

## Daily Economic News Summary: 28 June 2017

### **1. India a land of opportunities: PM Narendra Modi tells Dutch CEOs**

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

Describing the Netherlands as India's "natural partner" in its economic development, Prime Minister Narendra Modi on Tuesday invited Dutch companies to invest in the country, which he said is the "land of opportunities". Focusing on trade, technology and investment, Modi interacted with CEOs of major Dutch companies after holding bilateral talks with his Dutch counterpart Mark Rutte. The two countries signed three MoUs in the fields of social security, water cooperation and cultural cooperation. During his interaction with top Dutch CEOs, Modi said the reforms introduced by his government seek to enhance ease of doing business and bring standards at par with global standards. The prime minister, who is here on the final leg of his three-nation tour, said India has made 7,000 reforms for attracting FDI in various sectors including real estate and defence. He said India is a "land of opportunities" with over 7 per cent growth rate and 1.25 billion population of which 800 million people are below 35 years. Water is a prime sector for cooperation between the two countries, Modi said, referring to a joint water technology initiative, Dutch Indian Water Alliance for Leadership Initiative (DIWALI). Irrigation and water conservation are the areas where the two countries can boost cooperation, he said...India joined the MTCR as a full member last year. MTCR membership enables India to buy high-end missile technology and also enhances its joint ventures with Russia...He said that relations between India and the Netherlands are century old and the two countries will keep on moving towards stronger ties. Modi said the Netherlands is the 5th largest investment partner globally and in the last three years it has emerged as the third largest source of FDI for the country. In the joint address, Rutte said India's emergence as a global power is a "welcome development from both political and economic point of views."

### **2. GST rollout: There may be initial problems, says FM Jaitley**

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

Finance Minister Arun Jaitley today said people may have to face some difficulty initially as the GST is rolled out but in the long run, the new indirect tax regime would help cut tax evasion and check price rise. He also said the GST Council will look at bringing real estate within the GST net by next year and revisit taxing of petroleum products under the new regime in 1-2 years. "To begin

with, people could face some difficulties because any change over has its own problems. But it will settle down and the country will benefit from the new indirect tax regime,” Jaitley said...The Goods and Services Tax (GST) will be launched on July 1 and will subsume a host of indirect levies like excise, service tax and VAT. While products like kerosene, naphtha, and LPG will be under the ambit of GST, five items — crude oil, natural gas, aviation fuel, diesel, and petrol have been excluded from the basket for the initial years. Jaitley said that while negotiating with the states on GST there were some “tough” issues like petroleum and potable alcohol on which states were unwilling to leave their taxation powers.

### **3. India Inc’s foreign borrowings at \$ 1 billion in May**

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

Indian industry borrowed USD 1.05 billion from foreign markets last month, including through rupee denominated bonds (RDBs). In contrast, the borrowings were USD 1.32 billion in May last year. However, the two sets of data are not comparable as the RDB route was not there until September. As per RBI data, of the total in May this year, external commercial borrowings (ECB) and RDBs contributed almost equally at USD 523.95 million and USD 525.76 million respectively. But June onwards, it may be difficult for companies to float rupee bonds overseas as they will be subject to scrutiny from Reserve Bank's Foreign Exchange Department before every such issue. The RDB route has become a popular source of fund raising. Six entities issued rupee bonds -- popularly referred to as masala bonds -- including the National Highways Authority of India's USD 465.66 million (Rs 3,000 crore) for road construction.

### **4. New steel policy: Govt panel addresses stakeholders’ concerns**

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

A standing committee headed by the steel secretary on Tuesday sought to iron out a host of issues raised by various stakeholders, including the ministry of railways, Oil and Natural Gas Corporation (ONGC), and Indian Pipe Manufacturers Association (IPMA). The ministry of railways sought exclusion of rail from the list of iron and steel products, which was turned down by the panel on the grounds that even though rail is produced through complex and specialised processes, it has to meet certain specified quality and performance criteria. State-owned ONGC asked whether mother pipe as input was eligible for procurement under the new

policy by carrying out certain activities such as welding the connectors. The committee responded by saying that all kinds of pipes and tubes have been defined as a finished product and therefore mother pipe cannot be considered as an input material. The value addition has to be shown in manufacturing of mother pipe... The central government recently approved a policy for providing preference to domestically manufactured iron and steel products in government procurement and notified the same on May 8. The policy mandates to provide preference to domestically manufactured iron and steel products in government procurement in which a minimum value addition of 15 per cent have taken place domestically.

