Daily Economic News Summary: 23 May 2017

1. India Inc's foreign investments dips 44% to USD 3.15 billion in April
Source: The Economic Times (Link)

India Inc's investment in overseas ventures fell 44 per cent year-on-year to USD 3.15 billion in the first month of the current fiscal. In April 2016, Indian firms had invested USD 5.61 billion overseas. However, investments on month-on-month basis in April were higher than the March's USD 2.99 billion, showed the data from Reserve Bank. Of the total outward direct investments during the month, USD 1.43 billion was through equities. Rest USD 1.01 billion was in the form loans and USD 709.68 million as part of issuance of guarantee. Among major investors, Piramal Enterprises invested a total of USD 506.94 million through joint ventures and wholly owned subsidiaries in the Netherlands and the USA. Cadila healthcare invested USD 133.01 million through various wholly-owned units and joint ventures in Germany, UAE and the US.

2. Port development key to nation's economic prowess, says PM
Source: The Hindu: Business Line (Link)

Prime Minister Narendra Modi on Monday expressed the hope that Kandla port in Gujarat's Kutch district and Chabahar port in Iran will script a new development cooperation in the region. Laying the foundation stone for six projects worth a total of ₹966 crore at Kandla, he said the port will be directly linked with Chabahar, making it an important port in Asia, handling both dry and liquid cargo. He also lauded Union Shipping and Transport Minister Nitin Gadkari, who was also present, for his handling of the sector. The new projects are part of the ambitious Sagarmala Project. Coastal transportation of goods and trade is cheaper than by roads, Modi said, adding that developing ports is necessary for India's recognition as a global economic power. Modi recalled how Kutch, through its resilience, regained its feet after the 1998 super-cyclone and 2001 earthquake. Gujarat has had a rich maritime tradition over the past 5,000 years, as depicted by the ancient Lothal port (near Ahmedabad), where a maritime museum is proposed, he added. The Gujarat Assembly has also passed a Bill to set up a maritime university. Kandla port should be renamed 'Deendayal Port Trust', he suggested, as 2017 is the birth centenary of Pandit Deendayal Upadhyaya, founder of Jana Sangh, the predecessor of the BJP.

3. India should remove non-trade barriers on Sri Lankan products: Officials
Source: Financial Express (Link)

India should remove non-tariff barriers on Sri Lankan imports and the proposed Economic and Technology Cooperation Agreement between the two nations should be implemented in phases, said a top official of the National Chamber of Exporters (NCE) of Sri Lanka. President of NCE of Sri Lanka Ramal G. Jasinghe said Sri Lanka was open for joint ventures with Indian companies. The two countries signed a Free Trade Agreement (FTA) in 2000. "Lot of non-trade barriers are being imposed on Sri Lankan goods reaching the Indian shores. These barriers could be in the form of various charges, procedures," Jasinghe told visiting Indian journalists. According to him, the procedures differ from port to port in India and the clearance of goods takes time affecting business. The private sector chamber official also said if only the non-trade barriers were removed then bilateral trade between the two nations would increase further. He said Sri Lankan companies are open for joint ventures with Indian companies investing in the island nation. Globally India is the largest trading partner of Sri Lanka. The trade between the two nations grew after the signing of the FTA.

4. India does not impose partnership on others: Arun Jaitley
Source: Financial Express (Link)

Making a pitch for stronger ties with African countries, Union Finance minister Arun Jaitley today said India does not believe in imposing partnerships on other nations and leaves it on partners to take a call on alliance. Jaitley compared India's investment in African nations with China and added that India is amongst the most important emerging investors in Africa today. Speaking at the opening session of the 52nd African Development Bank Group (AfDB) Annual Meetings, here, Jaitley exuded confidence that India-Africa together can shape the future of the world. "India-Africa cooperation is not an one-off event. This has been central to our strategical policy, and over the last several years, the present government (at the Centre) has provided a fresh impetus to this efforts," said Jaitley at the session themed "Africa India Cooperation". "Our partnership model is unique. Being an emerging economy itself, we understand that a prescriptive model of partnership does not work. Therefore, the cornerstone of our policy is voluntary partnership," he said. "It is demand driven and devoid of any conditionality. We do not impose, and leave it on our partners to decide what is best for them. We believe that this is the most effective way to build partnership," said Jaitley.

5. India becomes second largest stainless steel producers in the world
Source: Financial Express ([Link](#))

India has pipped Japan to become the second largest stainless steel producer in the world after China, an industry body said today. "Our sustained efforts in collaboration with industry has made this possible" the Indian Stainless Steel Development Association (ISSDA) said. India overtook Japan as the second-largest producer in 2016, according to data released by the International Stainless Steel Forum (ISSF) at their annual conference held on May 14-19, 2017 in Tokyo, Japan, ISSDA said in a statement. ISSF is a non-profit research and development organisation founded in 1996 and serves as the focal point for the international stainless steel industry. India's stainless steel production rose to 3.32 million tonne for 2016 showing an impressive growth of about 9 per cent over 3 million tonnes in 2015, it added. "This is a great moment for the Indian stainless steel industry. ISSDA urges continuous policy support from the government to take the Indian stainless steel industry to newer heights. ISSDA will continue to work with all stakeholders to promote stainless steel based solutions for sustainability and growth," ISSDA president K K Pahuja said. "Several government initiatives like 'Make in India', smart cities, focus on improving sanitation and waste management facilities, building new infrastructure etc is likely to give a strong push to the stainless-steel industry in future," he further added.

