

Daily Economic News Summary: 25 September 2017

1. Joint panel formed to boost India, S. Korea trade, investments

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

Seeking greater economic cooperation with South Korea, Commerce and Industry Minister Suresh Prabhu today said a joint panel has been set up to identify areas of high-end technological components to boost trade and investments between the two countries. The Minister was in Korea for Asia-Europe (ASEM) Economic Ministers meeting. He also participated in the third Joint Ministerial Review of the India-Korea Comprehensive Economic Partnership Agreement (CEPA)... The bilateral trade in 2016-17 increased to \$16.82 billion from \$16.57 billion in the previous fiscal. Both the countries are negotiating to review the existing free trade agreement, officially dubbed CEPA, to enhance trade and investments...Prabhu added that India would be a \$5 trillion economy in next 7-10 years and it would happen on strength of the country's relationships with countries like South Korea.

2. India, Indonesia trade ministers to meet on Monday

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

A spurt in the import of gold from Indonesia and an increase in import duty on crude palm oil by India are likely to be the key topics of discussion when Commerce & Industry Minister Suresh Prabhu meets his Indonesian counterpart Enggartiasto Lukita here on Monday...Import of gold at nil customs duties from India's FTA partner countries (a customs duty of 10 per cent is imposed on other countries), primarily South Korea and Indonesia, turned into a big problem for India from July, when the 12.5 per cent excise duty imposed on imports was replaced with a 3 per cent GST. New Delhi was forced to impose import restrictions on South Korea despite the FTA as it could show that most of the gold coming in from that country was actually originating from Dubai, which is not allowed under an FTA...Indonesia is also concerned about India's decision to double the import duty on crude palm oil to 15 per cent from 7.5 per cent earlier this year. Crude palm oil is its primary export to India. Lukita had raised the matter last month with Union Minister for Processed Food, Harsimrat Kaur Badal, asking for a re-look.

3. India in talks with countries like Uzbekistan to create uranium reserve

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

India is engaging with various countries, including Uzbekistan, to procure nuclear fuel as part of its plan to create a strategic uranium reserve to ensure long-term security. The plan is to have a stockpile of nuclear fuel for its strategic uranium reserve that can sustain the country's reactors for the next five years so that they do not stop functioning because of the lack of uranium...Talks are currently being held with Uzbekistan, a senior government official said, and a delegation from the Central Asian country had visited India last month to discuss the issue in detail...According to the World Nuclear Association, an international organisation that represents the global nuclear industry, the landlocked Central Asian country is the seventh largest exporter of uranium in the world...Apart from domestic production, India currently imports uranium from Kazakhstan and Canada. This is primarily used to fuel its indigenously built Pressurised Heavy Water Reactors.

4. Modi's ambitious infrastructure fund NIIF to get up to \$5 to \$10 bn first investment, details

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

...National Investment and Infrastructure Fund (NIIF) is close to its first major deal. Abu Dhabi Investment Authority (ADIA) is learnt to have committed to invest in specific sectors, especially in transport. An agreement in this regard is likely to be signed in a few weeks, an official said, adding that these investments, to be staggered over a few years, could be to the tune of \$5-10 billion. A deal with Singapore's sovereign wealth fund, Temasek Holdings, could also be announced soon, another official had said earlier. Industry sources had said Temasek could initially put in about \$1 billion.

5. Demonitisation was not required at all, says former PM Manmohan Singh

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

Former Prime Minister Manmohan Singh today said the economy is on a "downhill path" because of the "adventure" of demonetisation undertaken last year which was not required at all, either technically or economically. Singh, a renowned economist considered to be the architect of the reforms of early 1990s, said demonetisation has not been successful in any civilised country, except some of the Latin American nation. "I don't think demonetization was at all required... I don't think it was technically, economically necessary to launch this adventure," he said.. "The economy has slowed down as I had projected a few months ago as a result of demonetization and also the fact that

demonetisation has been accompanied by the GST, which is a good thing that we have done in the long term. But in the short term, there are glitches that need to be resolved. Therefore, the economy has experienced a downhill path,” he said. He said the GDP growth was much higher in the last quarter of 2016-17 than the first quarter of this financial year. There are certain things that need to be done immediately, Singh said. “When we were in office, investment rate in the economy was 35-37 per cent but now it is less than 30 per cent. Private investment in particular is not growing,” he said. He added that India needs much more investment in public sector “but we cannot rely exclusively on public sector realise our development initiatives. We must also simultaneously work on a foreign exchange situation.”

