

Daily Economic News Summary: 24 May 2017

1. India's digital economy set to grow from \$270 bn to \$1 tn by 2024, says Ravi Shankar Prasad

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

India's digital economy is expected to grow from the current \$270 billion to around \$1 trillion in the next 5-7 years, aided by the exponential growth witnessed in e-commerce, electronic manufacturing, IT services, financial technologies (FinTech), and telecom among others, minister for electronics and IT (MeitY) Ravi Shankar Prasad said on Tuesday. He said the government has roped in management consulting firm McKinsey to prepare a Digital India Index, which will evaluate the Centre and state on various key indices such as eHealth, eEducation, eGovernance and digital infrastructure. The digital economy, among others, will help the country align to its goals of expanding the economy as well as boost value addition and enhance jobs... At present, the domestic IT sector is worth around \$140 billion, communications (\$40 billion), electronics manufacturing (\$40 billion) and FinTech is close to \$50 billion. Brushing aside reports of large-scale job losses in the IT-ITeS industry, Prasad said the employment potential and prospects in the IT and related sectors are "very robust and promising". That apart, the emerging and promising digital economy in the country is going to create a very powerful potential for job creation and the government's stress on cybersecurity will lead to greater focus on innovation, research and thus, significant potential for job creation, the government said.

2. Indian Railway station redevelopment arm gets big boost, Malaysia CIDB says interested in, 20-plus stations upgrade

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

The Indian Railways station redevelopment arm has received a shot in the arm with Malaysia's state-owned Construction Industry Development Board (CIDB) showing interest to redevelop at least 20 stations across the country. "We have been working with Malaysia and have done some roadshows. They have expressed interest in our programme," a railway ministry official said. CIDB was established by Malaysia to promote, improve and expand the country's construction industry, among other functions. The railway ministry plans to redevelop 400-plus

major stations across the country to provide world-class passenger amenities. This will be done by leasing out railway land to private developers for 45 years who will commercialise the land parcels and in turn redevelop stations and maintain them for 15 years...The development comes close to the Indian Railways reaching out to the foreign embassies in India, urging them to market the station redevelopment plan in their own countries. The railways has already received inquiries from Switzerland, the UAE, Kuwait, Slovakia, Malaysia and Japan, as reported by FE earlier.

3. India and EU should firm up FTA to offset concerns over OBOR

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

Common concerns over China's mega 'Belt and Road' initiative should make India and the European Union resume talks immediately on the long-pending free trade agreement, Germany said today ahead of Prime Minister Narendra Modi's visit to Berlin. German Ambassador Martin Ney said the issue is likely to figure during talks between Modi and German Chancellor Angela Merkel next week. Strongly pushing for resumption of dialogue on the India-EU free trade agreement, Ney said the proposed pact has strategic ramifications and both sides should try to finalise it soon when a China-centric trade system is being pushed forward. India had boycotted a summit on the 'One Belt and One Road' (OBOR) initiative in Beijing on May 14-15, while several European countries had participated in it but did not sign the trade declarations citing absence of consultation process in finalising it. "India has not participated in the OBOR summit. The European countries have participated but have not signed the trade declaration of OBOR. If both India and EU have certain hesitations about it (OBOR), then it should give us extra incentive to sit down and resume negotiations on the FTA. It is a good reason to resume negotiations as soon as possible," he told reporters.

4. India proposes business visa for 16 RCEP nations

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

India has proposed RCEP business visa card to ensure hassle-free movement of businessmen in the 16 countries of the grouping under the mega trade deal, negotiations for which are likely to be concluded next year. The 16-member bloc Regional Comprehensive Economic Partnership (RCEP) is negotiating a mega trade agreement that aims to cover goods, services, investments, economic and technical co-operation, competition and intellectual property rights. Commerce and Industry Minister Nirmala Sitharaman also indicated that the negotiations might not conclude this

year and move into the first half of 2018. The members have aimed at concluding the negotiations, which started in 2012, by end of this year. Talking about the visa issue, she said: "We have actually given a proposal for RCEP business card. So we have proposed that for business people, like APEC member countries have APEC business cards, similarly we have asked for RCEP members." ...The 16 countries account for over a quarter of the world's economy, estimated to be more than USD 75 trillion. RCEP comprises 10 ASEAN members (Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, the Philippines, Laos and Vietnam) and their six FTA partners -- India, China, Japan, South Korea, Australia and New Zealand.

