

Daily Economic News Summary: 24 September 2015

1. India, US to deepen security ties; increase trade to \$500 BN

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

Ahead of Prime Minister Narendra Modi's meeting with US President Barack Obama next week, the two countries have decided to further deepen their security and economic cooperation and increase bilateral trade five-fold to USD 500 billion.

US Secretary of State John Kerry and External Affairs Minister Sushma Swaraj co-chaired the first India-US Strategic and Commercial Dialogue that ended with the important takeaway of a joint statement on combating terrorism, reinforcing commercial ties and securing access to US inward investment and technology.

The dialogue also helped the two countries move towards the goal of making their ties the defining relationship of the 21st century and increase bilateral trade from USD 100 billion to USD 500 billion a year. Kerry said the US-India relationship is a *"bright spot on the international landscape and is one of the most important bilateral relationships in the world."*

2. Government's highway push picks up speed with foreign funds

Source: **Times of India** ([Link](#))

Last month, when a consortium led by Canada's Brookfield Asset Management shelled out Rs 3,000 crore to buy nine projects, including the Mumbai-Nashik highway, from Gammon India, the spotlight turned to the country's highways sector, which is being seen as a vehicle for a sharp economic turnaround.

The deal is the first of its kind in highways since the Narendra Modi government tweaked rules to spur life into the sector. A top Singaporean firm is in talks to buy out several projects from a South India-based developer. Interest has also been shown by sovereign wealth funds and private developers from the UAE to buy completed highway projects in India. The government has also lined up 80 projects which can be sold to investors.

The sudden interest in highways has come as a boost for the government at a time when domestic investment in the sector has dried up. This also provides the government an option to fast-track the development of highways using foreign money. Experts say Indian developers will also join the fray once the rest of the problems afflicting the sector are resolved.

3. India to supply generic cancer drug to US

Source: **Times of India** ([Link](#))

India has agreed to supply to the United States generic cancer drugs at a time there is outrage in America about the predatory practices by the US pharma industry, one of whose leaders is getting hammered for increasing the price of life-saving drugs by as much as 5000 per cent overnight.

The full details of the US-India agreement was not disclosed, but Indian officials confirmed that New Delhi had agreed to supply an "off-patent" cancer drug. Such a move could be a template for the supply of life-saving pharmaceuticals to a US system that is overpriced and overburdened, causing untold suffering to millions of poor and middleclass Americans.

4. Ten Indian startups to reel off innovations before PM Narendra Modi

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

Ten Indian startups will showcase their most outstanding innovations at the Silicon Valley at a programme to be presided over by PM Narendra Modi during his US visit on September 27. "An event that I am enthusiastic about is the 'India-US Start-up Konnect'," Modi said last week about the event where Indian start-ups will also forge partnerships with the vibrant American start-up industry.

He had said India is emerging as a hub of startups in a wide range of areas and *"we aspire to take this further. We want the world to see our innovation capabilities in the start-up sector"*. The delegation, supported by the Indian Department of Science and Technology and defence major Lockheed Martin Corporation, and Indo-US Science and Technology Forum, has been sponsored under the DST-Lockheed Martin India Innovation Growth Programme (IIGP), which aims to connect Indian innovators to the global marketplace.

5. Companies can borrow from pension, sovereign funds: RBI draft

Source: **Times of India** ([Link](#))

In a move that would ease overseas borrowing for Indian corporates, the RBI has proposed a host of relaxations, including expanding the list of potential lenders and moving towards a negative list of end-uses. The central bank has also prescribed an easier regime for rupee-denominated foreign borrowing where the currency risk is borne by the lender.

RBI's draft framework for external commercial borrowings (ECBs), released on Wednesday, has been prompted by the government's aim to attract long-term funds to the infrastructure sector and help companies access funds at a reasonable cost. Participation of Indian banks as ECB lenders will be subject to prudential norms issued by the RBI, according to the draft framework. Part-prepayment of ECBs, including part-prepayment through fresh ECBs, will also be permitted subject to conditions. Refinancing of existing ECBs with a fresh ECB with higher all-in-cost (but within the ceiling) will now be permitted.

RBI's draft aims to expand the list of recognized lenders to include entities having long-term interest in India. Overseas regulated financial entities, pension funds, insurance funds, sovereign wealth funds and similar other long-term investors are included in the list of recognized lenders for long term funding into India.

6. Uber's Indian innovations go worldwide

Source: **Times of India** ([Link](#))

For the world's biggest cab player Uber, India has been home to a number of successful innovations, some of which have forced the venture to alter its basic tenets. Now, Uber is taking these learnings to other countries including Turkey, Indonesia, the Philippines, South Africa, Kenya and Vietnam.

The innovations, often the result of challenges the Indian market posed, include acceptance of cash, use of mobile wallets, introduction of the SOS safety feature, the concept of UberGo (lower-end cars) and most recently Wi-Fi in cabs. *"Apart from being the second biggest priority market for us, India is also an innovation hub and learning ground for Uber. When a process innovation is introduced, it leads to a product innovation as well that can be taken to other markets,"* said Karun Arya, Uber spokesperson for South East Asia and India.

By Harsha Hazarika

