Daily Economic News Summary: 6 March 2018

1. Indian Industry Braces for Flood of Chinese Steel Following US Tariff Hike
Source: Business Standard (Link)

US President Donald Trump's continuing rhetoric over hiking import duties on steel and aluminium products has had Indian industry worried. Steel makers in the country are gearing up to meet a possible fallout of Trump's impending decision - the flooding of the Indian market with Chinese steel. Indian exports of steel and aluminium to the US remain low within the bouquet of total merchandise exports. While Indias steel exports to the US stood at only $330 million, a fraction of total exports to the US, export of finished steel products were $1.23 billion in 2016-17. Total exports of aluminium and aluminium products stood at $350 million. However, senior Commerce Department officials warned that as a result of any US action on steel, the possibility of Chinese steel being dumped in Indian will rise manifold. United States President Donald J Trump had announced that within this week, his administration may slap a 25 per cent import duty on steel imports while inbound aluminium shipments to the United States may attract a 10 per cent import duty hike.

2. Centre to Form Panel for Changes in Special Economic Zones Policy
Source: The Economic Times (Link)

The Centre will constitute a group to suggest necessary changes in the policy for special economic zones (SEZs), Parliament was informed on March 5. Designed to facilitate exports, units in SEZs get certain fiscal and non-fiscal incentives such as no licencing required for imports and full freedom of sub-contracting, as well as direct and indirect tax benefits. “The government is in the process of constituting a group to study necessary changes in the SEZ policy,” Commerce Minister Suresh Prabhu told the Lok Sabha in a written reply. In a separate reply, Prabhu said the government has decided to constitute a task force on rubber to look at formulating short-term solutions and long-term strategies to address the concerns of the sector.

3. Finance Ministry Sets Up 8-Member Committee on Fintech for Easier Norms
Source: Business Standard (Link)

The finance ministry has set up an 8-member committee to consider various issues related to Fintech for making regulations more flexible and promoting financial inclusion. The panel headed by Economic Affairs Secretary will also suggest ways to enhance entrepreneurship in the Fintech or financial technology space where India has distinctive comparative strengths vis--vis other emerging economies, the finance ministry said in a statement March 5."In pursuance to the announcement made by the Finance Minister Arun Jaitley in his Budget Speech 2018-19 (Para 75), a Steering Committee has been constituted under the Chairmanship of Secretary, Department of Economic Affairs (DEA), Ministry of Finance" it said. The Committee will also focus on how Fintech can be leveraged to enhance financial inclusion of MSMEs, it said. The other members of the high level committee would include, Ministry of Electronics and Information Technology (MeitY) Secretary, Financial Services Secretary, Ministry of Micro, Small and Medium Enterprises (MSME) Secretary, Chairperson Central Board of Excise and Customs (CBEC).

4. Why India's Banking Sector is among the Most Vulnerable in G-20 Economies
Source: Livemint (Link)

The fact that India's bad loan ratio looks grim has a lot to do with the fact that India's central bank has been prodding banks to recognize such toxic assets over the past few years—after long years of quiet forbearance. Be that as it may, the rise in bad loans and the lack of adequate provisions has put Indian banks in a tight spot now. India's banking sector lags those of most other large economies in terms of capital adequacy. Capital adequacy refers to the ability of a bank to withstand significant losses on its risky assets. India fares poorly in this regard despite a relatively conservative loan-to-deposit ratio. What makes matters worse is that the actual capital adequacy in Indian banks might be much worse than reported. To illustrate, if we assume the entire fraud amount of Rs12,700 crore as loss for the Punjab National Bank (PNB) then its capital adequacy ratio (CAR) in December 2017 would have stood at 9% instead of the reported figure of 11.6%. The RBI has set 9% as the minimum threshold for total CAR. Total CAR refers to total equity and reserves of a bank, expressed as a percentage of its risk-weighted assets.

5. Rs 46,000 Cr Initiative Taken for New Express Highways, Elevated Roads: Govt
Source: The Economic Times (Link)

The government has undertaken initiatives for building new express highways and elevated roads at an estimated cost of Rs 46,416 crore to ease traffic in major cities, Parliament was informed on March 5. Government has taken "new initiatives for development of new express highways and elevated roads for easing the traffic in major cities and strategically important cities in the country," MoS Road Transport and Highways, Mansukh Lal Mandaviya told Rajya Sabha in a written reply. The initiatives include Rs 10,500 crore Eastern Peripheral Expressway and Rs 5,000 crore Delhi-Meerut Expressway, which are under execution, he said. The minister said part of the stretches of proposed Rs 7,500 crore Dwarka Expressway are under bidding and detailed project report stages. In addition, Rs 3,000 crore Urban Extension Road, Rs 5,000 crore Satellite Ring Road along with Hosur Ring Road are in DPR stages along with many other schemes like Rs 2,000 crore Madhuravayol-Chennai Port road project, he said.

