's office challenged India at the WTO over the entire spectrum of its export promotion schemes. The allegation is that they provide undue benefit, against WTO rules, for Indian exporters. After the US complaint, the commerce ministry said we had 60 days to respond and settle the dispute through consultation, as established by WTO rules. However, it now appears the allocated time for initial consultation, as well as for every single level of the dispute process, will be effectively cut in half. Delhi has argued the law invoked by the US — the Agreement on Subsidies and Countervailing Measures (ASCM) — allows it a window of eight years to phase out these subsidies. ASCM was framed when WTO was set up. It aims at gradually lowering and finally prohibiting of export subsidies provided by nations, so that global trade becomes equitable. However, a limited exception is there for specified developing countries. These may continue to provide export subsidies till they reach a defined economic benchmark of \$1,000 per capita income.

8. Insolvency And Bankruptcy Code Set For Major Overhaul

Source: Livemint ([Link](#))

India's bankruptcy law, the Insolvency and Bankruptcy Code (IBC), is set for a major overhaul as policymakers seek to decisively deal with business failures that slow down expansion in Asia's third-largest economy. The ministry of corporate affairs is finalizing a series of IBC amendments based on a panel's recommendations to remove difficulties in turning around businesses and to strike a balance between the interests of lenders, customers of failed businesses and their promoters, according to the insolvency law panel's report which was submitted to the government last week. The IBC amendments proposed by the panel, led by corporate affairs secretary Injeti Srinivas, make a strong case for treating homebuyers as financial creditors, enabling them to take builders defaulting on their obligations to a bankruptcy court and decide their future along with lenders. The amendment was proposed because in many cases, advances from homebuyers account for more than the bank lending secured by the builder, but homebuyers have no say in the bankruptcy proceedings whereas lenders get a favourable position. The IBC amendments, which will apply prospectively once enacted, will also clarify that lenders' action against any guarantor to a bankrupt firm do not enjoy the same protection from recovery proceedings that the insolvent company enjoys while a rescue plan is prepared.

9. Not Delhi, Kerala To Emerge As First State With 1000 Free Wi-Fi Hotspots

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

Decks are clear for Kerala to emerge as India's first state with the largest public Wi-Fi network providing statewide access. Chief minister Pinarayi Vijayan affirmed at the recent #Future2018 event that his government would soon roll out connectivity through 1,000 free public Wi-Fi hotspots with tech handholding from Cisco. The state-wide network will provide citizens access to the internet with Wi-Fi spots deployed in parks, libraries and other public spaces. Cisco has been teaming up with the Kerala government over the last months, setting up end-to-end Wi-Fi hardware for these wireless access points. "This sets an example that other Indian states can replicate," says Sudhir Nayar, managing director, Commercial Sales, Cisco (India and SAARC). "The vision will help harness the power of digital transformation to accelerate economic and social growth in the state," he says. The central government has plans to set up public Wi-Fi hotspots

across the country under the BharatNet project. The Telangana government and a few other state governments are also mulling to set up Wi-Fi hotspots, so that the public can enjoy free broadband, even while travelling.