**Daily Economic News Summary: 12 December 2017**

**1. India proposed $1 billion credit for connectivity with ASEAN: Nitin Gadkari**

**Source: The Economic Times (**[**Link**](https://economictimes.indiatimes.com/news/economy/foreign-trade/india-proposed-1-billion-credit-for-connectivity-with-asean-nitin-gadkari/articleshow/62021465.cms))

India has proposed USD 1 billion line of credit to promote sea, air and road connectivity projects with ASEAN, Union Minister Nitin Gadkari said today. Apart from this, India has set up a project development fund of USD 77 million to develop manufacturing hubs in Cambodia, Laos, Myanmar and Vietnam, he said. "The ASEAN India maritime transport cooperation agreement is being negotiated...An Asian India civil aviation task force has been established to see optimisation of air connectivity.”India has proposed to commit a line of credit of USD 1 billion to promote projects that support physical and digital connectivity," Gadkari said. He was addressing the ASEAN-India Connectivity Summit jointly organised by CII and ASEAN India Centre. The minister said ASEAN and India have also agreed to establish a maritime transport working group among India, Myanmar, Thailand, Cambodia and Vietnam to examine the feasibility of shipping networks.

**2** **India's GDP seen rising 7.2% in 2018, 7.4% in 2019: UN report**

**Source: The Economic Times** **(**[**Link**](https://economictimes.indiatimes.com/news/economy/indicators/indias-gdp-seen-rising-7-2-in-2018-7-4-in-2019-un-report/articleshow/62027660.cms)**)**

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 on the back of strong private consumption, public investment and the ongoing structural reforms, a United Nations (UN) report said on 11.12.2017. Overall, economic outlook for South Asia is seen largely favourable and steady for the short term, notwithstanding significant medium-term challenges, said the 'World Economic Situation and Prospects 2018' report unveiled by United Nations Department of Economic and Social Affairs (UN DESA). "The economic outlook remains steady and largely favourable in South Asia, driven by robust private consumption and sound macroeconomic policies.”Monetary policy stances are moderately accommodative while fiscal policies in several economies maintain a strong emphasis on infrastructure investment. The recovery of external demand is also buttressing growth," said the report unveiled ton 11.12.2017.

**3. Package tours likely to get cheaper post tax credits’ review**

**Source: The Economic Times (**[**Link**](https://economictimes.indiatimes.com/news/economy/policy/package-tours-likely-to-get-cheaper-post-tax-credits-review/articleshow/62028578.cms)**)**

Package tours could become cheaper as the government is looking at a proposal to allow tax credits to tour operators, which will reduce the incidence of the goods and services tax on those booking holidays. The GST Council is expected to take a call on this at its next meeting, said an official privy to the council's deliberations. "The issue had figured in the last meeting of the council, but decision was deferred for next meeting," the official said. According to this person, the council has two options on the table: one, 12% levy with credit for tax paid on all inputs; and two, credit for input services in the same line of business with levy being at 5%. At present, tour operators pay 5% tax on tours, but without any input tax credit. The tour industry has been lobbying for input credits as the total tax incidence on tours, according to them, is much higher at about 25% or more.

**4. Q2 growth marks reversal of declining trend: Arun Jaitley**

**Source: The Economic Times (**[**Link**](https://economictimes.indiatimes.com/news/economy/indicators/q2-growth-marks-reversal-of-declining-trend-arun-jaitley/articleshow/62024534.cms)**)**

Finance Minister Arun Jaitley today said the economic expansion recorded in July-September period marks the reversal of the declining trend of growth witnessed in the last few quarters. During his pre-budget consultation meeting with the economists here, he said the government is following the road map of fiscal consolidation under which the fiscal deficit stood at 3.9 per cent in 2015-16 and 3.5 per cent in 2016-17 and is budgeted to be 3.2 per cent for 2017-18, said an official release. Economists made host of suggestions for the forthcoming budget, including increasing social security pension, lower the corporate tax up to 20 per cent by removing exemptions, issuing long term 'New India Bonds' to finance pension and infrastructure, and hiking wages under NREGA.

