

Daily Economic News Summary: 10 April 2017

1. India, Bangladesh to sign investment pacts worth \$9 billion

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

Agreements and memoranda of understanding (MoUs) worth \$9 billion of investments into Bangladesh will be signed between the Indian public and private sectors and the Bangladeshi side on Monday. The 12 agreements will include an MoU of \$2 billion in investments in the Bangladeshi power sector by Adani Power, a subsidiary of the Adani Group. Agreements on the anvil: 12 MoUs worth \$9 billion in investments in Bangladesh to be signed on Monday. These include one MOU of \$2 billion for investments in the Bangladesh power sector by Adani Power. Agreements by Reliance Power and NTPC Vidyut Vyapar Nigam. Agreement between Container Corporation of India and Container Corporation of Bangladesh. India committed a \$4.5-billion line of credit for implementation of infrastructure projects in Bangladesh. Agreements will be signed for investments in Bangladesh by Reliance Power and NTPC Vidyut Vyapar Nigam. An agreement will also be inked between the Container Corporation of India and the Container Corporation of Bangladesh.

2. Biz confidence hits record high with firm upbeat on economy: CII

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

With companies being optimistic that economic activities will gather pace this year, the CII Business Confidence Index soared to an all-time high in the Jan-March quarter. “A sharp uptick in business outlook, at the onset of 2017, underpins the hope that the reform initiatives of the government would unravel a host of investment opportunities for firms, going forward,” industry body CII said on the surge in the index. The significant rise in the index this quarter could be attributed to the distinct improvement in the ‘Expectations Index’ even as there is a marginal uptick in the ‘Current Situation Index’, indicating that business sentiment is strong and firms are particularly upbeat about activity in their sectors in the future, the industry body observed. However, asked to rank their concerns in the coming six months, a majority of the firms stated low domestic demand followed by fragile global economic recovery and rise in commodity prices as their key concerns. “The turnaround in business expectations, as indicated in the survey, gives

credence to the belief that a new growth narrative is being scripted for the country based on improved business sentiment and investor confidence,” CII Director General Chandrajit Banerjee said. The CII Business Confidence (BCI) Index recorded an all-time high of 64.1 during the January-March period against 56.5 recorded in the previous quarter. There has been a sharp rise in the index after it remained subdued in the last few quarters.

3. India’s bilateral investment pacts under cloud

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

India has discontinued bilateral investment treaties (BITs) with most of its prominent trading partners, with termination notices given to as many as 58 countries, including EU states. All the BITs expired on April 1. According to sources, just a handful of countries — Tajikistan, Turkmenistan, Kyrgyz Republic, Switzerland, Oman, Qatar, Belarus, Thailand, Armenia, UAE and Zimbabwe — have agreed to renegotiate the treaties after the draft model BIT was approved by the Union Cabinet in December 2015. “Negotiations are still on with almost all countries on how to move forward with the new BITs,” an official said, adding that it is too early to write off the whole exercise. But, with most of these nations unwilling to renegotiate a new treaty based on the draft model, which they claim is against investors’ interest, the fate of flow of foreign investments into India hangs in balance. “The 58 countries wanted the pacts to be extended, but were not willing to follow the provisions in the Finance Ministry’s model draft in the new agreements,” another official told *BusinessLine*. EU’s stricture - In fact, the EU has put in place a condition that it will continue negotiations on its free trade pact with India only when a BIT is signed. It had requested an extension of termination notice period pending the finalisation of the India-EU Bilateral Trade and Investment Agreement. However, India has not agreed to extend it. India’s partner nations argue that with the existing BITs lapsing, investments into the country could dry up. The lack of a BIT adds to the risk premium and increases the cost of funds for investors.

4. Australian Prime Minister Malcolm Turnbull arrives on four-day India visit

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

Australian Prime Minister Malcolm Turnbull arrived here today on a four-day India visit during which he will hold talks with his Indian counterpart Narendra Modi on ways to boost ties in key areas including defence, security, energy and trade. However, the much-anticipated economic pact between India and Australia will not be inked during his visit. According to External Affairs Ministry, the two countries are likely to sign a number of MoUs covering a range of areas including defence and security, environment, renewable energy, sports and trade. It will be Turnbull's first visit to the country after assuming office in 2015. India is also likely to raise the issue of security of Indians in Australia in the wake of incidents of attacks on some of them. Ahead of his visit, Australia's High Commissioner to India Harinder Sidhu had clearly said that the Comprehensive Economic Cooperation Agreement (CECA) will not be signed during the trip. "Negotiations are underway but the pact will not be signed," Sidhu had said. The talks for CECA were launched in 2011 and during the visit of former Australian PM Tony Abbott in 2014, the two sides had expressed the hope that the pact would be inked by the end of 2015, a deadline which has already been missed.

5. India's Internet economy to double to \$ 250 billion

Source: The Hindu ([Link](#))

India's Internet economy is expected to double to \$250 billion, according to a report by BCG-TiE released on Friday. E-commerce and financial services are expected to drive this growth, account for about \$40-\$50 billion of the Internet economy, followed by e-commerce products (\$45-\$50 billion), private and government infrastructure spending (\$50-\$60 billion), connectivity (\$45-\$55 billion), devices (\$30-\$40 billion) and digital media and advertising (\$5 - \$8 billion), according to the report. "India's Internet economy is expected to double from \$125 billion to \$250 billion, growing from the current 5% to 7.5% of the country's GDP," according to the report titled 'The \$250 Billion Digital Volcano: Dormant No More.'

6. Govt focusing on providing affordable quality healthcare: PM Modi

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

Prime Minister Narendra Modi today said his government is leaving no stone unturned in providing quality healthcare that is accessible and affordable. "On #WorldHealthDay, I pray that you are blessed with wonderful health, which gives you the opportunity to pursue your dreams & excel," he tweeted. "When it comes to healthcare, our Government is leaving no stone unturned to provide quality healthcare that is accessible & affordable," he added. In this context, Modi noted that the Cabinet had recently approved the National Health Policy, "which is extensive, comprehensive & citizen friendly".