

Daily Economic News Summary: 19 September 2017

1. Super power India set to replace China as growth engine of Asia

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

India is poised to emerge as an economic superpower, driven in part by its young population, while China and the Asian Tigers age rapidly, according to Deloitte LLP. The number of people aged 65 and over in Asia will climb from 365 million today to more than half a billion in 2027, accounting for 60 percent of that age group globally by 2030, Deloitte said in a report Monday. In contrast, India will drive the third great wave of Asia's growth - following Japan and China -- with a potential workforce set to climb from 885 million to 1.08 billion people in the next 20 years and hold above that for half a century. "India will account for more than half of the increase in Asia's workforce in the coming decade, but this isn't just a story of more workers: these new workers will be much better trained and educated than the existing Indian workforce," said Anis Chakravarty, economist at Deloitte India. "There will be rising economic potential coming alongside that, thanks to an increased share of women in the workforce, as well as an increased ability and interest in working for longer. The consequences for businesses are huge."...Deloitte names the countries that face the biggest challenges from the impact of ageing on growth as China, Hong Kong, Taiwan, Korea, Singapore, Thailand and New Zealand. For Australia, the report says the impact will likely outstrip that of Japan, which has already been through decades of the challenges of getting older.

2. India open to 100 per cent FDI in defence with full tech transfer, says Defence official

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

India is open to 100 per cent foreign direct investment (FDI) in defence if firms are willing to provide full technology transfer, a top Indian defence official has said India and the US are set to enter a critical phase of co-development and co-production. India's Secretary of Defence Production, Ashok Gupta, said this during an interaction with US corporate sector here last week that was organised by US India Strategic Partnership Forum (USISPF) and attended among others by representatives from Boeing, Lockheed Martin, BAE systems, Honeywell and AECOM...Executives from the US defence industry also complimented India on the progress that has been made under the 'Make in India' campaign, the statement said. Mukesh Aghi, president of USISPF, spoke about the

importance of dialogues where both sides can have a frank exchange, adding that, “collaboration between India and the US on defence and technology transfer are critical.”

3. FDI likely to rise further after GST: Moody’s

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

India is likely see increased foreign direct investment (FDI) inflows on the back of reforms such as introduction of the goods and services tax and the bankruptcy code, international ratings agency Moody’s said in a report on Monday. “Combined with reforms such as the introduction of a goods and services tax, which lowers the cost and complexity of doing business, and a simplified and clarified bankruptcy code, FDI is likely to rise further,” the agency said in its report on how structural reforms by Asia Pacific sovereigns could become more effective from stronger global demand. In India, Moody’s said, the government has raised ceilings for authorised FDI in a number of sectors... FDI in India grew by 18% during 2016 to touch \$46 billion, data released by the Department of Industrial Policy and Promotion showed. The Narendra Modi government has liberalised FDI framework for a number of sectors including insurance, defence and civil aviation and also taken steps towards the ease of doing business. Moody’s said the positive economic impact of India and Indonesia’s measures to attract higher levels of FDI, combined with steps to improve business conditions, are likely to be more apparent in a stronger global macroeconomic environment. The agency has maintained India’s sovereign rating at Baa3 positive.

4. Exporter may seek exemption on tax payment

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

Exporters plan to seek outright exemption on payment of goods and services tax, citing a crunch in working capital due to the uncertainty in the time taken to get refunds for unutilised input tax credit. Exporters, heads of export promotion councils and senior officials from the commerce ministry plan to submit a petition seeking the exemption when they meet the revenue secretary on Tuesday. “There is an apprehension that exports will decline, going ahead,” said an official aware of the meeting. Exporters are likely to raise the issues of working capital and refunds which will be ploughed back into their business and the loss of interest...Another official said certain traditional sectors like textiles and gems and jewellery are suffering and need special attention. A scheme offering higher duty drawbacks will end on September 30 and many exporters don’t have the finances to pay for exports.

