

## Daily Economic News Summary: 19 January 2017

### **1. Note ban: Currency in circulation shows rise after 9 weeks of fall**

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

For the first time after the decision announced on November 8 to demonetise high value notes, currency in circulation has showed net rise in a week. In this case, the week ended Friday, January 13, with RBI pumping more and more high of value notes back in the system. Going by the pace, almost 80 per cent of the demonetised currency is expected to be replaced by end-February. On the night of November 8, the government cancelled Rs 500 and Rs 1,000 notes as legal tender, removing about 86 per cent of whatever was in circulation. The latest week's rise and the trend it indicates might nudge people to resume spending. And, temper the surge till now in payments made through digital banking, analysts said. Currency in circulation fell continuously for nine weeks as people deposited or exchanged old high-value notes at bank branches from November 10 (banks were closed on November 9). According to RBI, the currency in circulation rose by Rs 52,783 crore (5.9 per cent) in the week ended January 13. The total in circulation stood at Rs 9,50,803 crore, up from Rs 8,98,020 crore a week before.

### **2. Govt to give Rs 10,000-cr incentive to electronic manufacturers**

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

The Cabinet on Wednesday amended the Modified Special Incentive Package Scheme (M-SIPS) to boost electronic manufacturing. Under the amended rules, companies that invest in manufacturing would get up to Rs 10,000 crore as incentives. New investment proposals would be accepted till December 31, 2018, the government said in a statement. In the case of a single investment in excess of Rs 6,850 crore (\$1 billion), a separate committee headed by the cabinet secretary would approve the proposal. M-SIPS provides a subsidy for capital expenditure — 20 per cent for investments in Special Economic Zones (SEZs) and 25 per cent in non-SEZs. Under the amended rules, companies will receive incentives within five years from the date of approval — down from 10 years that was laid down earlier. To ensure time-bound delivery, now eligible

proposals will be approved within 120 days of their complete submission. The units receiving incentives under the scheme will have to provide an undertaking to remain in commercial production for at least 3 years.

### **3. Pharma industry grows 29% to Rs 2.04 lakh cr in 2015-16**

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

Indian pharmaceutical industry grew by 29 per cent to Rs 2,04,627 crore in 2015-16 from Rs 1,77,734 crore in 2014-15, while it attracted FDI of \$2.25 billion during April 2014 to March 2016. The country "is one of the largest producers of pharmaceutical products and a leading player in the global generics market, exporting nearly 50 per cent of its production", according to the achievement report of the sector under the government's 'Make in India' initiative. "The Indian pharmaceutical industry has witnessed a robust growth in recent years growing from Rs 1,77,734 crore in FY 2014-15 to Rs 2,04,627 crore in FY 2015-16, registering a growth of 29 per cent as compared to the growth of 12 per cent from Rs 1,58,671 crore during FY 2013-14," the report said. In terms of FDI Inflows, it said: "The sector saw FDI equity inflows of \$2.25 billion from April 2014 to March 2016."

### **4. 6 Indian cities in world's most dynamic list, Bengaluru tops chart**

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

Six Indian cities have made it to the world's 30 most dynamic places that have the ability to embrace technological change, absorb rapid population growth and strengthen global connectivity, with Bengaluru topping the chart. Cities in India, China and Vietnam, along with several in the US, head the list of world's fastest changing cities in JLL's fourth annual City Momentum Index. Other Indian cities in the list are Hyderabad at the 5th position, Pune (13), Chennai (18), Delhi (23) and Mumbai (25). Asia Pacific cities comprise half the top 30 fastest—changing cities. "India has taken over from China as home to some of the world's most dynamic cities. Six Indian cities feature in the CMI Global Top 30, with the country's primary technology hub, Bangalore, moving

into the top spot for the first time,” JLL said. Top 10 cities in the JLL index are Bengaluru, Ho Chi Minh City, Silicon Valley, Shanghai, Hyderabad, London, Austin, Hanoi, Boston and Nairobi.

### **5. India to consider Apple’s proposal with an ‘open mind’: IT minister**

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

India would “very much” like the US-based iPhone maker Apple to set up a manufacturing base in India and the government will “surely” consider the company’s proposal with an “open mind”. “We would very much like Apple to come and have a base in India, they have a base in China, China is under stress. If a structured request come from them, we will surely consider with an open mind,” Ravi Shankar Prasad, Minister for Communications & Information Technology, told reporters here. Apple has sought incentives to set up an unit in the country. A team of the company will give a presentation to senior officials here on January 25. Officials from the departments of commerce, industrial policy and promotion (DIPP), revenue, environment and forest, and electronics and information technology (DeITY) would take part in the deliberations. In a communication to the government, the Cupertino-based technology major has asked for several tax and other incentives, including long-term duty exemptions, to enter the manufacturing sector in India. As many as 42 companies are making mobile phones in India, including Chinese firm Huawei and Xiaomi, and no firm has approached the government for any additional incentives. Currently, the government provides support by way of benefits under the Modified Special Incentive Package Scheme (MSIPS) to boost electronic manufacturing.

**By Rajnee Narula**