**5. Farm loan waiver gets thumbs-down from former central bankers**

**Source: The Economic Times (**[**Link**](https://economictimes.indiatimes.com/news/economy/finance/farm-loan-waiver-gets-thumbs-down-from-former-central-bankers/articleshow/62022263.cms)**)**

With the farm loan waiver pitch getting shriller by the day, former RBI governor Y V Reddy today said the practice is not good for "economic or credit culture" and insisted that ultimately it is a political decision and cannot be justified in the longer run. Even former RBI governor C Rangarajan took a similar line, saying the alternative is to offer farmers a longer window to pay off. Reddy noted that every political party in India has offered such waiver in some state or the other or at an all- India level. “Loan waiver is not good for economic or credit culture. Every political party in India has given farm loan waiver in some state or the other or at all India level. So, ultimately it is a political decision, it cannot be justified in the longer run," he said on the sidelines of the Inclusive Finance India Summit 2017.

**6. Suresh Prabhu urges WTO members to desist from dividing nations further**

**Source: The Economic Times (**[**Link**](https://economictimes.indiatimes.com/news/economy/foreign-trade/india-counters-us-stand-over-special-treatment-to-developing-nations/articleshow/62027789.cms)**)**

Amid efforts by many countries to take away special provisions enjoyed by large developing economies like India and China at the World Trade Organization, New Delhi on 11.12.2017 called on the multilateral trade body to desist from dividing nations further. Commerce and industry minister Suresh Prabhu told the 164 WTO members to "re-endorse the centrality of development in negotiations without creating new sub-categories of countries". His statement comes amid efforts by the EU and the US, and more recently least developed countries (LDC), to limit concessions to large emerging nations. A group of more than 70 LDCs and developing countries recently proposed separate special and differential treatments for the two categories of countries.

**7. Finance Minister Arun Jaitley says India on road to fiscal consolidation**

**The Economic Times (**[**Link**](https://economictimes.indiatimes.com/news/economy/policy/finance-minister-arun-jaitley-says-india-on-road-to-fiscal-consolidation/articleshow/62028978.cms)**)**

Finance minister Arun Jaitley said India is following the roadmap of fiscal consolidation and the country's economic growth in the second quarter marks the reversal of a declining trend. The minister also sought to allay apprehensions over provisions of Financial Resolution and Deposit Insurance Bill and said the government will fully protect the public's deposits in financial institutions. "We are following the roadmap of fiscal consolidation under which the fiscal deficit as a ratio of GDP stood at 3.9% in 2015-16 and 3.5% in 2016-17 and is budgeted to be 3.2% for the current financial year," a finance ministry statement quoted Jaitley as saying in a pre-budget interaction with economists on 11.12.2017. There has been apprehension in some quarters that the government may not achieve the fiscal deficit target for FY18. India's fiscal deficit during April-August touched 96.1% of the budget estimate for the full fiscal year that ends in March.

**8. Government must accord top priority to agriculture in Budget 2018: Assocham**

**Source: The Economic Times (**[**Link**](https://economictimes.indiatimes.com/news/economy/agriculture/government-must-accord-top-priority-to-agriculture-in-budget-2018-assocham/articleshow/62008188.cms)**)**

The government needs to accord top priority to agriculture in the budget as a major shortfall in kharif production resulted in sluggish growth of farm sector in the second quarter this fiscal, Assocham said today. While the year-to-year agriculture GVA (Gross Value Addition) growth for the July-September quarter of 2017-18 dropped to 1.7 per cent from 4.1 per cent, measured on basic prices, the fall looks quite sharp at current prices from 10 per cent to 3.7 per cent. It is attributed to a decline in food grains production by 2.8 per cent in second quarter of the current fiscal from a handsome growth of 10.7 per cent in the similar period of 2016-17. The chamber observed that the shortfall in the second leg of the monsoon seems to have impacted the Kharif production.

**9** **Delhi resists attempts to push investment facilitation**

**Source: The Hindu Businessline (**[**Link**](http://www.thehindubusinessline.com/news/world/delhi-resists-attempts-to-push-investment-facilitation/article9989492.ece)**)**

India is resisting attempts by some countries such as Argentina, Brazil and China to bring investment facilitation at the centre stage of the on-going Ministerial Conference (MC 11) of the World Trade Organisation in Buenos Aires. The Friends of Investment Facilitation, a group of 12 countries which also includes Mexico, Nigeria and Pakistan, have asked for a dedicated discussion group on investment facilitation at MC 11. “We have opposed the demand for a separate group on investment facilitation as there is no existing mandate for it,” an official from the Indian government told BusinessLine. The five existing discussion groups at MC 11 include ones on agriculture, fisheries subsidies, e-commerce, development and services. The Friends of Investment Facilitation wants to explore how investment facilitation policies and measures can help countries foster development, diversify their export capacity, integrate into global value chains and link up to the digital economy.