

Daily Economic News Summary: 20 September 2017

1. 'Normalisation of India-Denmark relations to boost trade ties'

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

Copenhagen, Normalisation of India-Denmark relations, that got a push with the launch of a direct flight between New Delhi and Copenhagen, will boost bilateral trade, which is billed to touch the \$3 billion-mark by the end of 2017. The relations between India and Denmark have historically remained cordial. In 2011, however, they were affected by the non-extradition of Niels Holck, better known as Kim Davy, a Danish national involved in what is known as the "Purulia Arms Dropping Case" in 1995...In 2016, India had a trade surplus in commodities, while Denmark had balance of trade in its favour where services were concerned. India's exports to Denmark include articles of apparel and clothing accessories, textile yarns, organic chemicals, general industrial machinery and iron and steel, among other items, whereas it imports medicinal and pharmaceutical products, electrical and power generating machinery. In terms of investments, data from "Statistics Denmark" showed that the Danish foreign direct investment (FDI) to India was \$758 million in sectors such as manufacturing, trade and transport, financial and business services...Major Denmark-based companies like shipping giant AP Moller-Maersk Group, Cheminova Agro, F.L. Smidth & Co., Danfoss, Carlsberg and others have already invested in India.

2. Economic slowdown is real, not just technical: SBI Research

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

Noting that the economy has been on a downslide since September 2016, SBI Research today said the slowdown is real and not technical and called for more public spending to arrest the slide. "We certainly believe that we are in a slowdown mode since September 2016 and a slowdown that has been prolonged to Q1 of this fiscal year is technically not short-term in nature or even transient," SBI Research said in a report. The report said continuing slowdown has "raised the spectre of whether the slowdown is temporary or not" but stopped short of answering the question. The note comes days after BJP president Amit Shah attributed the slowdown -- GDP growth slid for the sixth quarter in a row to hit a three-year low at 5.7 per cent in the June quarter-- to "technical reasons" without elaborating on the same. Shah had said growth had gone up to 7.1 per cent after falling to 4.7 per cent in FY14 when the UPA was in power.

3. Government set to unveil measures to boost growth

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

The government may soon unveil a package of measures to speed up growth, generate employment, and lift exports and step up investment in infrastructure. A broad framework to boost the economy was discussed a meeting of ministers and officials chaired by finance minister Arun Jaitley. Prime Minister Narendra Modi will take a final decision on the measures, “We may need to take some specific, targeted steps... It's not as if there is a course correction,” a government official said. There has been concern in government circles over growth slumping to a three-year low of 5.7% in the April-June quarter with disruption due to the rollout of goods and services tax (GST) and lingering impact of demonetisation being the primary cause. A rise in the current account deficit and inflation has added to worries. Some economists have argued that the decline is structural in nature and needs to be addressed appropriately...India's exports have not picked up to the extent expected even as the global economy has rebounded. Export growth was 8.57% in the April-August period while imports rose 26.63%, worsening the trade deficit and the current account deficit. The appreciation of the rupee has eroded India's exports competitiveness while teething troubles with GST have not helped. Exporters met revenue secretary Hasmukh Adhia to present demands for relief. The sluggish growth has also led to worries about job creation.

4. Korea objects to curbs on gold imports

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

South Korea has objected to India's move to restrict all forms of gold imports from the country, saying it is not compliant with the norms and that India should have discussed the issue first instead of unilaterally taking the decision. The objection comes ahead of a highlevel meeting of the trade ministers of the two countries in Seoul later this week to review the India-South Korea free trade agreement. On its part, India has reasoned that the move is justified as South Korea does not produce gold but was being used only to circumvent import duty on the metal. On August 25, India had put all forms of gold import from South Korea in the restricted category wherein importers will need permission from the government before importing them...ndia's FTA with South Korea is called the Comprehensive Economic Partnership Agreement (CEPA) under which the 10 per cent basic customs duty on gold has been eliminated. Under the goods and services tax (GST), the 12.5 per cent countervailing duty on gold imports was replaced by a 3 per cent integrated GST.