### **5. US turns screws on India over patent laws**

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

India's Intellectual Property Rights (IPR) and patent law enforcement as well New Delhi's decision to cap prices of medical devices remained a contentious issue with the US even during Prime Minister Narendra Modi's visit to Washington DC. "IPR has been flagged as the biggest concern that the US has with India during the trade policy review and during the visit," said an official requesting anonymity. "The biggest stumbling block is its enforcement. It is a major roadblock when it comes to attracting high-technology transfers from the US, which in turn impacts investments." Issues related to IPR and patents were raised by the US trade authorities during a recent review of the Indian trade policy. Consequently, it was escalated at the level of senior officials of the Trump administration during Modi's visit to Washington, diplomatic sources told...The main difference between the two sides stems from the fact that while the US sees IPR purely from the commercial point of view, India sees it as a development measure. Apparently, during the delegation-level talks, India informed the US that it has taken all necessary measures to strictly enforce laws relating to IPR.

### **6. Dutch citizens to get 5-years business, tourists visa: PM**

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

India will soon take a decision on granting five-year business and tourist visa to Dutch passport holders, Prime Minister Narendra Modi said. He made the announcement while addressing the Indian diaspora here just before concluding his day-long visit to The Netherlands, which has the second largest population of the people of Indian origin after the UK. In his hour-long speech, Modi mostly focussed on his government's efforts aimed at women's empowerment as he talked

about the endeavour to ensure progress and modernisation of India. He highlighted the diversity existing in India and said it was the country's "speciality" which puzzled people in other parts of the world. "India is a federal country in true spirit," he said as he wound up his three-nation tour which took him to the US and Portugal too. The prime minister said his government's thrust has been on "jan bhagidari" (people's involvement) in governance as he believed that the country's progress cannot be ensured only through the government's work. In this context, he referred to construction of toilets under the Swachh Bharat campaign. He mentioned about various initiatives taken by his government in the sectors like banking, energy and digitalisation and talked about progress being made in areas like space, healthcare and sanitation...Devoting much time of his speech to women's empowerment, he referred to the contribution of the 50 per cent of the population in areas like dairy, farming, teaching, healthcare and entrepreneurship. He said the women were also going into new frontiers including flying fighter jets and space and bagging awards in international competitions like Olympics. The prime minister said India not only needs progress, but also modernisation in all areas.

**7. Cruise policy next month, India to attract 700 vessels, says Union Minister Nitin Gadkari**  
**Source: Financial Express ([Link](#))**

A cruise tourism policy is in the making and will be announced next month, Union Minister Nitin Gadkari said today, with an aim to tap India's vast potential on this front and attract more vessels. The country draws nearly 70 cruise vessels a year, which is expected to go up to 700 with this initiative. "Cruise tourism can be India's economic growth engine as there is a vast untapped potential. In a month, the policy will be ready as a joint working group comprising shipping and tourism secretaries is working on it," Shipping, Road Transport and Highways Minister Nitin Gadkari said. Speaking to reporters here after chairing a workshop on the development of cruise tourism, Gadkari said the action plan will be finalised in the next three months that includes key steps on par with international standards, simplification of procedures, easy immigration and ways to make India a global hotspot. Union Tourism Minister Mahesh Sharma was present. At present, Gadkari said, India attracts 70 cruise vessels which can go up to 700 and a slew of steps are on to boost infrastructure that includes building cruise terminals at five major ports — Mumbai, Goa, New Mangalore, Chennai and Cochin. India, with a 7,500 km of coastline, has taken some key

steps to promote cruise that includes relaxation of policies and roping in global consultants. The idea is to put India on the global cruise map — both for oceans and rivers — which is seen to create about 2.5 lakh jobs and boost growth. India saw 1.76 lakh cruise passengers in 2016-17, a merely 0.5 per cent of the global pie. Domestic cruise passengers are estimated to grow to 1.5 million by 2031-32.

#### **8. Women's apparel market to overtake men's wear by 2025: Report**

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

The women's apparel market is set to overtake men's wear by 2025 in the country, according to a report by Avendus Capital. The report, titled 'Women's Apparel Landscape in India,' offers an overview of the market, including an understanding of women's shopping behaviour, significant shift towards branded apparel and the various distribution channels available in the market. Women's apparel, which accounted for ₹1 lakh crore of the ₹2.6-lakh-crore apparel market in 2015, is growing at 11 per cent CAGR, while the branded segment is clocking a 20 per cent growth, the report said. The women's branded apparel market is expected to grow at around 20 per cent, raising its share of the total market to over 40 per cent. The report attributed the growth to factors such as the entry of branded players including foreign labels, increase in number of working women and spending power, ease of retail trade, and the shift to ready-to-wear and aspiration-based shopping. "Impulsive buying, online and digital shopping, availability of a plethora of niche brands and the influence of social media are also changing the women's apparel landscape," Abha Agarwal, Director, Investment Banking, Avendus Capital, said in a statement.