6. 'Steel making is a must for every country to grow'
Source: Financial Express ([Link](#))

The government has recently cleared a new steel policy that envisages 300 MT installed caapcity by 2030-31 from around 126 MT now. Steel secretary Aruna Sharma speaks to Surya Sarathi Ray detailing the plans to achieve the target. Excerpts: Today, our capacity has already reached 126 MT. Another 24 MT is under process. Hopefully, we will be able to reach 150 MT by 2020. We have to do the remaining 150 MT in the next 10 years. All of them won't be through the greenfield route. Techno-economic parameters of Indian steel firms are very low, harnessing which we can easily add around 25-30 MT capacity. We also want to use scrap for steelmaking, which will need lesser amount of investment. Third will be value-addition plants where value addition will be done on basic steel. Foreign players would also be more interested now on making investment in India as our new procurement policy lays preference on steel made in India. So anybody who is looking for a market, where the basic buyer is either the centre or the state governments or its agencies, I think it makes a lot of logical business sense for them to establish plants in India. They will also bring in additional capacity…All counties are interested in India because of its market. There are no major economy which is growing faster than us. We are on a 7% growth rate. So, with this kind of growth rate, India is an interesting place for investment. Indian companies will have to decide whther they want to buy imported steel or steel made in India. Steel making is a must for every country to grow, because it is a major contributor to the GDP. If you don't do that, you will just be a consumer. Making more steel into India will also ensure generation of employment. From consumers' point of view also, quality steel will be available at a competitive price.

7. Microsoft India ties up with TSSC to develop skilled manpower
Source: Financial Express (Link)

Microsoft India today announced the signing of MoU with Telecom Sector Skill Council (TSSC) to drive skill development for the Indian Telecom industry through 'Project Sangam.' Announced by Microsoft CEO Satya Nadella earlier this year at Future Decoded, Project Sangam is a cloud hosted platform that leverages Azure services, as well as the power of LinkedIn, to provide an integrated mobile-first platform for skilling, and employment. The pilot is intended to skill candidates in the areas of ICTEC (Information, Communication Technology, Electronics & Cyber as related to Telecom) and connect them with jobs, the company said in a release…According to Microsoft, Project Sangam enables blended online and offline, teaching and learning, and it can strengthen the skilling eco-system in India and has the potential to benefit millions in the country. "We are pleased to bring the power of Microsoft cloud technologies and data analytics to the Telecom Sector Skill Council and look forward to supporting them in their mission to develop world class skilled manpower for the Telecom industry in India," Microsoft India Country Manager- Public Sector Sanjeev Gupta said.

GST Special:

8. GST regime: Input credit to help logistics companies with assets to neutralise tax
Source: The Hindu: Business Line (Link)

Logistics firms that own assets such as trucks, warehouses, loading and unloading equipment, and offer multiple supply chain solutions are expected to gain from the Goods and Services Tax (GST) regime based on their ability to neutralise input credit, said the Indian Foundation of Transport Research and Training (IFTRT), based on an initial analysis. *Predicts drop in costs:* "For multi-service logistics and contract businesses, the service tax could even be 12 per cent or most likely 18 per cent, though clarity will be in the gazette notification on service tax," said IFTRT, which has been predicting a 4-10 per cent drop in logistics costs…*Single common market:* The new GST business practices will allow borderless trade with India being single common market. Hence, logistics firms stand to gain if they own fleet, warehouses, loading and unloading equipment to make supply chain efficient…*Consolidation likely:* It is now hoped that with large number of anomalies corrected with regard to service tax rates on transportation/logistics, the 'fly by night' operators may vanish from the market.The phase of consolidation, modernisation and upgradation may gradually usher in during the post-GST regime, said IFTRT.

9. GST may push up cost of solar power projects
Source: The Economic Times (Link)

The goods and services tax may increase solar energy project costs by 12%-18% and generation costs by 40-50 paise per unit, some industry leaders said, although the government said the new taxation regime won't have much of an impact on them. However, officials said even if costs increase, it won't affect project economics because the additional charges can be passed on to customers. "Following GST, solar projects will be about 18% costlier on an average, while cost of generation would go up by around 20%. We have estimated the incidence of GST to be around 23%-25% on various inputs for the segment," said Ratul Puri, chairman, Hindustan Power Projects. "It would require project developers to go back to banks for additional funding for projects under construction. It might require a minimum of three months to get additional funding, thus delaying projects." Power, coal, renewable energy and mines minister Piyush Goyal had said earlier the GST rates would not have much impact on his sectors.

10. New tax reforms to draw Indian businesses into digital economy
Source: The Economic Times (Link)

India's biggest tax reform in history is also set to make its small-to-meium businesses more transparent. On July 1, as India rolls out its landmark national sales tax, businesses that make less than 100 million rupees -- which the government refers to as micro, small and medium enterprises -- will all have to digitise. The firms, often accused of conducting business mostly in cash and evading taxes by under-reporting income, will for the first time have to report every transaction, creating an online trail for the tax office. "Evasion will be checked," finance minister Arun Jaitley said on May 18 after the government announced new rates for goods and services tax. Currently, many of the transactions by an estimated 51 million small enterprises are carried out in cash, with no trail of sales. This makes it easier for some to under-report revenue.