

Daily Economic News Summary: 14 September 2017

1. India, Japan may step up nuclear cooperation in non-energy areas

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

India and Japan may enhance their cooperation in non-energy areas of the nuclear sector, a senior government official said today, ahead of the delegation level talks between the prime ministers of the two countries. The official, however, said there are little chances of an agreement to procure equipment from Japan for building nuclear power plants in the country as talks with French company EDF and American nuclear giant Westinghouse Electric Company are ongoing in this regard. There is, however, a possibility of negotiations to have Japanese credit-line in future for procuring these high-end equipment, he said. Non-energy areas include nuclear medicine, irradiation, research and development in atomic sector.

2. \$4.7 billion! Japan investment in India takes 80 per cent jump

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

Prime Minister Narendra Modi today said that Japan invested \$4.7 billion in India in FY 2016-17, which was 80 percent higher than last year. While declaring new deals India and Japan have signed, Modi said in Ahmedabad that “Indo-Japan ties are not limited to bilateral or regional spheres. We also have close cooperation on key global issues.” After holding talks with Modi, Japanese PM Shinzo Abe said, “We have agreed upon a Japan-India investment support road map.” Both countries signed 15 agreement during the 12th India-Japan Annual Summit...Modi said that effectively the cost of the project would be “free”. “If somebody tells you to take a loan and return it not in 10 or 20 but in 50 years, will you believe it. India has got such a friend (Japan) which has promised to provide Rs 88,000 crore loan at 0.1% interest,” Modi said.

3. Asia Africa Growth Corridor aims for people-centric growth strategy

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

The idea of an Asia Africa Growth Corridor (AAGC) emerged in the joint declaration issued by Prime Minister Narendra Modi and Prime Minister Shinzo Abe in November 2016. The AAGC envisages a people-centric sustainable growth strategy, the contours of which would be evolved through a process of detailed consultations across Asia and Africa, engaging various stakeholders-governments, firms, think tanks and civil society...The strengths of AAGC will be aligned with the

development priorities of different countries and sub-regions of Asia and Africa, taking advantage of simultaneous homogeneity and heterogeneity among them.

4. At RCEP meet in Manila, India resists pressure to cut tariff further, open markets

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

Commerce and Industry Minister Suresh Prabhu resisted pressure for committing to greater market access at the Regional Comprehensive Economic Partnership (RCEP) Ministerial meet in Manila last week-end although the reprieve is likely to be short lived. Trade Ministers from the 16 countries' group — the 10-member ASEAN, China, India, Japan, South Korea, Australia, New Zealand — have agreed to meet again in November to try for a breakthrough...New Delhi is expected to improve its current offer of tariff elimination of about 70-75 per cent items, with certain deviations (of lower cuts) for countries like China, Australia and New Zealand with which it does not have Free Trade Agreements, at the next negotiating meeting in South Korea in October. Although the RCEP has now officially recognised that existing differences between members are too high to conclude the pact this year, there is a broad understanding to iron out all differences this year.

5. Foreign Funds: Govt asks 1,222 NGOs to validate bank accounts

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

As many as 1,222 NGOs across the country have been directed by the home ministry to validate the bank accounts in which they receive foreign contribution, failure of which will invite punitive action...In a circular, the ministry said all NGOs registered under the Foreign Contribution Regulation Act (FCRA) should receive foreign donations in a single designated bank account. However, it is seen that a number of such organisations have not validated their foreign contribution designated accounts, causing problems for the banks to comply with the FCRA provisions that they (banks) report to the central government within 48 hours of such receipt or utilisation of foreign contribution, the circular read...The Modi government, which has tightened the rules for NGOs, has already cancelled registration of more than 10,000 non-governmental organisations in the last three years for alleged non-filing of annual returns as mandated in the FCRA.

6. India FY18 GDP growth likely at 7.1 pc: Nomura

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

India's GDP growth is expected to be around 7.1 per cent this fiscal following a likely pick up in industrial production as firms resort to 'restocking' post GST especially ahead of festive season, says a Nomura report. According to the Japanese financial services major, post-GST restocking is likely to drive a faster pace of industrial output growth in the coming quarters. Before the implementation of Goods and Services Tax (GST), destocking was triggered largely owing to a steep fall in demand from consumers as they delayed purchases. Post GST implementation, restocking might pick up in anticipation of rising demand conditions. Nomura further said the ongoing remonetisation will have a positive impact on the cash-intensive services sectors and this in turn will help to augur growth numbers.

7. India middle class offers opportunities for US exports: American diplomat

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

India's middle class offers major opportunities for US exports, a senior American diplomat has said, highlighting the extraordinary economic potential of the Indian market. Acting Assistant Secretary of State for South and Central Asia Alice Wells said rising standards of living in India will drive demand for US products, services and energy in the country. The emergence of 350 million middle class consumers will drive Indian growth and will also offer major opportunities for US exports, she said addressing a gathering of US India Business Council...India is the third largest energy consumer in the world after China and the US and will remain one of the largest energy consumers for decades to come, she noted.

