

## Daily Economic News Summary: 12 September 2017

### **1. India may rise on ease of business index**

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

The government expects a double-digit improvement in India's rank in the global index on ease of doing business, likely to be announced by the World Bank next month. A senior official told ET that the World Bank had shared its feedback, stating that it had accepted many of the reforms claimed by the government. Last year, India's rank had improved by just one spot to 130 among 190 countries. The World Bank has acknowledged around 20 reforms among many more mentioned by us in response to their study ... The overall ranking will depend on how other countries have performed, but we should come close to the 100 mark," the official said. The World Bank had recently finished gathering feedback from users for its Doing Business Report. The cut-off date for implementing reforms for the study was June 1. Reforms implemented thereafter will not be counted for this year's ranking. Reforms such as GST have not been taken into account as the impact is yet to be felt by users. But India is expecting these to reflect in next year's report and significantly boost the country's position. India had showed one of its poorest performances on the parameter of 'Paying Taxes' last time, ranking 172 among the countries surveyed for the report. That, along with an equally lower position in 'Enforcing Contracts', landed India at the 130th spot, falling behind countries such as Mexico (38), Russia (51) and Pakistan (138). The ranking considers business environment in Delhi and Mumbai.

### **2. Government think tank red-flags ecommerce entry in trade talks**

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

Ahead of a crucial meeting of trade ministers of key developed and developing countries in October, a government think-tank has cautioned India against including ecommerce disciplines in multilateral trade fora as they will have implications on flagship programmes including Digital India, Startup India and Smart Cities. Besides, they will affect policies on open source software, open standards for e-governance, cloud services and cyber security. India should not accede to demands for starting negotiations on ecommerce as the disciplines proposed by the US, European Union and China would curtail flexibilities available to the government to enforce its digital policies, the New Delhi-based Centre for WTO Studies (CWS) said... It said these policies are formulated based on

national considerations and the present status of the digital economy in India. The US submission on ecommerce last year talked about prohibiting digital economy in India. The US submission on ecommerce last year talked about prohibiting digital customs duties, enabling cross-border data flows, promoting a free and open internet and preventing localisation barriers. The EU paper discusses how common principles on consumer protection, unsolicited messages, authentication and trust services and electronic contracts would contribute to a better integration, especially of small and medium enterprises, in the world economy and enhance the trust and confidence of consumers online. Although India does not have a policy mandating localisation of servers, CWS said giving up that right may be detrimental to Make in India and Smart Cities programmes.

### **3. August inflation seen at 5-month high on rising food costs**

Source: Live Mint ([Link](#))

India's retail inflation is expected to have picked up to a five-month high in August, largely driven by higher food costs, a *Reuters* poll showed, easing pressure on the Reserve Bank of India (RBI) to cut interest rates again after poor growth data. Consumer prices were forecast up at 3.20% in August from a year ago, jumping from July's 2.36%, according to the poll taken on 5-8 September of nearly 40 economists. Forecasts for the data, scheduled to be released on 12 September at 1200 GMT, ranged from 2.50% to 3.55%. If the consensus is met, it would be the highest since April, but below the RBI's medium-term target of 4.0% for the tenth consecutive month... Wholesale prices were expected to rise 3.00% last month from a year ago, from 1.88% in July, the poll forecast. Early last month the Reserve Bank of India cut interest rates—making it the first Asian central bank to ease this year—on a subdued economic outlook.

### **4. Piyush Goyal defends bullet train project, draws parallel to Maruti Suzuki**

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

While assuring the transportation revolution that the new Mumbai-Ahmedabad bullet train would bring, Railway Minister Piyush Goyal on Monday drew a parallel to the criticism Suzuki faced when Maruti was brought in 30 years ago...Goyal further said that Maruti Suzuki paved the way for a change in the transportation sector, with a hope that the bullet train would bring about a similar change in the country. He said, "It was a matter of 30 years. The old technology became redundant and the whole country is travelling in new cars. I am sure that the bullet train will transform the transportation sector of India in the future." Japanese Prime Minister Shinzo Abe will also be visiting

India to attend the 'Bhoomi Poojan' and foundation stone laying ceremony of the Rs 97,636-crore Mumbai-Ahmedabad high-speed rail link, which will use Japanese bullet train technology. The 500-km railway will link Mumbai and Ahmedabad in Western India, with services planned to commence in 2023. This train is based on Japanese high-speed technology called Shinkansen, which is known for its safety and comfort.