5. Renewable energy powers jobs for almost 10 million people

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

Renewable energy employed 9.8 million people last year, up 1.1% from 2015, led by solar photovoltaic at 3.09 million jobs, according to the International Renewable Energy Agency's annual report on the industry. Growth has slowed in the past two years while solar photovoltaic and wind categories more than doubled their number of jobs since 2012, the first year assessed, Irena said in the report. Here are some of the highlights from the report: Global renewables employment has climbed every year since 2012, with solar photovoltaic becoming the largest segment by total jobs in 2016. Solar photovoltaic employed 3.09 million people, followed by liquid biofuels at 1.7 million. The wind industry had 1.2 million employees, a 7% increase from 2015. Employment in renewables, excluding large hydro power, increased 2.8% last year to 8.3 million people, with China, Brazil, the US, India, Japan and Germany the leading job markets. Asian countries accounted for 62% of total jobs in 2016 compared with 50% in 2013.

6. Three years of Narendra Modi government: Arun Jaitley says bold decisions helped India become world's fastest growing economy

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

Finance minister Arun Jaitley today highlighted the key initiatives taken by the BJP-led NDA government in the last three years and said the bold decisions have helped India become the world's fastest growing economy. Delivering a lecture on the subject, "Global Growth Through Indian Economy," organised by the Gujarat Chamber of Commerce and Industry, Jaitley said this government has shown will in every sector and took bold decisions. Stating that India missed many

opportunities of economic development in the past, Jaitley said, “From 1947 to 1991, we were growing at 2.5 per cent and the world used to ridicule us saying it to be Hindu growth rate. The 1991 liberalisation carried out by the country was not out of conviction but more out of compulsion.” After the good growth that liberalisation brought to the country, India lost the momentum during the time of global recession due to policy paralysis and inability to take decisions and implement it during the 10 years of UPA rule, he said. “I am considering the 2014 political change as very important for economical change also. Today, India has become the fastest growing economy of the world,” Jaitley said listing out various initiatives taken by the government under Prime Minister Narendra Modi. He also said the Centre has tried to bring reforms in election financing by introducing electoral bonds. Jaitley said after six months of demonetisation of Rs 1,000 and Rs 500 currency notes, which no other government had a will to take in last 70 years, its results are visible...He also hailed the way GST was brought in and said that it will definitely be implemented from July 1. Jaitley went on to say that “this government has not only taken bold decision in the economic field but also in all other fields”.

7. Won't allow companies from country barring Indian firms: Piyush Goyal
Source: Financial Express ([Link](#))

Power Minister Piyush Goyal today said he “will not allow” any company to come to India from a country that does not permit an Indian firm to do business there — a warning seen to be targeted at China. “Reciprocity should be there. Is India a punching bag that if you want then you can come and invest in India and earn and Indian companies cannot come and earn in your country. We believe in reciprocity and it is also a display of our strength,” the minister said. While Goyal did not name any country, the comments follow media reports that India may soon bar Chinese power companies from projects in the power sector, as China does not approve foreign investment in electricity grids on security grounds. India allows 100 per cent FDI in this business. Speaking to reporters at an event here, Goyal said, “There is no intention to bar any particular country. We don't have problem with any country. But I think India should work with reciprocity with every country.” He further said, “If any transmission company of India like Power Grid cannot bid in

any other country, cannot invest in any other country, cannot set up transmission lines in any other country then I will not allow any company of that country to come to India.”

8. Apple may get duty relief but has to scale up manufacturing in India

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

India will allow Apple to import some components at zero duty in return for the iPhone maker agreeing to scale up local manufacturing in a phased manner over the coming years, said Aruna Sundararajan, secretary for the ministry of electronics and IT. The ministry is currently in discussions with Apple on its proposal to manufacture in India for which the Cupertino, US-based firm had sought a slew of concessions, including duty waiver for its component manufacturers for 15 years. Speaking to ET, Sundararajan said the government is trying to reach a common ground with Apple so that the company can start full-fledged manufacturing here. She said the government agrees that some components required by Apple can't be immediately manufactured in India and so it has made a list of products that can be imported duty free till they are ready to be produced locally. Apple also has submitted a list of components on which it is demanding duty exemptions for its suppliers. The government is trying to find a common ground keeping the interests of both sides in mind, she said. “They are saying that some of their components cannot be manufactured in India because that requires certain kind of manufacturing capability. Our roadmap for indigenisation also envisages only those products that can be (locally) manufactured...Sundararajan said the government has defined different components that will be ready to be manufactured over the next three, five or seven years. “So Apple’s roadmap is slightly different (from ours) and we are looking at harmonising it.”