



India News Snippets – May 2019

Economy

- The PM Narendra Modi-led Government's new Cabinet will infuse renewed vigour in India's economy with landmark reforms on the back of a decisive mandate as the country aims to become a global economic power house, India Inc. said. The Rt. Hon. Mr. Modi was sworn in as the PM for a second term, heading the National Democratic Alliance (NDA) Government, in the presence of a large gathering of national and international dignitaries. Several leading industrialists, including Mukesh Ambani, **Vedanta Resources'** Anil Agarwal, Ratan Tata, Anand Mahindra, **Paytm** Founder and CEO Vijay Shekhar Sharma, B K Goenka, attended the swearing-in ceremony. (The Economic Times)
- Top companies in the country may soon have to rely on a common GST portal to issue invoices to their customers. The Government is looking to introduce an electronic invoice mechanism under GST, but could restrict it to large companies in the initial phase, said an official. This will automatically register every transaction on the GST network. After the successful implementation of the e-way bill system, the government is upbeat on opting for the e-invoicing as it looks to curb tax evasion. E-invoicing will allow the government to capture transactions on a real-time basis. (The Economic Times)
- A set of deep-rooted economic challenges awaits India's new Government after election results were announced May 23. Arresting an economic slowdown and nursing the nation's financial sector back to health will be the immediate priorities for the next administration. (Business Standard)
- The RBI told NBFCs with assets size of over CAD1 Bn approximately, to appoint a Chief Risk Officer to improve standards of their risk management. "With the increasing role of NBFCs in direct credit intermediation, there is a need for NBFCs to augment risk management practices," the central bank said on Fri May 17. RBI's directive comes at a time when India's shadow banks are facing a funding crisis as some of the firms are burdened with over-leveraging and mismatch between assets and liabilities. (The Economic Times)
- A four-fold increase in digital payments, reduction in paper-based transactions, improved pricing, better customer grievance redressal mechanisms and establishment of new payment system operators are among the list of 12 objectives the RBI seeks to achieve in the next three years. The Payments Systems Vision 2022 document published by the central bank on Thurs May 16 has laid out a comprehensive roadmap of initiatives to be undertaken by all stakeholders and governing bodies to ensure the successful completion of these objectives in this time. (The Economic Times)

Sectoral

- Railways, roads and highways sector are to get the largest chunk of investment over the next five years as the Government is expected to spend CAD570bn in the transport sector in India, market research firm ICRA said. Taking cues from the BJP manifesto, ICRA said that railways is expected to receive a financial outlay of CAD190-380bn over the next five years

while up to CAD170bn is expected to be pumped into the roads and highways sector. (The Economic Times)

- Profitability of IT companies is set to be impacted by adverse policies like the one on H-1B visas in the key US market, with margins estimated to narrow by up to 0.80% in FY20, a report said on Tues May 28). Revenues are set to rise by 7-8% in dollar terms for the over \$180bn industry in this fiscal on the back of faster growth in digital services, ratings agency Crisil's research wing said in a note. (Business Standard)
- Captive units of global IT corporations may hire as many as 150,000 people in the next two years, according to an agency that helps such firms with staffing needs, as companies focus on India to build solutions for a digital landscape. The country has over 1,200 tech-focused global in-house centres (GICs), of which more than a third are pure tech-focused companies that build critical technology for parent entities. (The Economic Times)
- Revival of gas-based power plants and putting up Electric Vehicles (EV) infrastructure are expected to be on the priority list of the new NDA Government. The Power Ministry is expected to approach the Union (federal) Cabinet to get approval in the next 100 days for a subsidy mechanism to revive gas-based power projects, a Government official said. In its first 100 days in office, the Government will also target to set up public charging stations for EVs in Delhi, Gurgaon, Bengaluru and Hyderabad. Battery swapping and charging stations for e-rickshaws are also planned to be set up in the NCR. (The Economic Times)
- Sentiment in the manufacturing sector remains positive as overall capacity utilisation rose to 80% in the fourth quarter, a survey by FICCI said. According to FICCI's 'Quarterly Survey on Manufacturing', the overall sentiment in the manufacturing sector remains positive as the proportion of respondents reporting higher output growth (around 54%) during the January-March 2018-19 remained the same as compared to the third quarter. (Business Standard)

Corporate

- An increasing number of Indian companies are looking to divest their businesses over the next 2-3 years, and the most preferred way of doing this is by carving out non-core businesses within the group, a study done by EY shows. The survey of >45 Indian businesses ranging from US\$250mn to >US\$1bn in revenues shows that most of the companies are looking at a liquidity event in the near future. (The Economic Times)
- Aditya Birla Fashion and Retail (ABFRL) will acquire ethnic wear brands Jaypore and TG Apparel & Decor Pvt. to strengthen its position in the branded fashion space. The company said ethnic wear is the largest segment in the Indian fashion apparel market. "The board of directors of the company... have approved entering into a share purchase agreement with the existing shareholders of Jaypore E-Commerce Pvt., which sells ethnic fashion merchandise under its own brand Jaypore and of other third-party brands," ABFRL said in a regulatory filing. (Moneycontrol)

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