6. 3 Key Reasons Why CRISIL Sees India Growing At 7.5% in FY19
Source: Financial Express (Link)

The Indian economy is slated to grow at up to 7.5% in FY19, while in the current fiscal the growth is expected to be 6.5%, according to a latest CRISIL report. Interestingly, the economic survey had forecasted FY19 growth at 7-7.5%. A report by United Nations in February had predicted that India's economy is likely to expand by 7.2 per cent in 2018 and go up further to 7.4 per cent in the following year, backed by strong private consumption, public investment and the ongoing structural reforms. CRISIL's estimates seems to be in line with UN and the World Bank's India growth forecast. CRISIL noted that after two year of below par-growth, impacted by demonetisation and GST, growth is seen recuperating to a respectable 7.5 per cent in the next fiscal year. We take a look at three key reasons why CRISIL is upbeat on india's growth prospects.

7. **Ferrero Eyes A Bigger Chunk of the Chocolate Market in India**
Source: The Hindu, Business Line (Link)

After acquiring Nestle's US confectionery business recently, Ferrero is not ruling out inorganic opportunities in India as well. Despite its presence since 2008, Ferrero India is yet to capture a significant share, compared to Mondelez, which still dominates with a 65 per cent share of the chocolate segment in the country. “In the past growth used to be organic, but in the last couple of years, Ferrero Group has acquired a few companies in various countries. The group is today open to inorganic growth and this may also apply to our geographies,” said Stefano Pelle, Managing Director, Ferrero India. Its recent acquisition has already made Ferrero the third largest company in the global chocolate/confectionary market with global sales of over $12 billion, but its impact in India is expected to be negligible since most of Nestle’s confectionery portfolio is absent in India. “It is still too early to say anything about the specific impact of such acquisitions on the Indian business. Ferrero’s acquisition of Nestle’s confectionery business is currently within the US market and will help increase its overall footprint in this market,” he added.

8. China, India to Replace US as Top Oil Importers: IEA
Source: The Hindu, Business Line (Link)

Global oil trade routes are moving East, according to the International Energy Agency’s Oil 2018, the five-year market analysis and forecast. An IEA statement said that Oil 2018 also examines crude quality issues arising from the rapid increase in US production, changing trade flows and a growing global refining capacity surplus. “Global oil trade routes are moving East, as China and India replace the United States as top oil importers,” according to the IEA. Crude oil production growth from the United States of America, Brazil, Canada and Norway can keep the world well supplied, more than meeting global oil demand growth through 2020, but more investment will be needed to boost output after that. Over the next three years, gains from the US alone will cover 80 per cent of the world's demand growth, with Canada, Brazil and Norway able to cover the rest.

9. Regional Connectivity to Be the Focus Point of Wings India Meet
Source: The Hindu, Business Line (Link)

Wings India 2018, the Biennial event to be hosted at the Begumpet Airport in Hyderabad later this week will see special focus on harnessing the potential of regional connectivity in the country. About 15 aircraft by ATR, Honda, Gulfstream, Boeing, Embraer, Dassault, Club One, Aerotrack, will be on static display at the show. Others include Phenom 300, Legacy 500, Falcon G650ER, ATR-72, Cessna 182T, among others. The aviation show jointly hosted by the Ministry of Civil Aviation, Airport Authority of India and Federation of India Chamber of Commerce and Industry (FICCI), is scheduled to be held during March 8-11. Union Minister for Civil Aviation Ashok

Gajapathi Raju and Union Minister of State for Civil Aviation Jayant Sinha, Union Civil Aviation Secretary RN Choubey will take part in the inauguration ceremony of Wings India on March 8. The event hosted with the theme "India-Global Aviation Hub" has special focus on connecting the cities and towns aimed at boosting regional connectivity. It is expected to serve as a platform in the region for interactions, forging alliances, making investments and explore various air connectivity options between the State and global aviation players and stakeholders.

10. Radisson to Bring New Luxury Brand to India
Source: Livemint (Link)

Radisson Hotel Group which operates 89 hotels in India is planning to bring its latest luxury brand Radisson Collection to the country, introduced globally on March 6 as part of a brand makeover. It is also planning to put greater focus on its mid-scale brands in India. Radisson, which is already present in the upscale, midscale and economy segments in India across five brands, will mark its entry to the luxury segment with Radisson Collection, a top company executive said. Some of the hotels in this range will be upgraded from existing upscale Radisson Blu properties, while others will be either built ground up or conversion of other hotel brands. The move is expected to strengthen its brand recall in India and push growth in the mid segment where most international hospitality firms have a strong presence, Rana said. Radisson is one of the largest hotel chains in India, alongside Taj Group and Marriott Inc. The company is focussed on pushing growth in the mid segment, and associating with the Radisson brand will help achieve it, Rana said.