5. Hasty implementation of GST, demonitisation will hit GDP further: Manmohan Singh

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

Former Prime Minister Manmohan Singh once again warned of sharp fall in the GDP, saying that the hasty implementation of the GST and the demonetisation are bound to affect the economic growth adversely, Manmohan Singh said, “Both demonetisation and GST have had some impact. GST was put on practice in haste, and there are a lot of glitches which are now coming out.” The GDP for the first quarter (April-June) of financial year 2017-18 slumped to a three-year low at 5.7 per cent, far lower than 7.9 per cent recorded in the same quarter last year. The former prime minister had predicted a fall of 2 per cent in GDP in the aftermath of the demonetisation exercise in the Parliament in November last year. He had called the demonetisation exercise a monumental disaster, organised plunder and legalised loot. After ten months of the demonetisation exercise, Manmohan Singh, once again, holds it, along with hasty implementation of the GST, responsible for badly affecting the informal and the small scale sector, which account for ninety per cent of employment in India.

6. Maharashtra to begin work on Rs 1 trillion infra projects this year

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

Chief Minister Devendra Fadnavis today said Maharashtra hopes to kickstart infrastructure projects entailing investment of Rs 1 lakh crore this year...He said infrastructure projects worth Rs 5.96 lakh crore have been planned in Maharashtra, which has earned the state honours from the NITI Aayog for being the leader in infrastructure creation. Fadnavis said opportunities exist in the state for businesses across all sectors, and pointed out upcoming areas under the Smart City initiative which can be of interest to power, grid and housing industries. Maharashtra, which accounts for 15 per cent of national GDP, attracted 53 per cent of the foreign direct investment (FDI) in FY17, Fadnavis noted.

7. Not happy with Apple wish-list, PMO orders tech major to change demands to set up facility in India

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

The Prime Minister’s Office (PMO) has asked US tech giant Apple to revise its list of preconditions to set up a proper manufacturing facility in the country and come up with a “workable” strategy that will conform to an existing scheme meant for promoting domestic manufacturing of electronics. Sources told FE that the PMO is not so enthusiastic about the wish-list submitted by Apple, especially

the exemption it sought from the phased manufacturing programme (PMP) — that is chargers, batteries and headphones for manufacture of Apple phones be exempted from import duties. This means the PMO is, in effect, endorsing the views of the ministry of electronics and IT (MeitY) and the revenue department of the finance ministry that such an exemption isn't feasible. "The PMO is not very enthusiastic about Apple's demands. The government has worked very hard on Make in India and has come up with the PMP, and now to give special concessions to Apple is like stirring a hornet's nest. Others will also demand the same thing. It is like going back to where we started. So the company has been asked to come with a workable plan, which is aligned to the PMP and the Make in India programme," explained one of the sources...Apple's plan of exporting refurbished iPhone, one of the pre-conditions for manufacturing in India, from India has also hit a wall. A section of the government fears allowing Apple to bring in such second-hand iPhones from all over the world to service or upgrade here for subsequent exports could pose environmental risks. With cost of production in China rising due to soaring wages, among others, Apple is perhaps looking at diversifying its manufacturing base out of China, analysts have said.

8. ONGC Videsh, consortium partners get Azerbaijan oil field contract extension

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

ONGC Videsh Ltd and partners have signed an agreement with the Azerbaijan government and State Oil Company of the Azerbaijan Republic (SOCAR) for extending a production contract for oil fields in the Caspian sea till 2049 for a \$3.6 billion bonus payment, ONGC Videsh said in a statement here. The consortium partners include BP p.l.c., Chevron Corp., Statoil ASA and ExxonMobil Corp., ONGC Videsh said. The original production contract for the Azeri-Chirag-Deep water portion of Gunashli (ACG) oil fields was to expire in 2024. ONGC Videsh said it had acquired a 2.7% stake in the field in 2013, but after the extension, will hold 2.31% as SOCAR raises its stake in the consortium...The Azeri-Chirag-Deepwater Gunashli (ACG) complex in the Caspian Sea produces most of Azerbaijan's crude oil. It is located at about 100 kilometres east of Baku, the capital of Azerbaijan...The fields currently produce 585,000 barrels per day of oil, which is transported through the Baku-Tbilisi-Ceyhan (BTC) pipeline to Ceyhan on the Mediterranean coast of Turkey, from where it is shipped to customers.

