

Daily Economic News Summary: 30 October 2015

1. World Bank sees India growing at 7.5% in FY 16

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

The World Bank has maintained its growth forecast for the Indian economy for the current fiscal year and expects it to expand by 7.5% in 2015-16. It has backed implementation of three key reforms, including the Goods & Services Tax (GST), to sustain the momentum.

In its development update, a twice a year report on the Indian economy and its prospects, the bank expects growth to accelerate to 7.8% in 2016-2017 and 7.9% in 2017-2018. But it said acceleration in growth is conditional on the growth rate of investment picking up to 8.8% during 2016-2018. The Reserve Bank of India expects the economy to grow by 7.4% in the current fiscal year, while the government pegs it at over 7.5%. The International Monetary Fund expects growth to be 7.5%.

2. India promises \$10 Bn line of credit to Africa

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

To strengthen ties with African countries and counter the growing influence of China in that region, Prime Minister Narendra Modi on Thursday announced a concessional credit grant of \$10 billion to Africa through the next five years. *“To add strength to our partnership, India will offer concessional credit of \$10 billion over the next five years. This will be in addition to our ongoing credit programme,”* Modi said at the inaugural ceremony of the third India-Africa Forum Summit here. *“We will also offer a grant assistance of \$600 million. This will include an India-Africa development fund of \$100 million and an India-Africa health fund of \$10 million. It will also include 50,000 scholarships in India through the next five years. And, it will support the expansion of the pan-Africa e-network and institutions of skilling, training and learning across Africa,”* the PM added.

Modi said 400,000 new businesses were registered in Africa in 2013 and mobile telephone services now reached 95 per cent of the population in many places. *“The mobile banking of M-Pesa, the health care innovation of MedAfrica, or the agriculture innovations of AgriManagr and Kilimo Salama are using mobile and digital technology to transform lives in Africa. “Now, India is a major source of business investments in Africa. Today, 34 African countries enjoy duty-free access to the Indian market,”* he said, adding African energy helped

run the Indian economy; its resources were powering Indian industries; and African prosperity offered a growing market for Indian products.

3. Narendra Modi holding monthly meeting to clear stalled projects

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

Prime Minister Narendra Modi is personally taking on India's notorious red tape to clear tens of billions of dollars worth of stalled public projects, hoping that his hands-on intervention can bend a vast, dysfunctional bureaucracy. Once a month, Modi holds a meeting with top state and federal bureaucrats to check why projects have not got off the ground. Since March this year, his intervention has helped revive nearly \$60 billion in federal and state projects, according to government data through September seen by *Reuters*.

Modi has won plaudits for the initiative that has chipped away at a \$150 billion backlog of planned roads, ports, railways, power stations and other projects. But equally, critics say, the fact he needs to personally intervene shows the level of government inertia in Asia's third-biggest economy. "*It is a systemic problem that the prime minister needs to work on,*" said Arun Maira, a management consultant and member of the previous Congress government. The initiative, launched by Modi in March and publicised on his personal web site and Twitter feed, is called pro-active governance and timely implementation, or Pragati, which means "progress" in the Hindi language.

4. Finance Ministry announces tax relief for rupee denominated bonds

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

The government on Thursday announced tax breaks on income from offshore bonds in a bid to encourage foreign investors to buy rupee-denominated bonds. The finance ministry in a statement said that a lower withholding tax of 5% will be applicable on interest income accruing to non-resident investors of these bonds, similar to the treatment given to offshore dollar denominated bonds. Also, the capital gains from a possible appreciation of rupee between the date of issue and redemption against the foreign currency in which the investment is made would be exempted from capital gains tax.

The government, however, will bring in these legislative amendments only in the Finance Bill 2016. Domestic investors, looking to raise these bond issuances, were hoping that the government would bring about these changes in the upcoming winter session so that they could proceed with the issuances in the next couple of months. An increase of interest rates by the US

Federal Reserve could reduce the investor appetite for these bonds and the institutions were hoping to hit the market before that.

5. Punjab gets investment proposals worth Rs 1.15 lakh crore

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

Investments worth Rs 1.15 lakh crore were pledged today at the Progressive Punjab Investors' Summit. *"378 companies signed MoUs involving an investment of Rs 1.15 lakh crore at the event,"* Punjab Deputy Chief Minister Sukhbir Singh Badal said here today. Badal said Mohali will emerge as an electronic hub with Videocon announcing to invest Rs 500 crore to set up a mobile and set top box manufacturing facility here. Besides, jewellery maker Gitanjali would establish a jewellery park at Amritsar at a cost of Rs 1,200 crore, he added.

By Harsha Hazarika