

## India News Snippets – March 2019

### Economy

- As FY19 draws to an end, the Government on 27 March reiterated that the fiscal deficit and liquidity positions are well under control. The statement from Subhash Chandra Garg, Secretary, Department of Economic Affairs, comes amid concerns over both, direct and indirect taxes, particularly GST revenues, not inching up the targets set for them. (The Economic Times)
- Giving relief to exporters, the Government has extended the Integrated Goods and Service Tax (IGST) and compensation cess exemptions for goods procurement under certain export promotion schemes till March 2020. These exemptions have been extended for exporters buying inputs within the domestic market, or importing, for export purposes under Export Oriented Unit (EOU) scheme, Export Promotion Capital Goods (EPCG) scheme and advance authorisation. (The Economic Times)
- India's gold imports dipped about 5.5% in value terms to US\$29.5bn during Apr'18-Feb'19, which is expected to keep a lid on the current account deficit. Total imports of the precious metal in the corresponding period of FY18 stood at US\$31.2bn, according to Commerce Ministry data. Trade experts said softening prices of gold in the world markets could be the reason for the contraction in imports. (The Economic Times)
- Of the CAD4bn that the Union Government allocated for its new flagship scheme PM Kisan for FY19, it is set to save around CAD2bn, as the Model Code of Conduct ahead of the general elections prevents the Government from adding more beneficiaries to existing schemes. The PM Kisan scheme, announced in the FY20 interim Budget, promises a support of CAD1bn to small and marginal farmers. (Business Standard)
- RBI Governor Shaktikanta Das met more than a dozen economists on 20 March to get their views on the economy ahead of the Monetary Policy Committee (MPC) decision due on April 4. The economists reportedly raised concerns over the sharp slowdown in Indian economy and pitched for a monetary policy boost to support growth. (The Economic Times)
- The income-tax department collected over CAD77bn (Rs. 4trn) as advance tax from corporates and individuals as of mid-March, about 15% more compared with the tax mop-up in the corresponding period last year. However, the total **direct tax collection** stood at a little over CAD170bn (Rs9trn), leaving just two weeks to reach the FY19 revised target of CAD230bn (Rs12trn). (Business Standard)
- India is considering Venezuela's proposal to use the Indian rupee (INR) for trade payments to protect the current oil import from the South American nation facing hardening US sanctions. India has already advised its refiners to avoid the US-controlled payment system. Only private refiners **Reliance Industries** and **Nayara Energy** import Venezuelan oil, about 300,000 barrels per day. (The Economic Times)
- Following the hike in import duty on key components of television (TV) sets last year, the Union Ministry of Commerce is reportedly considering a proposal for another round of Customs duty hike — this time on raw materials used in home appliances such as air conditioners, refrigerators, washing machines, and microwave ovens. (Business Standard)

### Sectoral

- **Indian Oil, Hindustan Petroleum, Bharat Petroleum, and Gas Authority of India Ltd (GAIL)** have exceeded their capital expenditure targets for the current fiscal, having spent heavily on refinery upgrades, pipelines, and marketing infrastructure. The combined capex target set for all state-run oil

producers, refiners and marketers for FY19 is CAD17bn, of which they have collectively spent CAD16bn, or about 93%, in the 11 months through February. (The Economic Times)

- State-owned **Power Finance Corporation (PFC)** has announced its acquisition of the state's 52.63% paid-up share capital in REC. The board of Directors approved the acquisition cost of about CAD2.8bn. The consideration for the transaction is expected to be paid on 28 Mar'19 and funds for the same have already been arranged by PFC. (Business Standard)
- After offering discounts for 11 years, **General Insurance Corporation of India**, the national reinsurer, has increased premiums payable in eight industrial categories where claims have been high. The premium on manufacturing rubber goods, plastics, textiles, chemicals (below 32 degrees C flashpoint), besides transporter warehouses, steel factories and thermal power plants have been increased based on an analysis of the burning-cost ratio by the Insurance Information Bureau. (The Economic Times)
- The Warehousing Development and Regulatory Authority (WDRA), the warehousing Sector regulator, has decided to suspend issuance of physical negotiable warehouse receipts (NWRs) from 1 Jun'19, by all regulated warehouses. This directive will apply to more than 1,000 warehouses with 8.7mnte of registered capacity registered by WDRA. (Business Standard)
- As much as CAD57bn of investment in a dozen power plants of the private sector is at risk of turning in to NPA as the power buying States have not been making payment for months, official data and sources said. Twelve private sector power generating companies and public sector generators like NTPC have about CAD8bn outstanding from state distribution companies as of Dec'18-end. (Business Standard)
- The Directorate General of Civil Aviation (DGCA) reportedly called airlines for a meeting on 19<sup>th</sup> March to discuss the rise in fares owing to a dearth in capacity following flight cancellations. Airfares on some domestic routes have doubled amid the grounding of aircraft by **Jet Airways**, **IndiGo** and **SpiceJet** for various reasons. The DGCA however said there was no plan to regulate fares. (The Economic Times)

## Corporate

- **Jet Airways** is putting together a plan to restore its flight schedule, following an emergency funding from lenders and by April-end it should have an additional 40 aircrafts in operation. On 27 March the airline's top management, led by CEO Vinay Dube and **State Bank of India (SBI)** Chairman Rajnish Kumar, met Pradeep Singh Kharola, Secretary, Civil Aviation, and apprised him of the developments at the airline. (Business Standard)
- **JSW Group** is entering the steel furniture business under the brand JSW Living. The move is part of the Group's diversification into consumer space. JSW Living will focus largely on the home furniture segment, which accounts for almost 65% of the total furniture sales in India. The new venture is slated to be launched in the first quarter of FY20. (The Economic Times)

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