9. India's demography will make it economic superpower: Deloitte

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

India will emerge as an economic superpower supplying more than half the increase in Asia's potential workforce over the coming decade in a developing scenario where demography is shifting the balance of power in Asia, according to Deloitte's "Voice of Asia" report. "India is among a handful of South Asian countries that sits on a demographic gold mine. India has a median population age of 27.3 years compared to that of 35 years for China and around 47 years for Japan," the Indian arm of British financial services multinational Deloitte said in a release here on Monday. "Demographic growth is significant as it is intrinsically linked to economic growth and, therefore, cannot be ignored," it said. With about 12 million people added to the working age population every year, India will drive the third great wave of Asian growth after Japan and China earlier. India's potential workforce is set to rise from 885 million people now to 1.08 billion people in the next twenty years...By 2042 there will be more over-65s in Asia than the populations of Europe and North America combined. This will provide a target-rich environment of business opportunities arising from trends such as rising life expectancy, increasing relative health care costs and tightening public sector budgets.

10. Ivanka Trump meets Sushma Swaraj at UNGA, discusses women entrepreneurship

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

US President Donald Trump's daughter and adviser Ivanka Trump on Monday met external affairs minister Sushma Swaraj on the sidelines of the annual UN General Assembly session in New York. Ivanka, who would be leading American delegation to the Global Entrepreneurship Summit (GES) in India in November, discussed about women's entrepreneurship and workforce development in the two countries. "We had a great discussion on women's entrepreneurship, the upcoming #GES2017 and workforce development in the US and India," Ivanka said in a tweet after the meeting. India and the US will co-host the GES in Hyderabad from 28 to 30 November. The GES is the preeminent annual gathering of emerging entrepreneurs, investors, and business leaders from around the world. Swaraj discussed "women empowerment" and Ivanka's forthcoming visit to India, the Indian embassy in New York.

11. With Tez, Google joins post-note ban mobile payments race

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

Internet search giant Google on Monday launched its Unified Payments Interface (UPI)-based digital payment service by the name ‘Tez’. With this move, Google has become the latest international company to enter the fast-growing digital payments industry in India. Taking Google’s commitment to the Indian market to the next level, the app is powered by UPI, a payments protocol built by the government-backed National Payments Corporation of India. Tez, which means ‘speed’ in Urdu, was launched by Finance Minister Arun Jaitley at an event in the capital. The launch will put Google on a collision course with SoftBank- and Alibaba-backed mobile wallet provider Paytm. Speaking at the event, Jaitley said he believed that the need for finding alternatives to the high-cash economy was never the centre stage of India’s economic agenda. “We have all got into a habit of living in a high-cash economy and paying its costs,” he said. Jaitley outlined three tests (red lines) on the basis of which he would like to assess the outcome of the demonetisation. “These are: how much high-value money that the RBI prints are we able to squeeze out, how much are we able to expand the tax base, and the third is how much is the increase in the number of digital transactions,” he said. “I am very confident that on all the three counts — both in medium and long term — the advancements will be in a positive direction”... Google Tez, which is available both on iOS and Android platforms, supports several local languages including Hindi, Bengali, Gujarati, Kannada, Marathi, Tamil and Telugu.

12. Nissan to Hyundai keen on India’s \$203 million order for electric vehicles

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

Renault SA, Hyundai Motor Co. and Nissan Motor Co. are among companies interested in supplying India 10,000 electric cars as part of the country’s efforts to reduce emissions and curb fuel imports, a government official said. The deadline for bids has been extended by four days to 22 September to help allow overseas companies ascertain rules for imports, Saurabh Kumar, managing director of Energy Efficiency Services Ltd, said. EESL, the government agency that runs India’s energy efficiency programs, issued the tender for plug-in vehicles that would replace government cars operating in and around the capital city. The order, worth about Rs13 billion (\$203 million), is the first of its kind in a country that boasts Mahindra & Mahindra Ltd as the only manufacturer of an electric car—the e20, a micro vehicle. Prime Minister Narendra Modi has asked a group of senior

ministers to lead an initiative to ensure that by 2030 almost all vehicles in India are powered by electricity as a way to curb oil imports and pollution...Bids have been called to supply 500 electric cars by 30 November and the rest by June. Overseas carmakers already having servicing and maintenance facilities in India are eligible to participate and a single firm can't bid for more than half the tendered number, according to Kumar...Indian carmakers including Tata Motors Ltd and Maruti Suzuki India Ltd are considering making electric vehicles in the \$30 billion auto market. Sales of zero-emission cars will account for 53.3% of the total by 2040, although making batteries and building charging stations would be challenging, according to Niti Aayog, the official think tank.