# Daily Economic News Summary: 28 April 2017

**1. India on track to knock Britain out of world's top 5 economies**
**Source: The Economic Times (Link)**

India will overtake Germany in 2022 as the world's fourth-largest economy and push Britain out of the top five, based on analysis of growth projections by the International Monetary Fund. But the challenges the South Asian nation must surmount to get there are many. These include executing a wide-ranging overhaul of the tax system, sorting out the biggest pile of distressed assets among major economies, reviving lackluster productivity, substantially increasing employment opportunities, encouraging corporate investment and overcoming a significant infrastructure shortfall. India's economy is still recovering from a cash ban that sucked out 86 percent of currency in circulation near the end of last year. And then there's the likely near-term disruptions from the implementation of a nationwide goods and sales tax; indeed the government has already missed an April deadline for putting the tax in place and is now working against the clock to meet its new July 1 goal. While there is little doubt the GST will be beneficial in the long run, economists are concerned about India's banking system and the overall health of its public finances -- both seen as lightning rods for global credit agencies that already rate Indian debt just Above "junk" status.

**2. GST to push Indian growth to over eight per cent: IMF**
**Source: The Economic Times (Link)**

The ambitious Goods and Services Tax to be implemented from July 1 would help raise India's medium-term growth to above eight per cent, the International Monetary Fund has said adding that the reforms being done is expected to pay off in terms of higher growth in the future. "The government has made significant progress on important economic reforms that will support strong and sustainable growth going forward," Tao Zhang, Deputy Managing Director of the International Monetary Fund, told PTI in an exclusive interview. "We expect that the goods and services tax (GST), which is targeted to be applied starting in July, will help raise India's medium-term growth to above 8 per cent, as it will enhance production and the movement of goods and services across Indian states," the IMF official said. Observing that India is the "fastest growing emerging market economy" in a region that remains the strongest-growing in the world, Zhang said the IMF believes that India is going to continue to grow at a fast pace, with a projected 6.8 per cent rate for Financial Year 2016/17 and 7.2 per cent in 2017/18.

**3. With new tax pact in place, India and Cyrus hope for increase in bilateral investments**
**Source: The Hindu: Business Line (Link)**

India and Cyprus on Thursday expressed hope that after the removal of Cyprus as a notified jurisdictional area and the revised tax avoidance pact bilateral investments between the two countries will increase. “These can give a completely new dynamic and strengthen the economic ties, particularly in the field of investments between the two countries,” said Nicos Anastasiades, President of Cyprus, at the India-Cyprus business session organised by industry chambers. To this effect, a number of bilateral agreements will be signed during his visit to New Delhi, he said, while inviting Indian students for education to the country as well as domestic film crew for film production. Anastasiades is currently on a five-day visit to India, which ends on April 29. Minister of State of Finance Arjun Ram Meghwal expressed hope that Cyprus will not only increase foreign portfolio investments to India but also invest in manufacturing in the county. Addressing the meet, Harris Georgiades, Minister of Finance, Cyprus, said the revised DTAA will help expand bilateral ties. On its part, he said India can invest in sectors such as tourism and hospitality, wind energy and film production in Cyprus and can also source low-cost lighting and LED bulbs. Bilateral trade between India and Cyprus amounted to about $110 million in 2015.

**4. Pharmexcil working to boost export to Africa**
**Source: The Economic Times (Link)**

The Pharmaceutical Export Promotion Council (Pharmexcil) is working jointly with the Centre for harmonisation of export norms with African countries. This was disclosed by its Chairman M Madan Mohan Reddy at a press conference, after the inauguration of the 5th edition of pharma expo, IPHEX 2017, here on Thursday. Harmonisation of regulations will help pharma exporters by way of providing automatic approvals, among others. According to Dinesh Dua, Vice-Chairman of Pharmexcil and CEO of Nectar Life Sciences Ltd, regulatory harmonisation can happen at different levels such as good manufacturing practices, reciprocal inspections and

Pharmacopia standards. Africa is a $4-billion market for India, he said adding that similar exercise will also be initiated with Latin America and South-East Asia, in due course.

**5. India may go slow on Bangladesh-Bhutan-India-Nepal Motor Vehicle Agreement**
**Source: The Economic Times (Link)**

India is likely to go slow on the implementation of the Bangladesh-Bhutan-India-Nepal Motor Vehicles Agreement (BBIN-MVA), keeping in mind the sentiments of close partner Bhutan where a section of the political establishment is opposing the initiative allegedly at the behest of the local transporters lobby. India is ready to adjust to the pace of Bhutan in fully implementing the project and allow Thimphu to get internal dynamics in place, people familiar with the matter told ET. Changes in the connectivity project, or an additional protocol to it to suit Bhutan's requirements, are also not ruled out. India's approach on such initiatives are different from that of China, where Beijing weighs heavily on policymakers of partner countries to implement projects, officials said. But Delhi has always given priority to sentiments of the partners, they added.

**6. UN report endorses Centre's programmes**
**Source: Business Standard (Link)**

The United Nations (UN) is presenting the Sustainable Development Goals (SDG) as an attractive business opportunity for Indian companies and an employment generator for the government. Lise Kingo, chief executive officer and executive director of the UN Global Compact, said India can create about 72 million additional jobs by 2030 if it vigorously pursues the SDGs. These are big numbers for a country that is struggling to create even a million jobs per year. The UN estimates imply an additional six million jobs per year. The SDGs are a set of 17 goals meant to push all facets of human development to an acceptable standard across the world by 2030. The job estimates put out by the UN Global Compact underwrites government's recent policies, in most cases. While on ground there has only been a limited rise in actual jobs from the pursuit of these policies the UN report 'Better Business Better World' is optimistic those numbers can rise soon.

**7. Government deliberating on fiscal year change, weighing pros and cons**
**Source: The Economic Times (Link)**

Government is deliberating on a possible change in financial year to January-December from April-March at present and a decision would be taken after a "cost-benefit" analysis, a top finance ministry official said today. Prime Minister Narendra Modi had in the NITI Aayog Governing Council meet earlier in the week urged the states to take initiative to shift to a new fiscal year. A top finance ministry official said that advancing the Budget presentation had its benefits, and the benefits of a change in fiscal year has to be weighed against its cons. "The government is deliberating on the possibility of change in fiscal year. We will do a cost-benefit analysis of shifting to January-December and will take a decision," the official said.

**8. Gems, jewellery exports surged 10% last fiscal**
**Source: The Hindu: Business Line (Link)**

Exports of gems and jewellery from the country increased by about 10 per cent in FY2017 to $43.156 billion from $39.286 billion in FY2016, according to Gem and Jewellery Export Promotion Council's provisional data. Within the overall exports of gems and jewellery, exports of cut and polished diamonds showed a robust growth of 10 per cent rising to $22.783 billion, from $20.667 million in the previous year. Stressing on the need to work towards achieving higher growth in the diamonds segment, Praveenshankar Pandya, Chairman, GJEPC, said "We have got a 10 per cent growth but we cannot simply stagnate at this level. We need to have more promotional programmes. If we are able to get an additional 10 million carats of rough polish (diamonds) it means an additional employment of 2 lakh people." Silver jewellery and synthetic stones were the star performers recording export growth of 36 per cent and 85 per cent, respectively. Export of pearls jumped 387 per cent, albeit on a lower base. Coloured gemstones exports took a hit, declining 3 per cent while those of gold jewellery grew marginally from $8.557 billion to $8.721 billion. Cut and polished diamonds segment and gold jewellery accounted for 53 per cent and 20 per cent, respectively, of the total gems and jewellery exports.