

Daily Economic News Summary: 4 April 2018

1. Govt Aiming For 40km Of Highway Construction Every Day: Nitin Gadkari

Source: Livemint ([Link](#))

National highway construction in the country hit an all-time high of 9,829km in 2017-18, indicating average road construction rose to 27km/day from 11km/day in the last five years. Road transport and highways minister Nitin Gadkari on April 3 said his ministry had reached its target of 27km/day and was hopeful of reaching a figure close to 40km/day during the current fiscal. Gadkari said the Prime Minister was very happy with the achievement. Gadkari revealed that the ministry was working on several greenfield projects under Bharatmala with new alignments that would shorten distances and reduce travel time. The projects include the Delhi-Mumbai Expressway and Bengaluru-Chennai expressway. He added that work on the Eastern Peripheral Express and 14-lane Delhi-Meerut Expressway phase I was almost complete and will be inaugurated by Prime Minister Narendra Modi this month. As per the ministry's statistics, 6,167km was constructed by the ministry directly or through state public works departments (PWDs), while 3,071km was constructed by NHAI (National Highways Authority of India) and 591km by NHIDCL (National Highway and Infrastructure Development Corp. Ltd).

2. PM Narendra Modi To Inaugurate Eastern Peripheral E-Way This Month: Nitin Gadkari

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

India's first smart and green highway, the Eastern Peripheral Expressway (EPE), which consumed 5 lakh tonne of cement and 1 lakh tonne of steel, will be inaugurated by Prime Minister Narendra Modi this month, Union minister Nitin Gadkari said on April 3. The Prime Minister will dedicate to the nation the 135-km six-lane access-controlled expressway, built at a cost of nearly Rs 11,000 crore to decongest the national capital along with the first phase of Delhi-Meerut Expressway. "The Eastern Peripheral Expressway will be inaugurated by Prime Minister this month and will set a benchmark in highway construction by being environment-friendly with world-class safety features and smart/interactive infrastructure," Road Transport, Highways,

Shipping, Water Resources and Ganga Rejuvenation Minister Gadkari told reporters in New Delhi. The greenfield project, whose foundation stone was laid by Prime Minister Narendra Modi on November 5, 2015, will divert an estimated 2 lakh vehicles passing through the national capital daily to this bypass, bringing down pollution.

3. Government Launches Digital Platforms For Ease Of Farm Export

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

In line with the Digital India initiative, the government has developed three online portals to make it easier to export farm products from India and reduce transaction costs. “Potential for agricultural and food export will get a great boost due to these digital initiatives,” commerce and industry minister Suresh Prabhu said while launching the portals on April 3. The digital platforms, developed by the Export Inspection Council, have integrated the entire export food chain by linking primary production, chain catch, aquaculture pond, dairy farms and apiaries. The council is the official export certification body of the government and it has developed the portals for “credible inspection and certification and to strengthen the confidence on Indian produce”, as per an official release. The Export Alert Monitoring portal monitors non compliances raised by importing countries. The portal will enable monitoring of alerts and action taken by multiple organizations involved in initial certification in the food safety & biosecurity and analysing the trend, understanding the trade barriers to reduce the alerts and enhance the export trade.

4. I&B Ministry Withdraws Circular On Fake News After Modi Intervention

Source: Livemint ([Link](#))

It wasn't an entirely celebratory mood at the Press Club of India in New Delhi on April 3 evening, even though the (I&B ministry) had withdrawn punitive measures for checking fake news announced a day earlier. The measures, contained in a press release, “Guidelines for accreditation of journalists amended to regulate fake news”, caused widespread outrage among media organizations and were withdrawn after Prime Minister Narendra Modi's intervention, according to *PTI*. The press release said that any complaint on fake news would be referred to the Press Council of India for print media and the News Broadcasters Association for electronic media. If confirmed as fake, the accreditation of the journalist shall be suspended for a period of six months

for a first offence, a year if it's the second offence and permanently after the third. Close to 100 journalists met at the Press Club on April 3 to express their concern. Bodies like the Editors' Guild of India and the Broadcast Editors Association condemned the order, with the former calling it draconian and arbitrary.

5. Manufacturing Sector Growth Falls To 5-Month Low In March: PMI

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

Manufacturing sector activity slipped to a fivemonth low in March as order flow lost momentum, and businesses showed little appetite for recruitment, a private survey showed on April 3. The Nikkei India Manufacturing Purchasing Managers' Index (PMI), compiled by IHS Markit, declined to 51 in March from 52.1 in February. "India's manufacturing sector continued to grow, albeit at the weakest pace since October, reflecting weaker gains in new business and a decline in employment for the first time in eight months," said Aashna Dodhia, economist at IHS Markit and author of the report. "Indeed, amid a slower expected pace of recovery in consumer spending, IHS Markit marginally downgraded its real GDP forecast to 7.3% for fiscal year 2018-19." The overseas demand for Indian goods also slipped to a four month low amid growing fears of a trade war between the US and China, which could have a domino effect across the globe. Advances in trade disputes could potentially weigh on sales to international clients, the survey said.

