

Daily Economic News Summary: 19 April 2017

1. IMF retains India's growth at 7.2% for FY18

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

India is pegged to be the fastest growing economy in the world in 2017-18 and will be a key driver for global growth, according to the International Monetary Fund (IMF). Retaining its growth forecast of 7.2 per cent for India for the fiscal year, the IMF, in its World Economic Outlook, also estimated that India would grow at 7.7 per cent in 2018-19 and said that 8 per cent growth in the medium-term is within reach. It pegged India's growth rate at 6.8 per cent in 2016-17. "Medium-term growth prospects are favourable, with growth forecast to rise to about 8 per cent due to the implementation of key reforms, loosening of supply-side bottlenecks, and appropriate fiscal and monetary policies," said the report, which was released on Tuesday.

2. At Fund-Bank meeting, India to flag protectionism's impact on global recovery

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

India is expected to raise the issue of increasing protectionism by some countries and its impact on the global economic situation at the Spring Meetings of the World Bank and the International Monetary Fund. "The increasing tendency to look inwards by countries such as the United States and the United Kingdom that has led to Brexit will make the global economy even more volatile. Most countries are closely monitoring the developments in these two countries," said an official, noting that global recovery is still very fragile. This would be especially true for emerging economies such as India that depends on exports and foreign capital, he added. Finance Minister Arun Jaitley, Reserve Bank of India Governor Urjit Patel as well as senior Finance Ministry officials including Economic Affairs Secretary Shaktikanta Das and Chief Economic Adviser Arvind Subramanian will be attending the meetings that will be held in Washington DC between April 21 and 23. Jaitley in the Union Budget had also underlined "increasing retreat from globalisation of goods, services and people, as pressures for protectionism are building up" as a risk to India's growth prospects for 2017-18 as it could impact exports.

3. India jumps to eight spot on Global FDI Confidence Index

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

India has jumped one spot to rank 8th in the 2017 AT Kearney Foreign Direct Investment (FDI) Confidence Index with 31 per cent of the surveyed respondents being more optimistic on economic outlook over the next three years. "Investors see India as a vast and diverse up-and-coming market with plans to increase investments there over the near to medium term," said Vikas Kaushal, Partner and Head of India at AT Kearney. Investor confidence in India has been growing steadily over the last two years, making it one of the top two emerging market performers on the FDI Index, said the UK-based AT Kearney in the index. "Reform efforts by the current government have improved the country's investment environment. This includes the national goods and service tax (GST) reform, the largest non- direct tax reform in India in recent years," Vikas said. "India's vast domestic market is an added attraction for foreign companies. Investors are looking at India's phenomenal economic performance as a key selling point. It is forecast to be the fastest-growing major economy in the world in the coming years, which should provide a variety of investment opportunities to global firms," he said. Among the investors surveyed, over half said a successful GST implementation would cause them to significantly or moderately increase their investment in India. More broadly, 70 per cent of the respondents plan to maintain or increase their FDI in India in the coming years, according to Kearney.

4. Indian CEO more optimistic than global counterparts: PwC

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

Confidence in India's company corner rooms has climbed and now far outpace that at their global counterparts despite concerns over economic growth, regulation and protectionism, a global survey showed. According to the results of PricewaterhouseCoopers's 20th global survey of chief executive officers released on Tuesday, 71% of India's CEOs are very confident of their company's prospects for revenue growth over the next 12 months as opposed to 64% a year ago. Worldwide, only 38% of CEOs exude similar confidence. Across geographies, the concerns on top of CEOs' minds seem to be similar. This year, 82% of CEOs are concerned about uncertain economic growth, while 81% are concerned about over-regulation. These concerns, along with looming protectionism, are seen by CEOs as threats to growth. In India, 64% of the CEOs surveyed were concerned about protectionism, against 59% globally. Inadequate infrastructure and the lack

of availability of key skills in the country—key enablers for growth— continue to be major concerns. Eighty-one per cent of CEOs in India rated inadequate basic infrastructure as the top threat to growth as opposed to 54% of CEOs globally. Further, 87% of India’s CEOs rated availability of key skills as a key threat to growth, compared to 77% globally.

5. India Inc’s foreign investments jumps 2-folds to \$3 bn in March

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

Foreign direct investment (FDI) by Indian companies in their overseas ventures jumped over two-fold to \$2.99 billion last month. Indian firms had made investments worth \$1.42 billion in their overseas joint ventures/subsidiaries in March 2016. Investments in March this year were much higher than the preceding month, February, at \$867.53 million, the Reserve Bank data showed today. Their investment came in the form of equities \$1.99 billion, loans worth \$742.60 million and issuance of guarantee worth \$251.40 million.

6. In 10 years, renewable sources will dominate half of India’s energy capacity

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

Non-fossil fuels—renewables, nuclear and large hydroelectric power plants—will account for more than half (56.5%) of India’s installed power capacity within the 10 years to 2027, according to a draft of the third National Electricity Plan (NEP3) released in December 2016. The draft notes that if India achieves its target to install 175 gigawatts (GW, which consists of 1,000 megawatts) of renewable energy capacity by 2022—as it has committed to under the 2015 Paris Agreement—it will not need to install, at least until 2027, any more coal-fired capacity than the 50 GW currently under construction. The Ministry of Power produces a National Electricity Plan every five years, in which it reviews the progress made over the previous five years, and sets out a detailed action plan for the next 10 with the overarching aim of achieving universal access to electricity across India and ensuring that power is supplied efficiently and at reasonable prices. NEP3 outlines how the government expects India’s electricity sector to develop over the five years from 2017 to 2022, as well as the subsequent five years to 2027.

7. 'High-speed' training for Indian railwaymen

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

The railways has undertaken a massive exercise of imparting training to over 500 railwaymen on high-speed rail technology in China and Japan, ahead of running trains at speed ranging from 160 to 200 kmph in select corridors in the country. Railways has firmed up plans for running trains at higher speed of 160 kmph in the busy trunk routes of Delhi-Howrah and Delhi-Mumbai section to reduce travel time between these cities. Mission Raftaar: Besides, the public transporter has asked SNCF, the French railways, to explore possibilities of running trains at 200 kmph on the Delhi-Chandigarh route. "There is a need for imparting training on high-speed rail technology to our officials before the introduction of the service here," a senior Railway Ministry official involved in Mission Raftaar said. Railways has launched Mission Raftaar, a programme to increase speed of trains in all busy routes to reduce journey time between cities. There will be about 550 railway officials from directorates concerned, including traffic and electrical, who will be trained in China and Japan as arrangements for such training has been put in place, the official said.