

Daily Economic News Summary: 16 May 2017

1. Government to develop 15 multi-modal logistics parks for Rs 33,000 cr

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

The government is planning to develop multi-modal logistics parks at 15 locations all over India at an estimated cost of Rs 33,000 crore, said an official on Monday. As part of the plan, the National Highways Authority of India (NHAI) on Monday inked a Memorandum of Understanding (MoU) with the Tamil Nadu Industrial Development Corporation Ltd (TIDCO) to develop one such park in the Ponneri Industrial Node area near Kamarajar port in the state. The MoU was signed in the presence of Road Transport & Highways and Shipping Minister Nitin Gadkari and M.C. Sampath, Tamil Nadu Minister for Industries, an official release here said. "It is an important agreement for the development of an integrated, multi-modal transport infrastructure in the country," said Gadkari while speaking on the occasion.

2. Pushing back against China's One Belt One Road, India, Japan build strategic 'Great Wall'

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

India and Japan are together embarking upon multiple infrastructure projects across Africa, Iran, Sri Lanka and Southeast Asia in what could be viewed as pushback against China's massive, unilateral infrastructure initiatives under the One Belt One Road (OBOR) project connecting it with Europe and Africa. India has conspicuously stayed away from the so-called New Silk Road, launched with much fanfare by Chinese President Xi Jinping on Sunday, because of strategic and security concerns. While in East Africa, Delhi and Tokyo are planning to fund infrastructure and capacity building projects, Japan is expected to join the Indian foray into the expansion of Iran's Chabahar port and the adjoining special economic zone. In eastern Sri Lanka, the two countries are expected to jointly expand the strategically located Trincomalee port. They are also likely to join hands to develop Dawei port along the Thai-Myanmar border.

3. India drugs makers wary as US FDA sharpens focus on quality controls

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

Indian drug makers are finding that it's not enough to just tick the boxes on the quality control front but be fanatic about every tiny aspect to meet the US drug regulator's elevated expectations. The US Food and Drug Administration (FDA) has not only increased the frequency of its inspections but also intensified scrutiny on drug manufacturing facilities in India. Companies are now being pulled up for lapses such as inappropriate clothing of employees, improper washing conditions and inadequate lighting apart from issues relating to data integrity, batch failure investigations or improper quality control systems. "The issues raised point that FDA is getting into tremendous level of details and, more importantly, looking to inculcate a much more proactive approach in firms towards ensuring product quality," Vishal Manchanda, an analyst at Nirmal Bang Securities, said. The US is Indianpharma's biggest market.

4. CPEC master plan revealed: It's all about Chinese penetration into Pakistan

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

A Pakistani English-language news daily, *Dawn*, has published comprehensive details of the China-Pakistan Economic Corridor (CPEC), a proposal that Beijing portrays as a vehicle for Pakistan's development but which now appears as a thinly-disguised land grab that some in Pakistan already worry would compromise its sovereignty. CPEC has so far been considered a road, rail and infrastructure link that links China's remote northwestern Xinjiang province with Pakistan's Gwadar port on the Arabian Sea. The master plan, however, reveals a far more expansive project involving Chinese penetration into Pakistan's agriculture, industry, telecommunications, surveillance and intelligence networks and even leisure and popular culture. "The plan envisages a deep and broad-based penetration of most sectors of Pakistan's economy as well as its society by Chinese enterprises and culture", says *Dawn*, stating that the plan's scope has no precedent in Pakistan's history...Gwadar, which New Delhi worries could be used as a base for Chinese naval vessels, "is positioned as the direct hinterland connecting Balochistan and Afghanistan." The report notes that "some Chinese enterprises have started investment and construction in Gwadar" taking advantage of its "superior geographical position and cheap shipping costs to import crude oil from the Middle East, iron ore and coking coal resources from South Africa and New Zealand"... India was a prominent absentee from the

conference due to concerns that the CPEC, which passes through the Pakistan-occupied Gilgit-Baltistan region of Jammu & Kashmir (J&K), infringes upon India's sovereignty, given our claim over J&K.