6. Economy on track despite unresponsive global factors, says FM Arun Jaitley

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

Finance Minister Arun Jaitley today said that despite “unresponsive” global factors, the government has broadly put the economy on track. Jaitley has been holding consultations with his Cabinet colleagues and senior government officials to devise plans to lift the sagging growth. The GDP expansion hit three-year low of 5.7 per cent in the April-June quarter with India losing the fastest-growing economy tag to China for the second straight quarter. “Here we were facing somewhat globally unresponsive environments. And yet, I will say with a sense of satisfaction that we have broadly put the economy on track,” Jaitley said... “I think in terms of maintaining a steady rate of growth, in terms of systematically moving forward in the reform direction not deviating from the overall path itself, and maintaining a more transparent, a more realistic fiscal prudence better than most periods in event history, we were able to move forward,” he said. Besides falling GDP growth rate, exports are facing strong headwinds and the industrial expansion is the lowest in five years. The current account deficit (CAD) – the difference between inflow and outflow of foreign exchange – has risen to 2.4 per cent of GDP in April-June.

7. NITI, IRF to work on policy for transport systems

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

Government think tank Niti Aayog today said it has signed an agreement with the Geneva-based International Road Federation for designing a policy framework for intelligent transportation systems (ITS) in the country. The policy would aim at addressing issues such as road safety, traffic congestion,

security of passenger and goods traffic and parking management, among others, a release said. The objective of statement of intent (SoI) is to create a national platform involving all relevant government stakeholders, Indian and foreign companies active in the sector, and relevant technical experts for the purpose of developing a national ITS policy, the release said. Electronic enforcement of traffic rules and regulations, fleet management and monitoring, innovation and education in the field of ITS are among the areas that would be addressed by the policy. The work of the national platform will provide a coherent and consistent national ITS policy covering domains such as traffic and parking management, enforcement, and security, it said.

8. India faces tough prospects at Buenos Aires WTO meet

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

Developing countries, particularly India, are likely to face difficult prospects at the World Trade Organization's (WTO) eleventh ministerial meeting in Buenos Aires beginning 10 December. A group of industrialized countries and their allies in the developing world are considering launching plurilateral trade negotiations for establishing rules in investment facilitation, disciplines for small and medium enterprises, and even fisheries subsidies, said people familiar with the development. Such a development is being considered as part of a Plan B, if the Buenos Aires meeting fails to accomplish any substantive agreements on the outstanding Doha Development Agenda (DDA) issues because of differences among key members, said a South American trade envoy, who asked not to be named. A major industrialized country remains opposed to any substantive agreements based on the Doha agenda, including a permanent solution for public stockholding programs for food security—a key Indian demand.

9. Digital payment push: FinMin to organise Mudra camp from Varanasi

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

In a bid to accelerate self-employment opportunities, the finance ministry has decided to organise Mudra Promotion Camps across the country beginning September 27 from the Prime Minister's constituency Varanasi. As part of the special drive, 50 camps, including one each in state capitals, will be organised between September 27 and October 17, official sources said. Besides, the camps will facilitate various modes of digital payments enabling users to transact from anywhere and create awareness on various financial inclusion instruments, the sources said. The campaign will help

promote not only Mudra loans but spread awareness about digital payment method, financial inclusion and social security schemes, the sources added. It is to be noted that banks have sanctioned Rs 74,601 crore to 1.59 crore beneficiaries across the country since April this year... The big draw of these camps are going to be Aadhaar seeding and authentication, assisting visitors to download and use the BHIM app on individual mobiles and distribution and activation of RuPay cards, sources said. The Unique Identification Authority of India (UIDAI) will put up a stall at the Mudra Promotion Campaign for awareness and facilitation of Aadhaar enrolment and updation of Aadhaar details for the visitors. NPCI (National Payments Corporation of India) will put up a stall for awareness and facilitation of digital transactions for the visitors.

10. GST impact: From shampoo to toothpaste, check FMCG items which have become cheaper now

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

It seems GST rollout by PM Narendra Modi has started showing its positive impact on the people's pockets in terms of cheaper household items and FMCG products. Finance Minister Arun Jaitley had already claimed that after GST rollout from July 1 commodities will be cheaper. According to a report by FE bureau, prices are falling in the FMCG segment. The drop has been witnessed a month-and-a-half after the roll out of the GST. Reportedly, a host of consumer majors, including Hindustan Unilever and ITC, have reduced prices of FMCG products. **Here is the list of items which have become cheaper now due to GST:-** Soaps, Shampoo, Detergents, Biscuits, Savoury snacks, Hair oil, Toothpaste, Skin cleanser. The sharp downward trend in prices has resulted in a 3-8% decline in prices of goods across modern retail outlets, including Big Bazaar and Hypercity, apart from online grocery firms such as Bigbasket and Grofers.