

Daily Economic News Summary: 14 July 2017

1. Modi to review FDI policy on Friday; focus on retail construction norms

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

Prime Minister Narendra Modi will review the foreign direct investment (FDI) policy tomorrow with a view to removing bottlenecks to overseas inflows, sources said. At the meeting, the commerce and industry ministry will make a detailed presentation on proposed changes to streamline the FDI regime in the country. Finance Minister Arun Jaitley, Commerce and Industry Minister Nirmala Sitharaman and Secretary, DIPP, Ramesh Abhishek will attend the meeting...The meeting assumes significance as the government is considering relaxing FDI norms in several sectors, including retail and construction. Also, on the table is the proposal to ease rules in print media, construction, the single brand and multi-brand retail trading...As per the current policy, 100% FDI is allowed in the construction sector subject to various conditions. As per rules, Indian investee company is permitted to sell only developed plots, which means plots where trunk infrastructure - roads, water supply, street lighting, drainage and sewerage — has been made available. The sources said the government may impose certain restrictions while making changes under this provision. The government is weighing the option of permitting overseas retailers to open stores for selling 'Made in India' products only. Although the current FDI policy allows overseas players to hold 51% stake in an Indian retail company, the BJP in its election manifesto had opposed foreign investment in the retail space. There are also plans to permit 100% foreign investment through automatic route in single brand retail to attract a larger number of global players into the sector.

2. India, Bangladesh to pilot freight train service in August

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

India and Bangladesh will run a container train on pilot basis between Dhaka and Kolkata to assess the feasibility of extending the services on commercial basis. Bangladesh is the ninth-largest importer of Indian goods. In April, State-owned Container Corporation (CONCOR) had signed an MoU with Container Company of Bangladesh Ltd (CCBL) in this regard, during Bangladesh Prime Minister Sheikh Hasina's visit to New Delhi. According to sources in the Railways, a full rake of empty containers will go to Dhaka through the only broad-gauge connection through Gede(India)-Darshana(Bangladesh) border gates in West Bengal. Bangladesh will send the rake loaded with their

export cargo. The broad-gauge connection is currently used for running a passenger train, Maitree Express, between Dhaka and Kolkata. The effort, if successful, may have a major cost impact on the \$6-billion bilateral trade, which is currently dominated by non-containerised road cargo — mostly through the Petrapole border in West Bengal. Road transport is distinctly costlier than rail. A 2010 BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) trade logistics study pointed out that rail movement can be 30 per cent cheaper than even sea-freight (which is normally considered the cheapest) between the two neighbours.

3. India ranks 116 out of 157 nations on SDG index

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

India is ranked 116 out of 157 nations on a global index that assesses the performance of countries towards achieving the ambitious sustainable development goals (SDGs). The SDG Index and Dashboards Report produced by the Sustainable Development Solutions Network (SDSN) and the Bertelsmann Stiftung shows that world leaders need to strengthen their joint efforts to realise the 17 global goals...It said many of the richest countries in the world are nowhere near achieving the global policy objectives but also deteriorate the implementation process for poorer countries because of negative spillover effects. India is ranked 116th on the index with a score of 58.1, behind countries such as Nepal, Iran, Sri Lanka, Bhutan and China. Pakistan is ranked 122. The report said that the countries which are closest to fulfilling the goals are not the biggest economies but comparably small, developed countries.

4. Use Global Innovation Index to measure country's development: Gopalakrishnan

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

Countries like India should use their standing on the Global Innovation Index as a measure of development in the future, instead of using GDP as the sole measure of development...Kris Gopalakrishnan, co-founder Infosys and CII India Innovation Summit Chairman, said: "I'm not saying that GDP is an inaccurate measure but the standing of the country in the future should be measured based on its position in the Global Innovation Index. India, according to some estimates ranks 66 in innovation, whereas China is positioned at 32." Gopalakrishnan also opined that while the ecosystem to support innovation is on the rise, a lot more needs to be done. "Converting it into a business opportunity is not happening enough," he said. RV Deshpande, Minister for Large and

Medium Industries, Karnataka government, pointed out that despite Bengaluru figuring the top bracket when it comes to doing R&D, the situation is not so bright in the country overall. "India's R&D investment is less than 1 per cent of the GDP versus a desirable 2 per cent," he told the gathered delegates. Karnataka currently accounts for 38 per cent share in India's electronics and software exports. Further, the private sector R&D investment is less than 0.33 per cent of the GDP.