5. India needs Rs 3-4 lakh cr investment in aviation: Jayant Sinha

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

India would need Rs 3-4 lakh crore investment in aviation infrastructure in the next 10-15 years to reach 50 crore passenger trips, like China and the US, Minister of State for Civil Aviation Jayant Sinha said on Tuesday. “We will need Rs 3-4 lakh crore investment in airports in the next 10-15 years. China today has got 50 crore passenger trips even if they have a high speed rail network. The US too has 90 crore passenger trips,” said Sinha...Stating that investments in the aviation sector had increased ever since Narendra Modi became the Prime Minister, Sinha said in the fiscal year 2014-15, 10 crore passengers travelled in planes, which increased to 16 crore in 2015-16. “We have grown 16-17 per cent in the last three years. In 2017, we grew 15.6 per cent. India will continue to grow 15-16 per cent. We are doubling the total growth and expect to have 20 crore passengers in 2018,” said Sinha...the current government has started 30 airports in the current year under the UDAN initiative, he added. Sinha added that from 75 to over 100 airports, the current government was very much focused on boosting the aviation sector.

6. India to supply over half of Asia’s workforce: report

Source: The Hindu: Business Line ([Link](#))

India, with over 65 per cent of population below the age of 35, will supply more than half of potential workforce over the coming decade in Asia, which is grappling with ageing population, according to a report. India will however have to first equip its workforce with necessary skills to contribute to the national economy in order for the country to reap dividends of its demographic potential, said the report by Deloitte — ‘Demographics fuelling Asia’s shifting balance of power’. “India is among a handful of South Asian countries that sits on a demographic gold mine,” the report said, adding that the country has a median population age of 27.3 years compared to 35 years for China and around 47 years for Japan...The report, however, said, “in order for India to reap the dividends of its demographic potential, it has to first equip its workforce with the necessary skills to contribute to the national economy.” The country needs to pay special attention to skilling and reskilling its workforce with a focus on the changing nature of today’s jobs with the invasion of machines and improvement in robotics.

7. Nitin Gadkari presses for reforms in transport sector

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

Calling for reforms in public transport, Union minister Nitin Gadkari today asked transport ministers of states to submit suggestions on tax and permit issues, a government official has said... "People are willing to accept change," said Gadkari, urging the state ministers to work in this direction and give suggestions on taxes and permits. Advocating removal of checkpoints, he asked the states to adopt digital payment solutions... The council also discussed seamless transport across state borders under the GST regime. A task force has been constituted by the GST Council to suggest measures for creating an ecosystem for seamless road transport connectivity across the country.

8. New Delhi and Tokyo: Asia's new leaders

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

The India-Japan relationship is rapidly gathering momentum, taking shape faster than any of New Delhi's current strategic partnerships. The 2017 annual summit on 13-14 September highlighted the strategic underpinnings of this partnership. While developments in the relationship led by Prime Ministers Shinzō Abe and Narendra Modi continue to be rapid, the partnership post the 2016 summit began to take a bolder tone and approach to the changing security environment. Japan and India, today are beginning to outline a framework to shape and lead the region. New Delhi and Tokyo today are outlining their "central role in such a rules-based order". Speaking at an India-Japan colloquium just a few days before Abe's visit to India, foreign secretary S. Jaishankar provided a significant insight into the future of this relationship... New Delhi is perhaps one of the sharpest and loudest critics of China's Belt and Road Initiative. Japan was the first country to come out in India's support during the Doklam standoff. The trust and support in the relationship is advancing this strategic partnership into a new avenue. Apart from development on the domestic front, such as the inauguration of the Ahmedabad-Mumbai high-speed rail project, India and Japan are now projecting this partnership at a regional level, beginning in South Asia, expanding into the Indian Ocean and onwards to Africa.