5. Export rise 20% in April, but trade deficit zooms

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

India's exports in April grew by 19.77 per cent year-on-year in dollar terms, while imports grew by 49.07 per cent (in dollar terms) as compared to imports in April 2016. The spike in imports was mainly due to higher purchase of crude oil and petroleum products. **Imports up:** According to data released by the Ministry of Commerce, imports grew to \$37,884.28 million during the period under consideration. In rupee terms, imports grew by 44.67 per cent as compared to April 2016 to ₹2,44,380.52 crore during April 2017. Gold imports surged 211.35 per cent to \$3,853.10 million in April 2016 from \$1,237.55 million in April 2017. Imports of Coal, Coke and Briquettes, too doubled (94.92 per cent growth) to \$1,865.13 million from \$956.86 million. **Petro products exports:** Exports of petroleum products grew by 48.77 per cent to \$2,945.04 million from \$1,979.58 million. Oil imports during April, 2017 were valued at \$7,359.27 million, which was 30.12 per cent higher than imports worth \$5,655.92 million in April 2016. **Exporters happy:** However, exporters are happy. FIEO President Ganesh Kumar Gupta said exports grew in 23 out of the 30 major product groups, and continued with its positive trend in April 2017 also. He said petroleum exports which has a major contribution in the exports basket has once again contributed with a robust growth of over 48 per cent.

6. Government may set up an export council for renewable energy gear

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

Prime Minister Narendra Modi's call to boost domestic manufacturing of solar energy equipment is expected to see streamlined efforts. According to officials in the know, the Government is examining a proposal for setting up a Renewable Energy Export Council. The need for such a council follows the ambitious National Solar Mission targeting an indigenous manufacturing capacity of 4-5 GW by 2020. According to data shared by the Ministry of New and Renewable Energy, India's installed solar cell manufacturing capacity stood at 2,953 MW till

December 2016. According to industry watchers, nearly half of all solar equipment manufactured in the country gets exported. The reason for this export-oriented production is that solar power project developers prefer using equipment from China. China's incentives make solar panels cheaper. The situation is different for wind energy as most of the equipment manufactured in India is used domestically.

7. North Eastern region not fully prepared for GST

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

The Northeastern region of the country runs the risk of falling out of the ambit of the Goods and Services Tax (GST) regime since it lacks bandwidth and internet connectivity to stay connected with GST servers. As soon as Revenue Secretary Hasmukh Adhia returned from a visit to the Northeast to review the IT preparedness of the GST structure, he asked the telecom ministry to immediately improve the necessary internet infrastructure needed for the nation-wide smooth roll-out of GST on 1 July. Adhia said there is a serious shortage of optical fibre cables (OFC), leading to delay in completion of work. In addition, the agencies doing work are not following the norms of depth at which the OFC cable should be laid and as a "result there are many instances of cutting OFCs in road repair work. This creates problem for connectivity". It was also found that OFC connectivity is available only in seven out of 20 districts. The shortage of OFC cables is causing delay in completion of work within the stipulated time...GST implementation would require a super speed internet connectivity among all GST servers and state VAT data centre along with district VAT office and state VAT office as all the data processing of return filings will be done online.

Special Cover: Prime Minister Narendra Modi completes 3 years

8. Three years of Modi Sarkar: Job creation, institutional reforms top government priority now

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

Having rolled out financial reforms and opened up markets to foreign direct investment, the government has now set its eyes on institutional and judicial reforms, time-bound creation of infrastructure and generation of enough jobs, which it can showcase in the 2019 polls. This would be complemented by further improvement in business climate, easing of labour laws, further

liberalising FDI and simplification of goods and service tax while lowering rates for direct tax — the roadmap for which has already been announced by finance minister Arun Jaitley. NITI Aayog's three-year draft action plan has laid out a blueprint for the government over the next three years. A handful of senior government officials that ET spoke with said the need of the hour is to reform India's age old institutions so they are aligned to current needs. "Running 21st century governance with 19th century institutions will not lead to transformation of India," said a top government official.

9. A thousand days with no full stops: Kumar Mangalam Birla on three years of Modi Sarkar
Source: The Economic Times ([Link](#))

By Kumar Mangalam Birla: One could actually list innumerable achievements of the Narendra Modi government, as he completes 1,000 days in office. But if one had to pick one defining theme, what would it be? It would be the sense of optimism and confidence in the air about prospects for India's future, the buzz that India has created internationally, the sense of every Indian's involvement in Mission India. The stock market is at an all-time high, giving the PM a 1,000-gun salute. The foreign investment flows are at record highs too. India's global ranking has made big leaps, especially in competitiveness and on the innovation index rating. To put the three years in perspective, it is best to look at the Modi government's accomplishment under three distinct pillars: **Sharply focused programmes, Out-of-the-box approach; ET View: Short-term growth rates do not capture big systemic reform**

10. Visually: Year 3 of Modi Government
Source: The Hindu: Business Line ([Link](#))

The Scorecard: Year 3 of the Modi government will be remembered mostly for the demonitisation shock, but it also witnessed an increase in digitization of payments, continued rollout of *Jan Dhan*, the passing of many critical laws, including GST, and the rise of stock market indices to all-time highs. Growth remained stable and inflation eased. Some highlights of the year in the attached link.