6. Ensure Subsidiaries, Joint Ventures Too Pay Dividend: Finmin To Pses

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

The Finance Ministry has asked public sector enterprises (PSEs) to ensure that their subsidiaries and joint ventures, even those where they have a minority stake, pay "optimum" dividend to the Centre. The recent missive, from the Department of Investment and Public Asset Management (DIPAM), is part of the government's efforts to ensure optimum use of idle cash and surplus with PSEs through effective capital restructuring. "From the reports received in respect of some subsidiaries and joint ventures, it has been observed that some have not complied with the capital restructuring guidelines for various reasons," said DIPAM, in the recent circular. DIPAM Secretary Neeraj Kumar Gupta had also tweeted last week, "Financial Advisors of Ministries have been urged to closely monitor implementation of Capital Restructuring Guidelines of DIPAM by

joint ventures and subsidiaries of CPSEs. They govern payment of dividend, buy back of shares and issue of bonus shares.” PSUs in the infrastructure sector are the most affected by these since they have multiple subsidiaries and joint venture companies. For example, NHAI had 11 subsidiary or associate companies, NHPC has five joint ventures/subsidiaries and NTPC has some 26 companies listed as subsidiaries.

7. Amazon May Make Rival Bid For Flipkart

Source: Livemint ([Link](#))

Amazon may submit a rival offer to buy India’s largest e-commerce firm Flipkart, which is in advanced talks with Walmart Inc. for selling a majority stake, said two people with direct knowledge of the matter. Amazon has held early exploratory talks to buy Flipkart even as the latter closes in on a sale to Walmart, the people cited above said, requesting anonymity. Walmart, the world’s largest retailer, is in talks to buy 55% of Flipkart through a mix of primary and secondary share purchases in a deal that could value Flipkart at \$21 billion, the people said. Flipkart investors Tiger Global Management, Accel Partners, Naspers, IDG Ventures and others are expected to sell much or all of their shares in the Flipkart-Walmart deal, they said. The secondary share purchases will happen at a lower valuation. Amazon and Walmart are not the only suitors who have pursued Flipkart. Google also offered to invest in the e-commerce firm at a valuation of \$15-16 billion, *Mint* reported in February. From Flipkart’s side, negotiations are being spearheaded by Tiger Global’s Lee Fixel. Since it launched here in June 2013, Amazon has invested more than \$2 billion in India and has said it will invest \$3 billion more. Still, the company lags behind Flipkart by a slender margin at the top of India’s \$18 billion e-commerce market.

8. CBDT To Issue Notices Under Operation Clean Money By May 31

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

Continuing their investigation on black money hoarders, tax authorities will send notices to all cases of suspicious cash deposits during the demonetisation period by May 31. This is a key focus for the Central Board of Direct Taxes (CBDT) as part its interim action plan for the first quarter of 2018-19. It also said verification in all pending cases of high value and non-PAN transactions, including deposits, during demonetisation should be completed by June 30. The CBDT had

launched Operation Clean Money soon after demonetisation of high value notes of ₹500 and ₹1,000 in November 2016 to investigate cash deposits of over ₹2 lakh. Since then, it had identified around 22.69 lakh persons who deposited a total of ₹5.27 lakh crore of cash during demonetisation but their tax profile was inconsistent with these transactions. With a number of such efforts, the number of new income tax return filers increased to 99.49 lakh in 2017-18. The total number of tax returns filed last fiscal also increased by 26 per cent to 6.84 crore. The CBDT also plans to go after TDS (tax deducted at source) evaders in the first quarter of this fiscal. As part of its action plan, it has asked officers to collect all the pending TDS demand up to April 1.

9. India-US Negotiations On Possible Tariff Exemptions Next Week

Source: Livemint ([Link](#))

India will seek to convince the US to exempt it from steel and aluminium duty hikes at a bilateral meeting during a visit by assistant US trade representative (USTR) Mark Limscoff to New Delhi next week. The 10 April meeting in preparation of a Trade Policy Forum dialogue at the end of the year will be the first opportunity for the Indian side to put across its case for an exemption along the lines of the ones the US has granted to the European Union, Argentina, Australia, Brazil, Canada, Mexico and South Korea. A commerce ministry official, speaking on condition of anonymity, said the US move to impose tariffs on the grounds of national security and then grant exemptions to its key allies is against World Trade Organization rules. “But we cannot retaliate against the US like China, since the US is a valuable strategic partner. We will try to convince them as our business is getting hurt,” the official added. India, the world’s 14th largest steel exporter, sold iron and steel worth \$320 million and aluminium worth \$350 million to the US in 2016-17. The US ranked seventh as a destination for Indian steel, accounting for 5% of exports.

10. CBDT Signs 14 Unilateral, 2 Bilateral Apas In March

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

The Central Board of Direct Taxes (CBDT) has signed 14 unilateral advance pricing agreements (APAs) with Indian taxpayers in March as it looks to reduce litigation by providing certainty in transfer pricing. Besides, it has signed two bilateral APAs with the US during the month, a CBDT statement said. “With the signing of these agreements, the total number of APAs entered into by

CBDT has gone up to 219. This includes 199 unilateral APAs and 20 bilateral APAs,” it said. A total of 67 APAs (9 bilateral and 58 unilateral) have been signed in 2017-18. The 16 APAs during March pertain to sectors like telecom, IT, automobile, pharmaceutical, beverage, banking and insurance. The international transactions covered in these agreements include payment of royalty fee, provisions of business support services, marketing support services, engineering design services, engineering support services, among others. While unilateral pacts involve only the taxpayer and the tax authority of the country where the taxpayer is located, bilateral agreements involve the taxpayer, associated enterprise of the taxpayer in the foreign country, the tax authority of the country where the taxpayer is located and the foreign tax authority.