

Daily Economic News Summary 4 March 2020

1. Amid coronavirus scare, Jio may opt for multiple vendors

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

The continuation of the deadly Covid-19 outbreak may drive Reliance Jio Infocomm to consider a multi-vendor strategy as its current 4G networks vendor Samsung could be vulnerable to ensuring uninterrupted supplies with the deadly virus spreading to South Korea, analysts and industry executives said. Industry experts said Jio's rivals, Vodafone Idea and Bharti Airtel, who buy a chunk of their networks from China's Huawei and ZTE, though may see at least a 25% spurt in procurement costs in the next few quarters if driven to bridge shortfalls from European vendors like Ericsson and Nokia, which could weigh on their capex plans unless they pass on to consumers in the form of higher tariffs, said industry expert

2. At USD 83.5 bn, India has 3rd highest trade-related illicit financial flow globally: Report

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

India has the third-highest trade-related illicit financial flow among over 135 countries with a whopping USD 83.5 billion escaping the government's tax net owing to trade-based money laundering tactics, according to a report released on 3 March by US-based think tank Global Financial Integrity (GFI). The GFI classifies as illicit flows funds which are illegally earned, transferred, and/or utilised across an international border. The primary sources of illicit flows include grand corruption, commercial tax evasion, and transnational crime.

3. Government designates Ajay Bhushan Pandey as the new Finance Secretary

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

Revenue secretary Ajay Bhushan Pandey has been designated as the new finance secretary, according to a Personnel Ministry order. The Appointments Committee of the Cabinet has approved designating Pandey, a 1984 batch IAS officer of Maharashtra cadre, as finance secretary, it said. The vacancy was necessitated following the superannuation of Rajiv Kumar, financial services secretary, last month. Pandey has been at the helm of significant taxation reforms, bringing in the simplification of taxation processes and transparency through technology. Pandey has been revenue secretary since December 1, 2018.

4. Parliamentary panel suggests lower GST rate for auto sector

Source: Money Control ([Link](#))

A parliamentary panel suggested lower GST rate for the automobile segment at least till the revival of the sector, and uniform road tax across all states against the backdrop of negative growth in the automobile production since July 2018. A parliamentary panel had examined the Demands for Grants 2020-21 of Department of Heavy Industry (DHI) and tabled its report in Parliament. The automobile industry in India is one of the largest and fastest-growing sector and constitutes 27 per cent of industrial gross domestic product (GDP) and 49 per cent of manufacturing GDP. It provides about 37 million direct and indirect jobs and 15 per cent of total GST collection amounting to Rs 1.5 lakh crore.

5. Coronavirus outbreak: US Fed cuts rates by 50 bps, RBI ready to take action

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

In the wake of volatility in the financial markets due to COVID-19 (novel coronavirus), the Reserve Bank of India (RBI) on 3 March said it was ready to ensure that the markets ran well and confidence was maintained. It is monitoring global and domestic developments. RBI Governor Shaktikanta Das, in an interview to Bloomberg on 3 March, said there was a strong reason for coordinated policy action. And the option before the RBI includes a rate cut and supporting the market through liquidity measures, building confidence, and other instruments to deal with emerging challenges. Also, in a major step to arrest the economic fallout of coronavirus, the Federal Reserve cut its benchmark policy rates by 50 basis points (bps). This is the first time in over 11 years that the Fed has cut policy rates by 50 bps or more. The last time was in December 2008, when the rates were lowered by 75 bps. In the past 12 instances when rates were either hiked or cut, the extent of change was 25 bps.

6. 'Growth in 3 phases': Bhavish Aggarwal on Ola's plan to go public in India

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

SoftBank-backed ride-hailing firm Ola is planning to go public in the next few years and it is aiming to do it in the India market, confirmed Ola co-founder and CEO Bhavish Aggarwal. He said the focus of the firm has always been on building sustainable, self-sufficient, profitable and long-term institutions. "Our India business is in a strong position, we are doing the same in other countries also. The next logical step is for us to list in the public markets; we are an Indian domicile, unlike some of our peers, so we list in India," said Aggarwal during the MEA-PIC

Geo-Economic Conference that was held in Pune over the weekend. “It is very important for us to be an Indian company and list in the Indian markets and build... maybe looking at us more, Indian internet companies can start going public (rather) than relying on private markets,” said Aggarwal.

7. Uber sold Indian food delivery business to Zomato for \$206 million

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

Uber sold its Indian food delivery business to Zomato for \$206 million, the US-based firm said in its annual report, filed with the US Securities and Exchange Commission on 2 March. “The estimated fair value of the consideration received is \$206 million, which includes the investment valued at \$171 million and the \$35 million of reimbursement of goods and services tax receivable from Zomato,” Uber said. The deal, which was announced on January 21, said Uber will get a 9.9 per cent stake in Zomato. The value of the deal at the time was pegged be in the region of \$350-400 million. The company did not report the sale as a discontinued operation, considering it wasn’t a big part of the overall business. “The divestiture of Uber Eats India does not represent a strategic shift that will have a major effect on the firms's operations,” Uber said in the report.

8. Government plans South Asian power grid

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

Speaking at an event in New Delhi on 2 March, Union power minister RK Singh said that apart from Bhutan, Nepal, Myanmar and Bangladesh, which already take power from India, there are plans to connect Sri Lanka with power transmission lines as well. To utilise the country’s sizeable power generation capacity, the government is planning to connect more neighbouring countries through a regional power grid which can be used to supply electricity to surrounding nations without adequate number of power plants. Under the current proposed framework, the regional grid will not include Pakistan “due to geo-political reasons, but the times are changing and you never know,” the minister added. Against the peak demand of 183 giga-watt (GW), the country’s installed power generation capacity currently stands at 369 GW.

9. India suspends visas granted to nationals of coronavirus-hit countries

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

India on 3 March suspended with immediate effect the visas granted on or before March 3, 2020, to nationals of Italy, Iran, South Korea and Japan, who have not entered the country yet. Such

foreign nationals may not enter India by air, land or sea, said an advisory from the Bureau of Immigration. Those who require to travel to India from these countries due to compelling reasons may seek fresh visas from the nearest Indian embassy/consulate, it added. 3 March advisory supersedes all earlier advisories issued on Covid-19, the Bureau added. The advisory further said regular (sticker) visas/e-visas issued to Chinese nationals on or before February 5, 2020, were suspended earlier, and the suspension would remain in force. They, too, would need to apply for fresh visas if their reasons for visiting the country are compelling.