

Daily Economic News Summary: 20 December 2017

1. House panel wants government to take up barriers to movement of professionals issue with ASEAN

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

A parliamentary standing committee on commerce has asked the government to revoke a review clause in the India-ASEAN free trade agreement to define 'independent professionals' for greater movement of natural persons in the ASEAN region. Chaired by Naresh Gujral, the committee has said the agreement has not yielded desired outcomes. "The committee finds that professional qualification, training and other requirements including professional standards have been used as a barrier for movement of accounting services from India, though, the Indian requirements in this regard meet the international standards," it said in its latest report. Citing limitations on national treatment as well as market access limitations imposed by several countries such as visa restrictions, restrictions on the mobility of personnel, impediments to technology and information transfer, buy national public procurement practices, nationality and residence requirements and professional certification/ entry requirements, it asked the Department of Commerce to address them at bilateral or multilateral level.

2. PMO reviews pending FDI proposals

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

The Prime Minister's Office (PMO) is reviewing foreign investment proposals that have been pending for more than three months, including those of Chinese firms Xiaomi and Lenovo, and Sterlite Power Transmission, as it presses on with its efforts to make it easy for companies to do business. A senior official told ET that about 39 such FDI proposals, pending with different departments, have to be decided upon soon, and a status report shared with the PMO. This review

is separate from the joint quarterly review being undertaken by the secretary of department of industrial policy and promotion (DIPP) and the department of economic affairs (DEA) on the overall pendency of FDI proposals. "There is a direct monitoring from the PMO on the pendency and all secretaries have to explain the reason for the delay in all applications...", the official said, requesting not to be named.

3. Niti Aayog seeks Rs 5,000-crore methanol economy fund

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

Niti Aayog, the government's policymaking body, will soon move a Cabinet note outlining the roadmap for a methanol mission for India through a Rs 5,000-crore methanol economy fund to kickstart generation of this alternate energy source from January 1, 2018. The Aayog, under its member VK Saraswat, will hold a high-level meeting of its taskforce on methanol economy on 20.12.2017 following which a roadmap will be laid out to initiate a methanol mission for the country. The idea is to have an installed capacity of three-four million tonnes of methanol in the next five-eight years to help replace 50% of the fossil fuel requirement of the country. Saraswat said the fund will be used to set up coalbased methanol producing plants.

4. Revival of 5 sick urea units to add 72 lakh to production: GOI

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

The Union government is expecting an increase in urea production by 72.14 lakh tons on the back of revival of several sick urea units and is looking at drastic reduction at imports, informed Inderjit Singh, minister of state for planning (IC) and chemicals and fertilizers in the Parliament on 19.12.2017. In a written reply to the Parliament, the minister informed that the government was reviving five closed fertilizer plants of Fertilizer Corporation of India Ltd (FCIL) and Hindustan Fertilizer Corporation Ltd. (HFCL) namely Talcher, Ramagundam, Gorakhpur and Sindri plants

of FCIL and Barauni plant of HFCL by setting up new ammonia-urea plants of 12.7 lakh tons a year capacity. "The commercial production from Ramagundam unit is likely to start by 2018 while from other four units, it is likely to start by 2020," said Singh. India is the world's second largest consumer of urea, according to Urvisha H. Jagasheth, research analyst with Care Ratings. "India produced nearly 241.9 lakh tons of urea in FY17 while it imported 54.81 lakh tons. However, with increasing domestic production, the imports have been declining on a quarter-on-quarter basis," she said.

5. Road orders in slow lane as they fall to tenth of India's target

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

Prime Minister Narendra Modi's government has miles to go to achieve its annual road-building goal. The National Highway Authority of India aims to agree contracts for 10,000 kilometers in the year to March, but has managed to award only a little over a one-tenth of the total so far, data from the Ministry of Road Transport and Highways show. "There's a chance that FY18 awards could see a decline for second consecutive year," Atul Tiwari, an analyst at Citigroup Global Markets India Pvt. wrote in a Dec. 14 note. "The muted pace of awards will have an impact on construction activity in road sector." NHAI is at the center of the Modi government's plan to spend \$108 billion over the next five years on building highways to boost an economy that's growing at its slowest pace in three years. But delays in acquiring land -- NHAI doesn't award a project until it gets 80 percent of the land -- and the reworking of tenders after the implementation of the nationwide sales tax on July 1 contributed to the slowdown in bidding out projects.

6. Government withdraws stock holding limits on sugar dealers

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

The government today said it has withdrawn stock holding and turnover limits on sugar dealers with immediate effect as demand-supply situation is likely to be comfortable with the estimated rise in production. Prices are also expected to remain stable at reasonable level, the food ministry said in a statement. Sugar production of India, the world's second largest producer, is estimated to increase at 249 lakh tonnes in the 2017-18 marketing year (October-September) from 203 lakh tonnes in the previous year. "During the current sugar season 2017-18, crushing operations in all major sugar producing states has commenced smoothly. The total sugar production is estimated to be around 249 lakh tonnes by the end of the season against estimated consumption requirement of about 250 lakh tonnes, in the previous year.

7. How Modi government can tap the telecom sector for unlocking next phase of GDP growth

The Economic Times ([Link](#))

The Indian telecom industry is passing through complex times. It has been almost two decades since the Atal Bihari Vajpayee government heralded the telecom revolution with the formulation of the National Telecom Policy (NTP) in 1999. When the policy was enforced, India merely had a million subscribers. Since then, the industry has grown on to become the second-largest telecommunications market in the world that is now well past the billion-mark in terms of subscribers. Over the years, the sector has become a significant contributor of the country's GDP and job growth. According to one estimate, it contributed 6.5 per cent of India's GDP while providing direct and indirect employment to four million people in 2015. The industry has also been one of the fastest-growing sectors in the country with a compound annual growth rate (CAGR) of 7.3 percent over the last decade. This is the result of the dynamic and hyper-

competitive nature of the Indian telecom market. Competition among telecom companies has risen to the extent that tariffs are one of the lowest in the world.

8. Govt working on strategy to boost share of services exports, says Prabhu

Source: The Hindu Businessline ([Link](#))

The government is working on a strategy to boost share of services in total exports from the country, said Commerce & Industry Minister Suresh Prabhu. The Indian industry needs to identify the markets that they want to export to and the Department of Commerce would work on market access issues there, the Minister said at a meeting on the services sector organised by industry body CII. Prabhu further added that the World Trade Organisation (WTO) needed to focus on the most relevant issues in the world today and the mini-ministerial that India would organise in a few weeks' time for top countries will deliberate on such issues. "In my opinion services should be one of the most critical drivers of the growing economy and must be brought to the forefront," Prabhu said.

9. Centre looks to include petro-products in GST after consensus with States: Arun Jaitley

Source: The Hindu Businessline ([Link](#))

The Centre favours including petroleum products in the ambit of the Goods and Services Tax (GST) but it would want a consensus with the States before taking such a step, Finance minister Arun Jaitley said on 19.12.2017. During the Question Hour in Rajya Sabha, Congress leader and former Finance Minister P Chidambaram sought to know the Union government's position on bringing petrol and diesel under the GST. He also sought to know why the prices of petrol and diesel did not decline with a fall in the global crude prices. Jaitley responded saying that a person familiar with the issue had asked the question. He said the UPA in its draft GST bill had kept petrol out of its ambit as it knew that the issue would be a deal-breaker between the Centre and the States.