

Daily Economic News Summary: 2 May 2018

1. India's Curbs On Import Of Pulses: US, Australia, EU Raise Concerns At WTO

Source: Livemint ([Link](#))

Members of the World Trade Organization (WTO) including the US, Canada, Australia, European Union and Japan have raised concern over India's quantitative restrictions on import of pulses. India capped imports of green gram (*moong*) and black matpe (*urad*) at 300,000 tonnes and that of pigeon peas (*arhar*) at 200,000 tonnes in August in the wake of domestic harvest and concerns over the slump in prices of traditional pulses. The issue came up in a 20 April meeting of the committee on import licensing at the WTO with countries alleging that quantitative restrictions by India on import of pulses distort global prices and put the future of farmers across many countries in peril. India has been the largest producer, as well as traditionally the largest importer of pulses to ensure steady supply of the protein-rich diet to its citizens. A commerce ministry official speaking under condition of anonymity said India defended the import restrictions as they are compliant with WTO rules. "However, India promised to notify the quota allocations and procedures for 2018 and 2019 soon for the benefit of other countries," the official said. India's agriculture ministry has projected that production of pulses would touch a record 24 million tonnes in 2017-18, up from 23 million tonnes the year before. A joint statement issued after the meeting between Trudeau and Modi in February this year promised to finalize "mutually acceptable technological protocols" within 2018 to enable the export of Canadian pulses to India free from pests of quarantine importance.

2. Dot Releases Draft National Telecom Policy

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

The draft of National Telecom Policy (NTP) 2018 aka National Digital Communications Policy 2018 has been uploaded for public consultations on the Department of Telecom's (DoT) website late 1 May night. One of the key strategies in the draft talks of recognising spectrum as a key natural resource for public benefit to achieve India's socio-economic goals, optimise availability and utilisation by making adequate spectrum available to be equipped for the new broadband era. On spectrum pricing, it said there should be optimal pricing of spectrum to ensure sustainable and

affordable access to digital communications and simplifying the process of obtaining permissions from various agencies such as Wireless Planning and Coordination (WPC) and Standing Advisory Committee on Radio Frequency Allocation (SACFA) in order to promote efficiency. It also talks about enabling 'light touch licensing/ de-licensing for broadband proliferation'; promoting the co-use/ secondary use of spectrum and constituting a Spectrum Advisory Team (SAT) consisting of experts, industry and academia 'to facilitate the identification of new bands, applications and efficiency measures to catalyse innovation and efficient spectrum management'. It proposes identifying and making available new spectrum bands for access and backhaul segments for timely deployment and growth of 5G networks and making available harmonised and contiguous spectrum required for deployment of next generation access technologies.

3. India, Japan Begin Working Towards Zero Emission Vehicles

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

India and Japan have agreed to initiate discussions towards development of Electric Vehicles (EVs) by collaborating at a policy dialogue on next generation/Zero emission vehicles. This decision was taken at the 9th India Japan Energy Dialogue. Minister of State (Independent Charge) for Power and New & Renewable Energy, R K Singh, and Minister of Economy, Trade and Industry (METI) Hiroshige Seko also signed a Joint Statement after the meeting. An official statement said that both countries agree to initiate the discussion on Electric Vehicles (EVs) and commit to work together in promoting well-functioning energy markets. Both countries also agreed to promote transparent and diversified Liquefied Natural Gas (LNG) market through the relaxation of destination clause. The two also reiterated the continued importance of coal-based electricity generation in the energy mix in both the countries and also agreed to promote the cooperation on environmental measures for coal-fired power plants.

