

## Daily Economic News Summary: 1 May 2017

### **1. 'India to see \$35-40 billion worth impact investments by 2015'**

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

India is projected to see impact investments worth up to \$40 billion by 2025 as the country is in a "sweet spot" with high potential to deliver solutions for various problems, according to global grouping GIIN. Based in New York, the Global Impact Investing Network (GIIN) is a not-for-profit group that works to promote impact investments and has around 230 members. Generally, impact investments refer to those made with the aim of having a social and environmental impact along with the investors getting financial returns. GIIN's Advisor for South Asia, Anil Sinha said, there has been tremendous development in India around impact investing activities in the last five years and the country is in a sweet spot. "In India, about \$ 4 billion has been invested as part of impact investments in about five years. On an average annual basis, it is around \$ 1 billion," Sinha told PTI in an interview.

### **2. India can lead globally by improving manufacturing: Arun Jaitley**

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

At a time of protectionist trends in the developed world, India can become the leading proponent of globalisation if it improves on its manufacturing, Union Finance Minister Arun Jaitley said on Friday. "On whether we can lead the process of globalisation, if for three years in a row we can be among the fastest growing economies in the world...on services, we are among the leading. But the question is, can we improve our manufacturing?" said Jaitley while addressing the annual session of the Confederation of Indian Industry (CII). As a measure of the de-industrialisation of India, in course for quite some time, the contribution of manufacturing has shrunk to around 15-16 per cent of the GDP. Through various measures, the government is trying to increase this share to around 25 per cent. The Finance Minister said that India has been a big beneficiary of globalisation in the way of foreign investment, especially at a time when private domestic investment has been sluggish.

### **3. Govt under pressure to push GST rollout to September 1**

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

Faced with multiple implementation challenges as they race to roll out the Goods and Services tax (GST) from July 1, a number of States as well as businesses want the new levy to be introduced from September 1. Migration of assesseees is behind schedule. Also, the IT infrastructure for GST by the GST Network is still being tested. It is very likely that States will seek more time for the introduction of GST, said two sources close to the development. According to official data, barring the southern States, enrolment of businesses under GST continues to lag, with only about 70 per cent of them migrating as of the April 30 deadline. Migration of service tax and Central excise assesseees to GST was also low at 43.73 per cent and 24 per cent, respectively. The issue is likely to be taken up at the GST Council meeting in Srinagar on May 18 and 19. "Unless we have tested the GSTN how can we say we are ready? Then there are 14 draft GST rules in the public domain, which are yet to be finalised. We also have no clarity on whether new rules will come in or only 14 will be there. July 1 seems to be a very aggressive date for rollout," Bimal Jain, Chairman, Indirect Taxes Committee, PHDCCI, said.

### **4. Protectionism a big worry for India's exports: Report**

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

The protectionist approach of developed economies could have an adverse impact on export performance of India, which is already grappling with low demand as the majority of companies are not getting the benefit of credit flow at lower rates, says a report. However, the impact of demonetisation seems to have ebbed at a much faster pace than earlier anticipated, according to the findings of Ficci's latest Business Confidence Survey. The survey was conducted during the months of March-April and saw participation of nearly 185 companies. The outlook pertaining to operational parameters shows that during the period April to September 2017, nearly 65 per cent of the companies expect better sales performance, 42 per cent expect profits to increase and 40 per cent expect to invest more than their current investments levels. Moreover, 31 per cent expect export demand to be better than what it is now and 27 per cent plan to hire more, making additions to their workforce.

**5. India-Cyprus tax treaty to boost bilateral investments: Joint statement**

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

Revised tax treaty between Indian and Cyprus will help promoting bilateral investments which has immense potential for growth, said a joint statement today. Cyprus is one of the major sources of foreign direct investment in India, which New Delhi is keen to tap for its flagship 'Make In India'. At the invitation of India, President of Cyprus, Nicos Anastasiades is visiting the country. India and Cyprus signed the revised India-Cyprus Double Taxation Avoidance Agreement in November 2016. Prime Minister Narendra Modi held a one-to-one meeting followed by discussions at delegation level with Anastasiades. "Prime Minister Modi suggested that the revision of the agreement could be utilised to increase investments between the two countries, especially in Indian flagship programmes like Make in India and various Cyprus investment projects," said the joint statement after the meeting. Both the leaders emphasised the need for a comprehensive expansion of mutually beneficial contacts between the business communities of the two countries.

**6. Corporate tax may be lowered to 25% for bigger Indian companies**

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

The finance ministry is considering a plan to extend the benefit of a lower 25% corporate tax rate to relatively bigger companies in 2018-19, a person privy to early discussions in the government said. The tax rate for companies with annual revenue of less than Rs50 crore a year was reduced to 25% from 30% in the Union Budget for the current fiscal. With tax revenue growth surpassing expectations in 2016-17, the government is now planning to raise the revenue eligibility for companies to anywhere between Rs100 crore and Rs500 crore subject to revenue implications of the move at the time of finalizing the budget for 2018-19, the person said on condition of anonymity. Finance minister Arun Jaitley in 2015 first proposed to cut corporate tax from 30% to 25% over the next four years. The government plans to cut the tax rate to make Indian companies globally competitive and attract more investments to the country. Lowering the tax rate will become easier for the government as the tax base widens and compliance rate increases.

**7. China is biggest exporter of solar equipment to India with 87 per cent market share**

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

India's import of solar cells and modules is more than 35 times its export, says a recent study by Mercom Capital Group which tracks the clean energy segment. While India imported solar equipment worth \$2.17 billion (Rs 14,630 crore) in the 10 months between April 2016 and January 2017, its exports were just \$60.3 million (Rs 404 crore). Indeed, in these 10 months, solar imports into India increased by 39% over the corresponding period the previous year, while exports dropped 56%...China was the biggest exporter of solar equipment to India, according to Mercom's findings during the 10-month period, with 87% market share and accounting for \$1.9 billion, while Malaysia was a distant second with 8% share, at a total value of \$170.42 million

**8. Made in India to get preference in public procurement: DIPP Secretary**

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

Department of Industrial Policy and Promotion (DIPP) Ramesh Abhishek also said that the country can look forward to "a lot of FDI reforms" in this year. To promote domestic manufacturing, Abhishek said the government would like to prescribe domestic value addition as a requirement for public procurement, as is being done for electronics items and by some other ministries. The proposed policy, Abhishek said, is being worked on as the industry has pointed out that "many of the public procurements are being done with conditions which are discriminatory towards or against domestic manufacturing"... Observing that foreign direct investment (FDI) is a key to boost growth, the DIPP secretary said there have been a slew of FDI reforms in the last two-and-a-half years. "In the coming years, in this year itself, we can look forward to a lot of FDI reforms. We are seeing enormous amount of interest of foreign investors also," he said while addressing a CII conference here. "We have not only opened up sectors, we have made processes much simpler. The result has been quite remarkable," Abhishek said.