8. Indian economy looking up after GST shock, but China recovering faster OECD data shows

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

While the disappointing fall of India's GDP growth to 5.7% in the fiscal first quarter April-June pit the country behind China on the list of the fastest growing major economies, there seems to be a reason to cheer now, with the OECD's leading indicator showing that the Indian economy is not just recovering but is also gaining momentum. Albeit, again to the disappointment of the die-hard nationalists, China is growing at a much faster rate. The Composite Leading Indicators (CLIs) designed by the Organisation for Economic Co-operation and Development show that the Indian economy recovered in June and July from an economic slowdown in March and April this year,

which was apparently caused by uncertainty related to the GST rollout. India, which had hit a low of 99.39 points on the 100-point indicator in March and April this year, recovered in subsequent months, and gained momentum in July at 99.67 points, the CLIs showed.

9. India's exports to Japan halves to \$3.85 billion in four years

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

Amid growing bonhomie between Japan and India —Asia's second and third largest economy, respectively—lies the dark reality that in just four years, Indian exports to Japan have almost halved to \$3.85 billion in 2016-17, from \$6.81 billion in 2013-14. Japanese Prime Minister Shinzo Abe is currently on a two-day state visit to India and aims to further strengthen the strategic partnership between the two countries. The Comprehensive Economic Partnership Agreement (CEPA) signed by India and Japan in February 2011 and implemented from August 2011 was expected to boost bilateral trade in goods and services. However, India's merchandise exports started contracting in four out of five years between 2012-13 and 2016-17. As a result, India's trade deficit with Japan has now widened to \$5.9 billion against \$2.7 billion in 2013-14. In 2016-17, India's exports to Japan contracted 17.5%, and its imports fell by 1%.

10. Government imposes anti-dumping duty on chemicals from 4 countries

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

The government has imposed an antidumping duty of up to USD 60.35 per tonne for five years on a chemical used in fertiliser industry from four countries -- Russia, Indonesia, Georgia and Iran. The move would help guard domestic players from below- cost imports of 'ammonium nitrate' from these countries...The finance ministry imposed the duty after the DGAD in its finding concluded that the product has been exported to India from these four countries below its normal value, resulting in dumping. The government, after considering the findings of DGAD "hereby imposes" the antidumping duty, the department of revenue said in a notification. DGAD, under the commerce ministry, has recommended imposition of the duty on the imports. The duty ranges between USD 11.42 to USD 60.35 per tonne.

11. Demonitising has gravely damaged PM Narendra Modi reputation as manager of economy
Source: Financial Express ([Link](#))

India's economy is not doing as well as many had hoped. Growth has been slowing for several quarters, and even if there's a slight recovery in coming quarters, the signs for the medium term aren't propitious. There appears to be no end in sight to a slow-moving banking crisis. And private investment has crashed, reflecting pessimism at Indian businesses about the future and possible returns. India's government looks less and less likely to carry out the kind of deep reform that the country's economy needs, while its inexplicable decision to withdraw 86 percent of the country's cash overnight — a decision that was as badly implemented as it was poorly conceived — has gravely damaged Prime Minister Narendra Modi's reputation as a manager of the economy. So the question is: Why aren't these facts, which are easy to ascertain, reflected in the giddy statements regularly made about the Indian economy, especially by analysts and advisers to global investors? The answer goes to a problem at the heart of how global finance is organized. Economic theory tells us that advice is only as good as the incentives of the adviser; if he or she will do better by insisting things are good than they would by saying they are bad, then there's a strong bias toward the construction of a narrative that all is well.

12. India at 103 rank on Global Human Capital Index; Norway on top
Source: The Economic Times ([Link](#))

India has been placed at a low 103 rank, the lowest among BRICS economies, on the WEF's Global Human Capital Index, which has been topped by Norway. India also ranks "among the lowest in the world" when it comes to the employment gender gap, but has fared well when it comes to development of skills needed for the future with a rank of 65 out of total 130 countries surveyed. The list compiled by Geneva-based World Economic Forum (WEF) takes into account "the knowledge and skills people possess that enable them to create value in the global economic system" to measure the 'human capital' rank of a country. India was ranked 105th on this list last year, while Finland was on the top which has pushed by Norway to second place this year. The WEF said India is ranked lower than its BRICS peers, with Russian Federation placed as high as 16th place, followed by China at 34th, Brazil at 77th and South Africa at 87th place.

13. With output rising, India is now a hub for instant coffee

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

India is becoming a manufacturing hub for instant coffee after Brazil and Peru, said Y Raghuramulu, Director of Research, Coffee Board. The total volume of export between April and August this year stood at 1.78-lakh tonnes, up from 1.63-lakh tonnes in the corresponding period the previous year. The country has moved from bulk exports to value-added coffee exports, he said. “We are consistently importing more for re-export. Imports are mainly for value-addition and re-exports by EOUs with duty free under FTP.”... The board has undertaken a couple of fresh initiatives, such as the revamping of India Coffee House, brand ambassadors to promote Indian coffee and organising outreach programmes.