

Daily Economic News Summary: 27 November 2017

1. Energy-hungry India can neither abandon dams nor embrace the Chinese policy of building many large ones

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

The constant clackety droning of drilling machines and excavators punctures the idyllic surrounds of the Temghar dam, some 50 km west of Pune. Opened in 2010, the dam, with a capacity of 3,000 million cubic feet, was a key supplement to the ever-thirsty and fast growing Pune city and district. The Rs 314 crore reservoir is empty. It has been drained to facilitate a Rs 100 crore repair for a dam that leaks 10-12% of its contents due to poor construction. On a mid-November day, when this writer visited the site, the gates to the dam were shut and a handful of workers milled about. On one side, a massive mound of debris lay waiting to be cleared by an excavator that had yet to be pressed into service.

2. Investment in financial products increased after DeMo: Finance Minister Arun Jaitley

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

Finance minister Arun Jaitley said money flowing into insurance, mutual funds and initial public offerings (IPOs) had surged over the past year due to demonetisation, hailing it as a measure that put digitalisation at the centre of economic planning. "All the anonymous cash floating in the system is now slowly becoming a greater part of the formal economy," he said at a State Bank of India (SBI) event on Friday, making the case for a bigger push in this regard. As part of formalising the economy, people should be persuaded to alter their spending habits as well, he said. Mutual fund investments in stocks have crossed Rs 1 lakh crore in the calendar, a more than threefold jump from last year. In this period, foreign investors invested just over Rs 48,000 crore.

3. UK businesses have tremendous opportunities in India: UK India Business Council

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

With tremendous opportunities for the taking, majority of British companies are looking to increase their investments in India even as there are areas that require further improvement in ease of doing business, according to the UK India Business Council. A grouping that represents around 100 companies from India and the UK, the council's Group CEO Richard Heald also said the application of "liberalisation" in India is not uniform as certain measures are not percolating down the system. "Companies which are engaged with India are increasing their engagement... there are tremendous opportunities for the UK businesses of all sizes and complexion, both now and in the foreseeable future," he told in an interview.

4. Govt doles out higher incentives for garments, made-up exports

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

The government doubled the incentive for exporters of garments and made-ups under the Merchandise Export from India Scheme (MEIS) to support declining textile exports. Under the programme, exporters are given duty exemption scrips that are pegged at a certain percentage of total value of their exports. These scrips can be used to pay duties on inputs including customs. Incentive rates for the two sectors have been enhanced to 4% of value of exports from 2% with effect from November 1 to June 30, 2018. "The estimated annual incentives will be Rs 1,143.15 crore for 2017-18 and 685.89 crore for 2018-19," the commerce ministry said in a statement.

5. Permaculture activists aim to scale up coverage area, eye Chhatisgarh, Odisha

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

Propagators of permaculture technique of farming are looking at newer geographical locations like Odisha, Chhattisgarh for spreading its use and are looking to partner with educational institutions for the same. They are planning to have awareness programs for farmers and are calling for including farming as a subject in state schools. Narsanna Koppula, co-founder, Aranya Agricultural Alternatives, said, “We roughly have more than 25,000-30,000 hectares under permaculture in India in states like Andhra, Telangana, Karnataka etc. We plan to take it to Chhattisgarh, Odisha, etc., and will be looking at partnering with the local educational institutions.”

6. CII to organise two-day tea conclave from December 22 in Guwahati

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

The Confederation of Indian Industry (CII) will organise North East Tea Conclave & Expo (NETCE-2017) on December 22 and 23 in Guwahati. There will be participants from neighbouring tea growing countries including Nepal, Bangladesh. Bidyananda Barkakoty, Chairman, CII Northeast Tea Task Force, said the two-day event will focus on identifying the best global models and practices, strengthening market linkages and preparing strategies for a robust tea industry in terms of productivity, marketability and sustainability. The Conclave will also discuss key policy interventions and find ways to improve quality, value addition, price realisation and innovations.

7. Worst is over: Economy may pick up in September quarter

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

India's economic growth is likely to have gained momentum in the quarter ended September with various forecasts pegging the growth at 6.3 per cent, rebounding from a three-year low of 5.7 per cent growth in the previous quarter. Most independent economists expect the gross value added, or GVA, to have grown 6.3-6.5 per cent in the July-September quarter. GVA is the total value of

goods and services produced in the economy after deducting the cost of inputs and raw materials used for them. If gross domestic product (GDP) measures economic output from consumers' side, GVA provides a picture from the producers' side. Net taxes on products are added to GVA to arrive at GDP where net taxes are taxes on products less subsidies on products. Most analysts now prefer to focus on GVA given the uncertainty in indirect taxes. GVA had grown 5.6 per cent and GDP rose 5.7 per cent in the first quarter.

8. Draft national energy policy proposes aligning energy prices with international rates

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

A draft national energy policy proposing aligning energy prices with international rates will be put up for the approval of the Cabinet. If approved, energy prices across sectors would become market-driven and subsidies would be limited to identified beneficiaries via direct benefit transfer, much on the lines of the LPG subsidy. In June, government think tank Niti Aayog released a draft National Energy Policy (NEP), on which it had been working since 2015. Prime Minister Narendra Modi had chaired interministerial consultations on the policy after the coal ministry expressed reservations over market-driven prices that would pose a threat to the monopoly and margins of Coal India.

9. India may adopt item-based anti-profiteering rules to benefit users

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

India is likely to adopt a product-specific approach to impose anti-profiteering provisions to ensure that consumers get the full benefit of price cuts due to the goods and services tax (GST), including recent revisions. This means that a company will not be able to reduce prices of slow-moving products in its portfolio while keeping those of fast-moving ones high. "Reduction in overall tax

incidence will have to be passed on," said a Central Board of Excise and Customs (CBEC) official. "The authority will examine input tax credit flowing into a product and reduction in total tax incidence when it gets a complaint."

10. Government is keen to meet FY18 deficit target

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

The government is keen on sticking to the fiscal deficit target for the year and will look for ways to make up for any revenue shortfall that could hinder this plan. The thinking at the highest level of the government is that the fiscal deficit target of 3.2% of GDP for FY18 should be met, though there can be some relaxation in the consolidation roadmap beyond that. "There seems to be some discomfort about letting go fiscal goals... The thinking as of now is that the target should be met," said a senior government official aware of the matter.