5. Doubling, tripling of 16,500 km railway lines in a few years: Suresh Prabhu

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

To fast-track creation of a robust infrastructure, the government has sanctioned plans for doubling and tripling of 16,500 km of railway tracks in few years as against only 22,000 km in last 70 years, Union Minister Suresh Prabhu said...Prabhu said Railways is investing in infrastructure to create seamless movement of traffic so that GST becomes a gamechanger wherein goods are moved without hassle. "Only 42 per cent of electrification has been made so far which will double in next five years," the minister said addressing the conference on 'India - on the Cusp of a Logistics Revolution. 'He said, "We are already creating about 100 private freight terminals with private participation so that more and more traffic can come to the railways". The Railways plans to save about Rs 41,000 crore in energy bills of which it has already saved about 10 per cent, he said. "So, all of this will result in creating a good logistic backbone for India which will help it do much better business as logistics is key to success of industrialisation," he said.

6. Solar projects: India hopes to meet WTO deadline on sourcing norms

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

India is hopeful of adhering to the World Trade Organisation's year-end deadline for removing the compulsory domestic-sourcing clause in its national solar energy generation programme, as all ongoing projects are likely to be complete by then, a government official has said. "The Ministry of New and Renewable Energy is in regular touch with all power producers under the programme, and is confident that all ongoing projects will be implemented by December," the official told...Fresh projects under the third phase of the Jawaharlal Nehru National Solar Mission (JNNSM) will not have the local-sourcing regulation that the WTO has ruled against, the official added. The US, after a long-winding discussion with India, had decided to give the country 14 months to implement the WTO's verdict. Since the trade organisation's Dispute Settlement Body's decision, confirming that

the local sourcing requirement in the JNNSM flouted WTO norms, was adopted on October 14 2016, India has time till December 14, 2017, to implement it.

7. India is a great place for innovation: Microsoft

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

India is a great place for innovation and there is a lot of opportunity for Indian firms and start-ups to work with Microsoft and develop cloud-based tools and platforms for a global marketplace, according to a senior official of the software giant. Alyssa Fitzpatrick, general manager of Microsoft's worldwide channel sales... said that some of the great things have been happening in the Indian market from an innovation perspective... "India is a great place of innovation, she said... Fitzpatrick said she really enjoyed watching India become a global force. "We definitely see that there is a very strong skill-set that comes in India. And, by working together, it is a very complementary relationship between Microsoft and the Indian market. "We absolutely see that as a very, very positive journey, as the last decade and a half, seeing how India has really stepped up on the global stage from a technology innovation and technology development but also technology implementation prospective. And so, being able to collaborate is a very rich experience with Microsoft," Fitzpatrick said.

GST Focus:

8. GST impact on prices: Jayant Sinha says new tax regime brought down rates; indicates if differences sorted out, petrol, liquor will be brought under it too

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

Union Minister Jayant Sinha said today that the Goods and Services Tax (GST) has helped bring down prices of some commodities across the country... "There are differences over several issues between different states. Efforts are on to bring a consensus among them. If it is achieved, the prices of petrol, diesel and liquor will be brought under GST," Sinha said at the event. Nearly 50 per cent of the commodities are under the 18 per cent tax slab after the implementation of GST. However, items like aviation, crude oil, natural gas, diesel, petrol and alcohol are out of the GST and states would apply their own taxes. According to an FE Bureau report, the tax paid on the final products of these commodities may not offset the production costs... "Inflation will come down, tax avoidance will be difficult, India's GDP will be benefited and extra resources will be used for the welfare of poor and weaker section."

9. GST impact on business: New tax regime to help make economy strong, successful, honest, says Piyush Goyal

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

Union Power, Coal, New and Renewable Energy and Mines Minister Piyush Goyal on Thursday said that there has been a lot of wrong interpretations about Prime Minister Narendra Modi's idea of 'One Nation One Tax.' ...Union Minister said that the tension amongst the business community is understandable after such a massive change in tax structure of the country. However, Goyal also stressed on the fact that the tax regime would help the work of making country's economy strong, successful and honest. Goyal also said that the change would start showing benefits when the whole nation comes together on GST. "The GST is the whole nation's heritage. The Central and the State Government have discussed the procedure, system, tax rates and how everything will work and I would request everybody to join the GST,"

10. GST to benefit MSME sector, says Kalraj Mishra

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

MSME Minister Kalraj Mishra today said small and medium enterprises need not fear Goods and Services Tax, and they should register themselves with GST Network as it will benefit them. He said the government has set up GST cells to resolve all the issues related with the new tax regime. The minister was speaking to reporters at the sidelines of national workshop on Goods and Services Tax (GST) readiness here. Mishra also said that GST will help in reducing tax evasion...He also asked the micro, small and medium enterprises (MSMEs) to give feedback to the ministry on GST as it will take that up with the GST Council.