4. Walmart Cuts Brazil Business To Focus On India

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

Walmart Inc's urgency to stem market share losses to rivals around the world is driving it to partner with local players in the UK and India, even as it scales back in some other markets like Brazil. The world's largest retailer is in talks to merge its UK arm ASDA with J Sainsbury Plc in which it

will hold a minority stake. Walmart is also looking to acquire a majority stake in India's leading online retailer Flipkart for \$10 billion to \$12 billion after years of underperformance there. The moves underscore Walmart's renewed focus on catching up with competitors, ranging from grocer Aldi Inc to Amazon.com Inc, in key international markets. The retailer's underperforming international business contributed less than a quarter to its total revenue of \$500.3 billion in fiscal 2018. "Walmart has simply been too slow to react when it comes to their overseas business," said Burt Flickinger, managing director, Strategic Resource Group. "They have finally started taking corrective action and are now dedicating their resources to where they think they can grow," he said. Walmart initially entered the Indian market in 2007 through a joint venture with India's Bharti Enterprises, years before Amazon debuted there. That joint venture was called off in 2013 and its presence in India has remained largely static since then, at least in part due to restrictions around foreign investment in physical retail in India.

5. Wage Code Bill May Be Taken Up In Monsoon Session, Says Gangwar

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

Labour Minister Santosh Gangwar on 1 May said a parliamentary standing committee has finalised its report on first labour code, Wage Code Bill 2017, and the legislation would be take up in the monsoon session of Parliament after the document is submitted. The law will enable the Central government to set benchmark minimum wages for different regions across the country. The Bill's provision says that States cannot set minimum wages below the benchmark set by the Centre. "I have spoken to the chairman of the committee (regarding finalisation of its report on Wage Code Bill). He told me that everything is completed and it will be submitted soon. We will push (the Bill) for passage," Gangwar told reporters on the sidelines of the International Labour Day. The draft code on the Bill was introduced in the Lok Sabha in August 2017. Thereafter, it was referred to the committee for scrutiny which is expected to submit its report in the monsoon session. The Bill also seeks to combine Payment of Wages Act, 1936, the Minimum Wages Act, 1949, the Payment of Bonus Act, 1965, and the Equal Remuneration Act, 1976, into one code. Speaking at the International Labour Day celebrations here, Gangwar said the Labour Ministry wants 38 labour laws to be subsumed into four broad codes wages, industrial relations, social security and occupational safety and health and working conditions. The codification of labour laws will

remove the multiplicity of definitions and authorities, leading to ease of compliance without compromising wage security and social security to workers.

6. Economic Revival Seen As April GST Mop-Up Crosses ₹1-Lakh Cr

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

Riding on improved compliance and an upswing in economic activity, GST revenues came in at a record ₹1,03,458 crore in April (for March 2018 economic activity), official data released on 1 May showed. The average monthly GST collection so far has been ₹89,885 crore. The collections in April the highest-ever since the GST launch in July 1 last year — were also bolstered by the ‘March effect’, when companies generally pump up sales to boost their annual performance. In addition, March would have seen some arrears payments and adjustments, leading to an uptick in collections. The April 2018 collection, therefore, cannot be taken as a trend for the future, said the Finance Ministry. But indirect tax experts feel it is sustainable in the coming months, given that anti-evasion measures like e-way bills have been implemented. The April GST collection is a “landmark achievement” and a confirmation of increased economic activity, tweeted Finance Minister Arun Jaitley. With the improved economic climate, introduction of e-way bill and improved compliance, GST collections will continue to show a positive trend, he added. With anti-evasion measures like e-way bill already introduced and others like TDS, TCS and credit matching expected to be introduced in the coming months, the government can hope for very good GST collections in this fiscal, Abhishek Jain, Partner, EY added.