## **5. Why Modinomics and Abenomics suit each other**

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

Japanese Prime Minister Shinzo Abe's visit to India from September 13, when he would perform the groundbreaking ceremony for the Mumbai-Ahmedabad High Speed Rail Project, will highlight how Abenomics and Modinomics are coming together for mutual benefit. The biggest task for Abe when he came to power in 2012 was to revive the stagnated Japanese economy. Abenomics is how he planned to do that. Abe's steps included government spending, monetary easing and economic reforms. A big challenge for Abe has been Japan's aging population. For nearly a decade, the working-age population has been declining and is down about 13 per cent. Modinomics, the economic policies of Prime Minister Narendra Modi, are focused on India's demographic dividend. Most of India's population is young and Modi has to provide them jobs. Job growth is down because private investment is down. Modi's ambitious 'Make in India' programme that aims to generate jobs, needs foreign investment. Modi's economic reform agenda is aimed at creating a better business atmosphere for foreign investors. Briefly, India and Japan are opportunities for each other. That's why Japanese investment in India has grown rapidly after Modi came to power. Investment from Japan has made a quantum leap during 2016-17. The Japanese investments in India during 2016-17 reached \$4.7 billion, registering a substantial jump from \$2.6 billion during 2015-16...China is another factor that brings Modi and Abe together. Both the countries feel threatened by China's economic aggression.

## **6. Govt mulls Rs10 trillion public financing for infrastructure projects**

**Source: Live Mint ([Link](#))**

...The plan aims to raise money in tranches of Rs10,000 crore by selling 10-year bonds at a coupon of 7.25-7.75%...India plans to invest as much as Rs3.96 trillion in the current financial year to bankroll its new integrated infrastructure programme which involves building of roads, railways,

waterways and airports. Gadkari, who also holds the charge of the ministry of water resources, river development and Ganga rejuvenation, said that the government was exploring alternative mechanisms for funding large infrastructure projects...India needs funds for its ambitious plans such as Sagarmala (ports) and Bharatmala (roads) to improve its transport infrastructure. While the total investment for the Bharatmala plan is estimated at Rs10 trillion—the largest ever outlay for a government road construction scheme—the country has envisaged Rs8 trillion of investment until 2035 under the Sagarmala programme. The total road length to be developed as expressways under Bharatmala will be around 51,000km; the Sagarmala programme envisages construction of new ports to harness the country's 7,517km coastline and setting up as many as 142 cargo terminals at major ports.

### **7. India to help Afghanistan on development projects, security**

**Source: Live Mint ([Link](#))**

A fortnight after US President Donald Trump unveiled his new Afghanistan strategy aimed at quelling the Taliban insurgency and outlining a greater role of India in stabilizing Afghanistan, India on Monday announced plans to provide the war-torn country with more assistance to strengthen its security forces as well as deepen development partnership cooperation. After talks with her Afghan counterpart Salahuddin Rabbani, Indian foreign minister Sushma Swaraj said 116 new “high impact” development projects will be implemented jointly in 31 provinces of Afghanistan. India will assist in development projects like the Shatoot dam and drinking water supply project for Kabul, low-cost housing for returning refugees, water supply network for Charikar city and a polyclinic in Mazar-e-Sharif, the Indian minister told reporters in New Delhi...Swaraj said New Delhi will continue to work with Afghans in their efforts “to build a secure, stable, peaceful, prosperous, united and inclusive Afghanistan.” The two countries also signed four agreements including one on vehicular movement to boost overland transit between India and landlocked Afghanistan.