9. India is world's 4th fastest growing economy; but why you might not care about the other three

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

India is the fourth fastest growing economy in the world, says World Economic Forum. But, a closer look reveals that India is the only major economy among the fastest growing economies, as the other countries in the list include names such as Djibouti, Laos, Tanzania et al. The countries ahead of India in the list include Ethiopia, Uzbekistan and Nepal. According to World Bank's latest edition of Global Economic Prospects, India has a projected economic growth of 7.2% in 2017, as against global projected growth of 2.7% says the report. Ethiopia's GDP is forecast to grow by 8.3% in 2017. Uzbekistan and Nepal, the other countries ahead of India have projected growth rates of 7.6% and 7.5% respectively. World Bank Group says that the recent data indicate an acceleration in growth in India, with an easing of cash shortages and a rise in exports. An increase in government spending, including on capital formation, has partially offset soft private investment, says the report. Further, India's GDP growth is expected to accelerate to 7.5 in the next fiscal year on the back of strong domestic demand supported by policy reforms. The World Bank Report acknowledges the impact of demonetization says that, "India is recovering from temporary adverse effects of the end-2016 withdrawal of large-denomination currency notes." Further World Bank says an increase in infrastructure spending, robust government consumption and a favourable monsoon were the factors favouring the country's high growth.

10. PPP projects at major ports at risk of running aground

Source: The Hindu: Business Line ([Link](#))

A rigid regulatory framework and market dynamics threaten to run aground contracts worth thousands of crores of rupees at public-private-partnership (PPP) projects at India's major ports or those owned by the Centre, giving beleaguered lenders cause for more worry. Kandla Port Trust scrapped two PPP projects in August, with the two sides blaming each other for the default: the port trust says RAS Infraport Pvt Ltd and IMC Ltd were not paying the contractually mandated revenue share, while the PPP operators allege the port trust did not give them rail connectivity and water depth on time...Thirty-three PPP projects with an investment of ₹17,818 crore are operational, while 20 more projects worth ₹22,363 crore are under implementation. There are problems in every PPP

project, says the managing director of a Mumbai-listed port logistics firm that runs terminals at major ports. “Across geographies, every PPP project is in litigation/arbitration with the government,” he said, referring to court cases filed by terminal operators individually and collectively under the banner of the Indian Private Ports and Terminals Association (IPPTA), over rate setting, lack of dredging on time, delayed environment and security clearance and insufficient yard space. Projects have also collapsed due to non-compliance of contractual obligations by the port trusts. Port industry executives question the rationale behind major ports building more capacity when cargo volume growth is flat, or even declining owing to slow global trade.

11. Google Tez gets 410,000 active users with transactions worth Rs 1.8 cr

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

Google says its new payments app for India, Tez, garnered 410,000 active users who made transactions worth Rs 1.8 crore in the first 20 hours of the app being launched. Tez was one of the most anticipated apps of the year, marking the entry of Google in India's fast-growing digital payments space. The unprecedented traffic the service encountered led to a temporary delay in allowing new users to sign up. Caesar Sengupta, Vice President of Product Management at Google said that while the digital payments space in India seemed crowded, considering the extremely small size of the market, there was enough room for everyone to grow. Moreover, he said that the digital payments space would be disrupted over the next one decade and that Google was invested in Tez for the long run.

12. Singapore business community to hold conference on Indian market

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

Singapore business community will hold a one-day brain-storming conference on understanding and overcoming challenges of doing business in India. The Singapore Indian Chamber of Commerce and Industry (SICCI) is organising the conference “Understanding and Overcoming Challenges in India”...setting the tone for Singapore based investors to explore the potential of Indian market. There are many significant investment opportunities for Singapore companies in the brimming Indian market especially the implementation of favourable and open policies, said SICCI Chairman. The Smart Cities initiative opens doors in many business sectors including energy, building, and logistics, he noted. “Singapore is seen as a smart nation that is very relevant to the aspirations of new India,” he pointed out.