

Daily Economic News Summary: 23 September 2016

1. Sitharaman: 12 states on track to improve ease of doing biz

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

Twelve states have fulfilled 75 per cent of the requirements to improve ease of doing business. Speaking at an investors' summit organised by the CII, Commerce and Industry Minister Nirmala Sitharaman said while 12 states had shown good progress in implementing reforms laid down by the Centre, others are still lagging. Uttarakhand occupies the top spot in terms of implementing policies to facilitate business, followed by Rajasthan, Jharkhand, Telangana, and Madhya Pradesh.

The results are based on an online dashboard created by the department of industrial policy and promotion (DIPP) that tracks implementation in real time. The dashboard updates rankings every time a response by a state is validated by the DIPP. The other states that have implemented more than 75 per cent of all reforms are Haryana, Chhatisgarh, Maharashtra, Andhra Pradesh, Gujarat, Punjab and Karnataka. States traditionally weak in this regard such as Arunachal Pradesh, Jammu and Kashmir, and Meghalaya have scores of zero on a scale of 100. Originally conceived under the Make In India campaign, a 98-point action plan for easing the regulatory framework for business at the state level was prepared by the DIPP in December 2014. A wider action plan was released in September 2015 covering 340 points.

2. Govt announces additional incentives to exporters, widens MEIS ambit

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

The government on Thursday announced additional incentives worth Rs 1,500 crore for exporters to help them fight the continued slowdown in global demand. The Merchandise Exports from India Scheme (MEIS) has been beefed up with the number of tariff lines or export products covered going up from 5,012 to 7,913. The rate of incentives has also been increased for certain products. "The total support extended by the Centre under the scheme has been enhanced from the present Rs 22,000 crore to Rs 23,500 crore per annum," the commerce ministry stated.

Under MEIS, which was introduced in April 2015, exporters get duty-free scrips to import input goods, which go into the production of export items. The percentage of duty credits earned is based on a percentage of value of their exports — currently pegged at fixed rates of two per cent, three per cent, and five per cent depending on the product and country.

3. India, China to jointly promote tea production & consumption

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

At a time when most sectors in India are complaining about Chinese dumping, tea producers from the two countries have joined hands to promote sustainable tea production and consumption. The United Planters' Association of Southern India (UPASI) and China Tea Marketing Association (CTMA) signed a Memorandum of Understanding (MoU) in this regard here on Thursday. Global sustainability organisation Solidaridad Network – which is backed by governments of the Netherlands, Norway, Switzerland, Ireland and partners like International Finance Corporation – would provide the technical and financial support to implement the MoU.

Nico Roozen, executive director of Solidaridad told Business Standard that the Western consumer pays 32 times more for a litre of coke than for a litre of tea. The cheap tea bags or bottled tea that dominate the Western markets may have a sustainability seal on the packs, but they don't support tea producers to make continuous improvement. A sustainability label is no longer a product differentiator. "So – like the coffee sector – we need to work towards a market that is increasingly characterised by price differentiation based on origin and high quality," Roozen added.

4. Average ticket size of life insurers sees 20% jump

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

The average ticket-size in life insurance policies has jumped almost 20 per cent for individual policies in the last three years. Life insurance companies have seen the average ticket size rise to Rs 40,000. With the sum assured in policies going up, the subsequent premiums for the products are also going up. Deepak Mittal, MD and CEO, Edelweiss Tokio Life Insurance said that for them, the portfolio average premium for individual policies is around Rs 40,000 and the average ticket size is growing at a compounded annual growth rate of about 19 per cent. The increase has been seen in both offline as well as online plans. Mittal said that for online products, one of the key reasons for increase in ticket size is increased need of higher protection. He added that for offline products, an increased effort on need-based sales resulted in higher sum assured and higher ticket size.

5. Office space developers set to raise \$3.5 billion by March 2017

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

Large office space developers in India are set to raise more than \$3.5 billion by March from institutional investors and pension funds. The fundraising will help the property developers bring new investors on board and expand their project portfolios. Bengaluru-based RMZ Corp., backed by the Qatar Investment Authority (QIA), plans to raise about Rs1,700 crore by selling a stake in a portfolio of office assets. QIA, which bought a 22% stake for Rs1,200 crore in RMZ's first office platform, will also invest in the second venture, and the developer is in talks to bring another investor on board.

“There is significant investor interest, particularly from pension funds. The first set of investors (QIA) is already in place and the other investors will come. We are lining up assets to buy and develop under the second platform,” said Raj Menda, managing director at RMZ Corp. RMZ, with around 20 million sq. ft of office assets, will also apply to set up a real estate investment trust (REIT) in 2017.

By Nandini Malhotra