### **8. Karnataka, Finland in innovation tie-up for start-up incubation**

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

Karnataka Department of Information Technology (IT) and Biotechnology (BT) entered into a memorandum of understanding with the Embassy of Finland in Bengaluru. The innovation cooperation between Karnataka and Finland, called Karnataka–Finland Innovation Corridor, offers a

virtual platform facilitating the exchange of information and expertise in the fields of science, research, innovation and skill development. Karnataka–Finland Innovation Corridor envisions identifying mutual interests and organising joint projects, such as start-up incubation programmes, research programmes, events, competitions and exposure visits. Karnataka-based i-Samarth programme, initiated by Nokia, will act as an informal focal point for IoT-related Indian and Finnish companies to collaborate in the fields of research and development (R&D) and innovation. Further, to meet the growing demand for quality human capital in technology, Karnataka and Finland plan to organise suitable skill development programmes.

### **9. Direct tax receipts soar 17.5% in April-August**

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

Direct taxes fetched 17.5 per cent higher receipts to the exchequer for the first five months (April-August) of the current financial year (FY18), more than what was projected for the entire financial year. However, the growth rate slowed in August. Direct tax collections, net of refunds, stood at Rs 2.24 lakh crore during the April-August period of FY18. The receipts had grown 19.1 per cent in the first four months of FY18. The government had projected 9.8 lakh crore from the direct taxes — corporation tax and personal income tax in 2017-18, which would be 15.7 per cent higher than Rs 8.47 lakh crore in FY17. Till August, 22.9 per cent of the target has been achieved.

### **10. Eros-owned Trinity Pictures eyes, Russian, Turkish tie-ups**

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

After signing co-production deals with China, Trinity Pictures, the film production arm of India's distribution giant Eros International, is also scouting for opportunities with Turkish and Russian production houses. The company, which recently rolled out its first film *Sniff*, said it will be looking to create character-driven franchises. Trinity plans to create merchandise, games, animations and digital properties around such films...Trinity's *Sniff* targets children. "We have already undertaken various merchandising tie-ups," he added. To begin with, Trinity tied up with Diamond Comics, the publisher of popular comic book series Chacha Chaudhary, to release a new comic series called Sunny Gill & the Agents of Sniff. Thakur claimed that over three lakh copies of the same has been sold across five languages. Thakur said Eros is looking at a slate of five to seven films with budgets ranging from about a million to up to \$20 million. He said the company is also looking across genres such as horror, kids, detective, wildlife and Indo-Chinese production. "We are also looking co-

production opportunities in Russia. We already have tie-up with Chinese and Turkish production houses,” he added

### **11. How Unilever can make India its top market**

**Source: Live Mint ([Link](#))**

Unilever Plc, the world’s fourth largest consumer goods firm, has joined a chorus of foreign consumer packaged goods firms betting on India becoming their largest market in the coming years. India could become Unilever’s biggest market, Paul Polman, chief executive of the company, said. India contributes 9% to Unilever’s total sales of €4.5 billion, as per the newspaper report...Chief executives of several other global consumer goods firms have earlier identified India as the next big market. Coca-Cola Co. CEO James Quincey **said** earlier this month that India has the potential to become the company’s third-largest market, from the sixth largest currently, *Mint* reported on 2 September. However, like Coca-Cola, Unilever may have to change the way its business operates globally to push India’s contribution to its global revenues...Finally, Unilever in India must contend with the growing influence of Baba Ramdev-led Patanjali Ayurved Ltd, that has doubled its revenue over the last financial year from Rs5,000 crore to Rs10,000 crore, while promising Rs20,000-25,000 crore in sales for FY17-18, *Mint* reported.

### **12. India starts producing world’s most expensive coffee**

**Source: Live Mint ([Link](#))**

India, Asia’s third-largest producer and exporter of coffee, has started producing the world’s most expensive coffee, made from the poop of civet cat, on a small scale in Coorg district of Karnataka. The Civet coffee, also called as Luwark coffee, is expensive because of uncommon method of producing such a coffee. It is produced from the coffee beans digested by civet cat. The feces of this cat are collected, processed and sold. It is highly priced because it is claimed to be more nutritious and high cost involved in sourcing the animal dropping, wastage during processing and quality certification. Civet coffee, a drink of elite consumed widely in the Gulf nations and Europe, is sold for Rs20,000-25,000/kg abroad...It is being sold at Rs8,000 per kg here, while it is available at Rs20,000-25,000 per kg overseas, he said.