

Daily Economic News Summary: 17 July 2015

1. Cabinet nod for revamping 400 railway stations

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

The Union cabinet on Thursday approved a proposal to redevelop 400 railway stations using a contract method called the “Swiss challenge”. Finance minister Arun Jaitley said such stations could become catalysts of economic activity in their surrounding areas.

“These 400 railway stations in virtually 400 centres of the country will become centres of developmental activity. The railway ministry and board will now take this process forward,” Jaitley told reporters after a cabinet meeting in New Delhi on Thursday.

Jaitley explained that under the Swiss challenge method, “any person with credentials can submit a development proposal to the government for the development of classified railway stations. That proposal will be put on the Internet and a second person can give suggestions to improve or beat that proposal”.

He added that an expert committee will accept the best proposal and the original proposer will get a chance to accept it if it is an improvement on his own proposal. Commenting on the cost of the project, Jaitley said, *“The cost will be of the developers, the government and public will get its benefits. It will be revenue-sharing, cash, space-based.”*

2. Cabinet defers decision on Arbitration Act amendment

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

The Union cabinet on Thursday deferred a decision on the amendment of the Arbitration and Conciliation Act, which seeks to fix a timeline for settling commercial disputes and a cap on arbitration fee, amid opposition from a section of arbitrators.

Without giving reasons, official sources said a decision to amend the Arbitration and Conciliation Act, 1996 was deferred today. A senior minister said the language of the bill would be changed and it could be taken up in the cabinet meeting next week. *“We will bring it in the Monsoon Session of Parliament itself,”* the minister said.

Amid its keenness to attract the maximum foreign investment, the government has decided to amend the Arbitration Act to make it mandatory for a judge presiding over commercial disputes to settle cases within nine months.

According to the amendments, the arbitrator deciding on a commercial dispute will have to clear the case within a nine month time-frame. The arbitrator will be free to seek an extension from the high court. But in case of further delays, the high court will be free to debar the arbitrator from taking up fresh cases for a certain period. This is a crucial amendment to the arbitration law as many foreign companies are said to be hesitant to do business in India because of long-drawn litigations.

3. 3M may invest more to make India its first global export hub

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

Fortune 500 industrial conglomerate 3M is looking to scale up investments in India with an eye on making it the company's first designated export hub globally. India's move towards the goods and services tax regime and improvements in the corporate tax system make it an attractive destination for setting up an export base, HC Shin, executive vice president in charge of 3M's international operations, told ET. This would mark a departure from the company's traditional approach of producing locally across regions.

"3M can certainly bring in a lot more investment, as investment conditions continue to improve such as GST, corporate tax...We can also consider India as an export base in addition to our domestic presence. If you look at the cooperation coming through the ASEAN and other free trade initiatives of India, a lot of good things can happen," Shin said.

4. India to grow at 7.8%; land, tax reforms delay a risk: ADB

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

ADB today retained India's growth projection for the current fiscal at 7.8 per cent, making it the fastest growing economy, but cautioned that delay in land and taxation reforms could hinder growth. In its Supplement to the Asian Development Outlook, which was released in March, ADB lowered China's growth forecast to 7 per cent for 2015, from the earlier 7.2 per cent. For 2016, it is forecast to decelerate to 6.8 per cent.

"India's growth forecasts remain at 7.8 per cent for this fiscal year and 8.2 per cent for next, supported by a healthy monsoon and new investment -- and assuming concrete progress on reform," Asian Development Bank said.

5. Government gives nod to India-Canada civil aviation pact

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

The government today approved the signing of a pact between India and Canada to enhance technical knowledge in the field of civil aviation and deepen bilateral cooperation between them. The Union Cabinet, chaired by Prime Minister Narendra Modi, approved the signing of the Memorandum of Understanding (MoU) which also seeks to foster greater commercial and economic cooperation between the two countries.

"An appropriate platform shall be formalised for exchange of views on the possibilities of fostering greater commercial/economic cooperation between the two countries in the areas of civil aviation," an official statement said while underlining the key features of the MoU.

"Both the nations will also have a cooperation programme in the areas of safety of aircraft operations and related issues that will provide more up-to-date knowledge to the Directorate General of Civil Aviation to make it familiar with best international practices and latest International Civil Aviation Organisation's safety oversight programme requirements," the statement said.

6. South Korea's POSCO suspends planned \$12 bn Odisha steel project

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

South Korean steel giant Posco has put on hold its \$12 billion steel project in Odisha due to delays in various regulatory approvals. "We are tentatively suspending the Odisha (India) project due to lack of any progress," Posco Chairman and CEO Kwon Oh Joon said.

"Business conditions at home and abroad have changed due to drop in global steel demand, growing deficit of subsidiaries, which have led us to come to a conclusion that we must step up our reform efforts," he said at an investor event in Seoul.

By Harsha Hazarika