

## Daily Economic News Summary: 17 April 2017

### **1. Pakistan exports to India grew despite tension: Report**

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

Pakistan's exports to India have grown despite border tensions and war of words between the two neighbours, according to a media report. According to Dawn News, a recent report by the State Bank of Pakistan showed that Pakistan's exports to India grew during the first eight months of 2016-17 fiscal while imports fell by 23 per cent. During the period, the two countries were locked in bitter rivalry with terror attacks by Pakistan-based militant groups, Kashmir and border tensions impacting ties. However, this seems to have had little impact on bilateral trade relations, the report said. The trade balance was in favour of India, it noted. Growing by 14 per cent, exports from Pakistan to India amounted to USD 286 million in July-February. Imports from India fell by 23 per cent to USD 958.3 million from USD 1,244 million recorded a year ago. People who are in favour of better trade relations with India have to face harsh criticism in Pakistan. The same situation prevails across the border, the media report said.

### **2. GST: Government looking to keep single rate for each product group to avoid complexity**

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

After having opted for multiple rates under the upcoming goods and services tax (GST) regime, India is now looking to keep variations in rates on the same types of products at a minimum to ensure that the tax structure does not get any more complicated. For example, all types of footwear or mobile phones could attract the same rate. "Single rate for one product group will bring simplicity in the structure and make implementation easier," said a government official, adding that differing rate structures within one segment could lead to unnecessary disputes and litigation. GST is expected to be rolled out on July 1. Globally, most regimes have a single rate. India has adopted a four-tier tax structure of 5%, 12%, 18% and 28%. The rate applicable on most products will be 18%. The highest rate has been pegged in the GST law at 40%. Many experts have said this structure will undermine the basic tenet of GST — a simple structure with at most two rates. Globally, most regimes have a single rate. India has adopted a four-tier tax structure of 5%, 12%, 18% and 28%. The rate applicable on most products will be 18%. The highest rate has been

pegged in the GST law at 40%. Many experts have said this structure will undermine the basic tenet of GST – a simple structure with at most two rates.

### **3. EU foreign policy chief coming to India this week**

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

EU foreign policy chief Federica Mogherini will arrive here later this week on a two-day visit during which she is likely to strongly push for resumption of talks for the India-EU free trade agreement besides discussing preparations for the annual summit between the two sides. Mogherini will hold talks with External Affairs Minister Sushma Swaraj, covering bilateral, regional and global issues. They will also review the preparations for the India-EU annual summit which will be held here later this year, a top EU official said. She will arrive here on Friday from Beijing and will then leave for Russia. The EU foreign policy chief will also meet National Security Adviser Ajit Doval and will explore the possibility of enhancing counter-terror cooperation between the two sides. The main focus of Mogherini's visit is likely to be on the push for early resumption of stalled talks for free trade pact between the two sides. India's bilateral investment pacts with several European countries are expiring and citing this, the EU has been strongly pushing for moving ahead with the FTA, which is known as the EU-India Broad-based Trade and Investment Agreement (BTIA). EU has been pressing India to extend by six months, its bilateral investment pacts with several EU-member countries which are expiring soon, saying absence of the treaties could adversely impact the trade ties and FTA talks.

### **4. PM Modi launches 75 cashless township across 12 states**

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

Prime Minister Narendra Modi on Friday launched 75 cashless/less-cash townships, with an overwhelming 56 of them being in Gujarat. The towns span across 12 states contributing to around 1.5 lakh cashless transactions per day and around 5.5 crore transactions a year. Some of the prominent townships include those of state-owned Oil and Natural Gas Corp (ONGC), NTPC, SAIL and BHEL, as also those of cooperative firms like IFFCO and KRIBHCO. Townships of private firms Reliance Industries, Adani, Essar and Welspun as also paramilitary forces BSF and CRPF also figure in the list. Essar in a statement said two of its townships in Gujarat at Hazira

(near Surat) and Vadinar (near Jamnagar) were today recognised as among townships pan-India that are less cash townships. "The initiative was launched by NITI (National Institution for Transforming India) Aayog that declared Essar townships as 'Cashless Role Model Township, which inspires other corporates to follow," the statement said.

