

Daily Economic News Summary: 28 November 2017

1. East gears up with policy recast & goodies to attract investments

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

Even as West Bengal Chief Minister Mamata Banerjee continues to woo domestic and foreign investments into the state, she reassured potential investors that her government does not capture land forcibly. “We have land bank. We have a land use policy here in the state,” she said to a gathering of delegates at the Horasis Asia Meeting, organised by the Indian Chamber of Commerce (ICC) in Kolkata. The chief minister’s address appeared to be a warming up session with the international business delegates to draw attention to the upcoming Bengal Global Business Summit 2018. Bengal was ranked 30 in terms of ease of doing business. Three years ago, the state reached the 15th rank and now we are ranked third,” she said.

2 PM asks consumer affairs ministry to pay special attention to GST complaints

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

Prime Minister Narendra Modi has directed the Ram Vilas Paswan-led consumer affairs ministry to have a "special focus" on complaints from consumers regarding the goods and services tax (GST) and overcharging by retail outlets. The directions were issued last week when the public grievances received by the ministry were reviewed by the PM and senior officials of the Prime Minister's Office (PMO). Two retired government officials-cum-experts have now been hired by the consumer affairs ministry to man its National Consumer Helpline regarding complaints coming in regarding GST, address the queries regarding the GST rates on various items, and to liaison and refer many such complaints to the Central Bureau of Excise and Customs (CBEC), which is the nodal authority for GST rollout.

3. Goldman Sachs predicts India's growth will bounce back next fiscal

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

India's economic growth will bounce back to 8% in the next fiscal year as one-time hits due to demonetisation and goods and services tax wears off and benefits due to formalisation of the economy, strong global growth and recapitalisation of public sector banks kick in, US-based investment bank Goldman Sachs said in its year-end forecast. India's growth will accelerate to 8% in the fiscal year through March 2019 from 6.4% in fiscal 2018, the bank said, making the economy the fastest growing major in the world, like it was in fiscal 2017 with a 7.1% expansion. "Activity growth will likely pick up in the first half of 2018 as the drag from the idiosyncratic shocks of demonetisation and GST implementation fade ... most of the retailers, wholesalers and manufacturers we spoke to mentioned that the recent announcements to ease compliance burden and reduce tax rates for nearly 200 products could boost activity in the next three-six months," Goldman Sachs said.

4. GDP growth likely to improve to 6.2 pc in Q2: Ficci survey

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

India's GDP growth rate is expected to rise to 6.2 per cent in the second quarter of the current fiscal as the adverse impact of demonetisation and GST appears to be bottoming out, Ficci's latest Economic Outlook Survey said today. The growth rate had dipped to a 3-year low of 5.7 per cent in the April-June quarter of 2017-18. The Central Statistics Office (CSO) is scheduled to release the economic growth data for the July-September quarter on November 30. The economists participating in the survey also mentioned that the government should continue with its emphasis on productive capital investments in the social and physical infrastructure space even if this requires some calibration of the fiscal deficit target, the industry body said.

5. Traders say delay of billions in tax refunds slows India exports

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

India's exporters are a worried lot. Four months after India's biggest tax overhaul, traders are still waiting for 500 billion rupees (\$7.7 billion) they say the government owes them in refunds, leaving them short of operating capital as overseas sales suffer. "It's an alarming situation," said A. Sakthivel, regional chairman of the Federation of Indian Exporters Organisation in southern India. "Our working capital is stuck, we're losing revenues and now we're having to let workers go." More than 10,000 workers have lost their jobs in the Tirupur export hub that employs half a million in the state of Tamil Nadu, according to Sakthivel.

6. Divestments, rising GST mop-up to lower fiscal deficit pains: India Ratings

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

The success in divestments and encouraging goods and services tax collections will help government reduce pressure on the fiscal math, says a report. "Disinvestment drive and GST rollout will reduce pressure on fiscal arithmetic," domestic rating agency India Ratings said in a report today. It can be noted that government has reiterated its commitment to narrow down the fiscal deficit to 3.2 per cent for fiscal 2018. Front-loading of expenditure, where government has exhausted 96 per cent of the deficit by August, and also a slowdown in growth which led it to even mull a stimulus, had put question marks over whether it government will be able to meet the fiscal deficit target or not.

7. Demand for conventional fuel likely to grow: Pradhan

Source: The Hindu Businessline ([Link](#))

Conventional fuel demand is expected to grow despite the growth of electric vehicles in the country, according to the Minister for Petroleum and Natural Gas, Dharmendra Pradhan.

Speaking at the annual KPMG ENRich summit, Pradhan said: "Even after the introduction of EVs, refineries will still be required as demand for conventional fuel is also going to increase for some years." According to Pradhan, India's consumption is going to grow in the world energy mix. He said, "India consumes only 6 per cent of world's energy, this will go up to 25 per cent in next 15-20 years." Pradhan also said that natural gas should be included under the Goods and Services Tax regime.

8. NK Singh appointed Chairman of 15th Finance Commission

Source: The Hindu Businessline ([Link](#))

Former Expenditure and Revenue Secretary NK Singh will chair the Fifteenth Finance Commission. Former Economic Affairs Secretary Shaktikanta Das and adjunct professor of Georgetown University Anoop Singh will be its full-time members. Chairman of Bandhan Bank Ashok Lahiri and NITI-Aayog member Ramesh Chand will be part-time members. IAS officer Arvind Mehta will be the Secretary to the Commission. The Union Cabinet had on November 22 approved the setting up of the Fifteenth Finance Commission. The panel, which is a statutory body under Article 280(1) of the Constitution, will prescribe the formula for devolution of taxes between the Centre and States for the five years commencing on April 1, 2020. It is expected to submit its report by October 30, 2019.

9. Govt looks to lower tax burden on mid-size, large companies

Source: The Hindu Businessline ([Link](#))

Sticking to its promise to lower the tax burden on India Inc, the government is exploring the possibility of reducing the corporate tax rates for larger firms as well. "This is in the discussion, especially as the government has committed to reduce the corporate income tax rate to 25 per cent.

The idea this year is to ensure that a lower tax burden is now available to all companies,” said a person familiar with the development. The exact quantum of the cut in corporate tax rate is expected to be finalised closer to the presentation of the Union Budget 2018-19, but revenue implications also have to be factored in. “This can at least be done for some firms, if not all, with a fixed threshold of say up to an annual turnover of ₹100 crore,” said the person.

10. Export incentives are investment, not subsidy: Prabhu

Source: The Hindu Businessline ([Link](#))

Commerce and Industry Minister Suresh Prabhu has made a case for treating support measures to promote exports as investment and not subsidies, arguing that outbound shipments contribute in a big way to boosting growth. The minister emphasised that exports can benefit the economy in a much shorter term than any other economic activity. “We feel very strongly that export should be considered as an investment and should not be considered as subsidy that we provide to exports. Because the large growth in exports benefits economy as a whole in a significant way,” Prabhu told PTI during an interview. Exports have both domestic and global benefits, he said, adding that on the external front, the outbound shipments create an economic footprint globally, which has its own geo-political advantages.