

Daily Economic News Summary: 26 February 2016

1. Railways Budget 2016: Suresh Prabhu announces innovative steps, mixes populism and pragmatic economics

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

Suresh Prabhu tried to balance populism with pragmatic economics in his second railway Budget as he sought innovative ways of getting the organisation on the track to recovery, keeping passenger fares unchanged but pledging cuts in freight tariffs soon. Trains are also set to get automatic doors and onboard entertainment systems while more stations will get WiFi as the minister seeks to make train travel more appealing and business-friendly. A plan size of Rs 1.21 lakh crore in "challenging times", as he described the current situation, may appear optimistic but Railway Minister Prabhu was confident that he had finances under control despite added pressure from higher salaries thanks to the Seventh Central Pay Commission award. Any gaps will be made up through joint ventures with states, extra budgetary support of Rs 45,000 crore and increased internal resource generation.

The Budget laid emphasis on non-fare resource generation, which was less than 5% of the total. Prabhu aims to take this to at least 15-20% of total railway earnings, he said in the Budget that he presented in Parliament on Thursday. Nevertheless, the math wasn't fully explained — the Budget has assumed a 12.4% rise in non-suburban passenger earnings in FY17 even as it expects almost flat passenger volumes. That could mean a mid-year hike in passenger fares in order to get the numbers to add up. The Budget didn't say how the increased salary bill of about Rs 29,000 crore would be funded. However, Railway Board Chairman AK Mittal later explained that the railways may defer the allowances component of this, worth about Rs 8,000 crore. A sum of Rs 21,000 crore had been taken into account in the Budget toward higher salaries. Based on the theme, *Chalo milkar kuch naya karein* (Let's do something new together), the emphasis of the Budget was on reorganising, restructuring and rejuvenating the railways. Prabhu refrained from dramatic gestures - no new projects were announced - making numerous tweaks of a reformative nature. He unveiled four new train services for various categories of passengers.

2. India-Australia trade agreement expected to be finalized in 6 months: Official

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

The Comprehensive Economic Cooperation Agreement (CECA) between India and Australia is likely to be finalised in the next six months, a senior official said today. *"The CECA is under negotiation at the moment. We expect it to be concluded in the next six months. This is an important agreement for India and Australia,"* Amanda Hodges, Senior Trade Commissioner of Australian Trade Commission, said at a media briefing here. The talks for CECA, or Free Trade Agreement (FTA), between India and Australia started in 2011 to boost bilateral trade and investment. Both sides were expecting to conclude negotiations by December last year, but there were differences in areas like duty cut on dairy products and wines. Several rounds of negotiations have been completed for liberalizing trade and services regime, besides removing non-tariff barriers and encouraging investments.

3. Chinese smartphones brands like Vivo, Gionee and others gaining market share fast

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

Here are the new stars of the world's second largest smartphone market — Vivo, OPPO, Gionee, LeEco and Lenovo, all Chinese brands. And here are the players feeling the heat — Apple, Samsung, LG. Data available from IDC till end-2015 for India show that Chinese smartphone brands, with their mostly low-price-point offerings, command 22 per cent of the market, sharply up from the 12 per cent share early in 2015. And non-Indian, non-Chinese brands, Apple, Samsung among them, saw their market share drop steeply from 44 per cent to 37 per cent in the same period. Indian brands held on to their share in 2015, but their 2015 yearend 38 per cent market share was sharply lower than the 44 per cent they had captured in late 2014. The stats are clear - China's sleek but relatively cheap smartphones are winning in a market where product penetration is only 30 per cent, meaning Chinese brands could be headed for big wins in the future.

4. Solar mission: India to appeal against WTO Ruling

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

India will once again appeal against a World Trade Organization ruling, which declared that support provided by the Jawaharlal Nehru National Solar Mission to domestic manufacturers was inconsistent with the Trade Related Investment Measures agreement signed by the country. "We will appeal to the WTO. Several options are still open to us. This does not affect the domestic content requirement (DCR) rules or the 'Make in India' programme," said Tarun

Kapoor, joint secretary in the Ministry of New and Renewable Energy. A three-member dispute settlement panel of the WTO, which was set up in 2013 after the US complained that India unduly favours local solar manufacturers, had ruled against India in August and the February 24 ruling is a reiteration by the panel after India went in appeal.

5. India can be a 1 GB society, says IDEA MD Himanshu Kapania

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

India has all the ingredients to become a 1 GB society -where every data connection has a minimum speed of 1 Gbps -but high prices of spectrum make it difficult to achieve, said Idea Cellular managing director Himanshu Kapania. *"Technologically , it's possible for us to be on par with the world (broadband speeds) as the materials required for a 1 GB society are available in India with the newly proposed auction, but at current spectrum prices, no telco will have the appetite to invest in a GB network,"* Kapania told ET at the Mobile World Congress in Barcelona. Spectrum costs have to be nominal to achieve such internet speeds, he said. *"We can talk about 40 Mbps with all the intent and investment, and at best, take it to 100-200 Mbps, but a 1 Gbps network needs radically higher investment... We need a paradigm shift where spectrum comes at a nominal cost for the operator,"* Kapania said. Experts participating in the Mobile World Congress this year believe that an individual will need a minimum 1 Gbps network for future communication, especially since the likes of Facebook CEO Mark Zuckerberg are talking about sharing 3D scenes.

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By Harsha Hazarika