### **5. India's GDP growth may slip to 6.7 percent in March quarter: Nomura**

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

India's GDP growth is likely to decelerate to 6.7 per cent in March quarter but it will gradually recover to around 7.7 per cent in 2018 supported by higher consumption and public spending, says a report. According to the Japanese financial services major Nomura, the country's GDP growth is expected to dip to 6.7 per cent in the January- March quarter from 7 per cent in the fourth quarter of 2016. "However, we expect GDP to average 7.3 per cent in the second half of 2017 and 7.7 per cent in 2018 supported by higher consumption (state pay hikes, remonetisation, lower lending rates) and public spending," Nomura said in a research note. Regrading the "soft" industrial activity in February, Nomura said demonetisation has severely hurt industrial activity. However, this impact is expected to be 'transitory'. India's industrial output slipped to a 4-month low, contracting by 1.2 per cent in February.

### **6. New Trump order might hit India's shrimp export**

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

The \$5.5-billion Indian seafood export market might face new restrictions in America. The new Donald Trump government, in an executive order, is set to enforce countervailing duties strictly on countries held to be dumping goods. America is the major importer of Indian seafood, with a share of 28.5 per cent in 2015-16, for 153,695 tonnes worth \$1.3 billion. Frozen shrimp is the principal item of export to the US, with a share of 94 per cent in value terms. Another executive order directs their department of commerce and the Office of the US Trade Representative to examine every form of trade abuse and non-reciprocal practice that contribute to the US' large and persistent trade deficit, largest of any major nation in 2016 at \$500 billion. Within 90 days, both these agencies are to give a comprehensive report to the President on the causes. "The US is the only country which is imposing an anti-dumping duty on Indian shrimp, to give level playing to

its producers. The Indian government is protesting. President Trump is giving stress on creating more jobs in the US and the orders might be a move towards that. We have challenged the duty removal in a court in the US,” said an exporter which is a member of the Seafood Exporters Association of India.

### **7. US’ Afghanistan attack may pose threat to Indian projects in Nangarhar province**

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

The military attack by the US with a 9,800-kg bomb on the Nangarhar province of Afghanistan to root out the presence of ISIS has put a question mark on some of the projects undertaken by India there. India had announced three projects worth \$2 million in the Nangarhar province located near the Afghanistan-Pakistan border in April 2016. As many as 12 memorandums of understanding were signed then between Indian Ambassador to Afghanistan Manpreet Vohra and Afghan officials. These projects include a health clinic in the Achin district located south of Nangarhar province, construction of a compound area and an irrigation project in Jalalabad. This is part of India’s \$2-billion financial aid to the war-torn country. Under the small development project scheme, India had built basic health clinics in Nangarhar in 2008.

### **8. Indian companies dominate global solar funding marketing in Q1**

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

Global solar funding landscape was dominated by Indian solar players topping the list of VC funded companies in Q1 of 2017. ReNew Power was the highest funded company raising VC (venture capital), debt and project funding during the quarter, according to Mercom Capital, a global clean energy communications and consulting firm. Total corporate funding (including venture capital funding, public market and debt financing) in the global solar sector doubled to \$ 3.2 billion in Q1 of 2017 when compared with the preceding quarter’s \$ 1.6 billion. However, total funding was up only by 15 per cent when compared with \$2.8 billion in Q1 of 2016. “Q1 funding levels were up in the solar sector from the 2016 lows, largely due to increased debt financing activity. Corporate funding never reached \$ 3 billion in any of the quarters in 2016. M&A activity was also strong with several large deals. Solar public companies also had a good first quarter,” said Raj Prabhu, CEO of Mercom Capital Group.