7. Schneider, Temasek Buying Business Unit Of India's L&T For 140b Rupees

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

India's Larsen & Toubro (L&T) has agreed to sell its electrical and automation business for 140 billion rupees (S\$2.8 billion) to Schneider Electric SE, partnering with Temasek, in the biggest M&A deal announced in the Indian market this year. Schneider Electric will combine the business it is buying with its low voltage and industrial automation products business in India, it said. Schneider will own 65 per cent in the combined business, while Singapore investment company Temasek will have a 35 per cent stake. Rohit Sipahimalani, joint head, India, Temasek, added: "Our investment in Schneider Electric India is another step in the steady growth of our portfolio

in India over the past few years, and reflective of the type of partnership opportunities that we seek to invest into. The electrical and automation (E&A) business, which has factories in India as well as in Saudi Arabia, the United Arab Emirates, Kuwait, Malaysia, Indonesia and the United Kingdom, had net revenue of 50.38 billion rupees, or about 4.5 per cent of L&T's consolidated revenue, for the year to March 2017. The company's effort to deleverage its balance sheet and improve its returns over the medium term through a combination of operational improvement and non-core asset sales will be instrumental in re-rating the stock, Goldman analysts wrote in a note dated April 23.

8. Draft Telecom Policy Aims At \$100 Bn Investment; 4 Mn Jobs On The Cards

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

The government on 1 May came out with the draft of the New Telecom Policy National Digital Communications Policy 2018 to create 4 million jobs by 2022, attract \$100 billion investment in the sector and ensure broadband coverage at 50 mbps for every citizen. The draft also proposes to address the woes of the debt-ridden telecom sector by reviewing licence fees, spectrum usage charges, universal service obligation fund levy, all of which add to the cost of telecom services, under the new policy for enhancing ease of doing business in the sector. The policy also looks to increase the contribution of digital communications to India's gross domestic product (GDP) to 8 per cent, besides propelling India among the top 50 nations in the ICT development index. To achieve the targets by 2022, the policy envisages three missions — Connect India, Propel India and Secure India. Under connect India, the policy aims to provide the broadband coverage at 50 mbps to every citizen and enable deployment of 10 million Wi-Fi hotspots by 2022, and provide connectivity in all uncovered areas. It has also been proposed that spectrum should be utilised efficiently and satellite communications needs should be developed. In order to facilitate mobile tower infrastructure, the policy aims to expedite right of ways permissions in government buildings and also promote green towers. The policy plans to establish a comprehensive data protection regime for digital communications that safeguards the privacy, autonomy and choice of individuals and facilitates India's effective participation in the global digital economy.

9. Foreign Airlines Will Be First To Offer In-Flight Connectivity

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

Foreign carriers such as Singapore Airlines and Lufthansa are soon likely to offer mobile connectivity on board flights in Indian airspace after the government's go-ahead. But local airlines may go slow on rolling out the service because of the cost involved, said industry executives. "It's a welcome decision. Lufthansa doesn't offer call services but we do offer data services," said Wolfgang Will, a senior director at the German airline. "Right now, an aircraft has to fly out of Indian for connectivity to be activated. After this approval, there is a possibility of providing passengers with the services within the Indian airspace too. We shall definitely look at it." Singapore Airlines offers in-flight connectivity on Airbus A380, A350 and Boeing 777-300ER aircraft through SITA ONAIR and Panasonic. "Coverage for in-flight connectivity services are dependent on the approvals obtained by service providers," said a spokesperson at the airline. Getting approvals will now likely be easy following decision of the Telecom Commission, the highest decision-making body in the telecom department, to allow the service.

10. With \$61.1bn In Revenue, Apple Bullish On Indian Market

Source: The Quint ([Link](#))

Apple posted a healthy revenue of \$61.1 billion for its fiscal 2018 second quarter defying global reports of a weakened demand for its iPhones the company's CEO Tim Cook said he will now put great energy into the growing Indian market. During the company's earnings call with media late 1 May, Cook said: "let me start with India, and then I'll talk more about China. India, we set a new first-half record. So we continue to put great energy there... Our objective over time is to go in there with all of our different initiatives from retail and everything else. "And so we're working toward those things. It's a huge market and it's clear that many people will be moving into the middle class over time, as we've seen in other countries." The quarterly revenue of \$61.1 billion was an increase of 16 per cent from the year-ago quarter and international sales accounted for 65 per cent of the quarter's revenue. Apple will complete the execution of the previous \$210 billion share repurchase authorisation during the third fiscal quarter.