

Daily Economic News Summary: 28 September 2017

1. India likely to be \$6 trillion economy in 10 years: Morgan Stanley

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

India is expected to be a USD 6 trillion economy -- the third largest in the world -- in the next 10 years, majorly helped by digitisation, says a report. According to global brokerage Morgan Stanley, India's digitisation drive would provide a boost of 50-75 basis points to GDP growth in the coming decade. "We estimate that digitisation will provide a boost of 50-75 basis points to GDP growth and forecast that India will grow to USD 6 trillion economy and achieve upper-middle income status by 2026-27," Morgan Stanley head India research and India equity strategist Ridham Desai told...India's consumer sectors is also likely to add about USD 1.5 trillion over the next ten years. "We project gross FDI inflows amounting to USD 120 billion by FY'27, almost double the current 12-month trailing run rate of USD 64 billion," Desai said. Accordingly, Desai also noted that stock markets are likely to remain robust as a stronger economic growth should drive stronger corporate earnings growth.

2. India is world's 40th most competitive economy: WEF

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

India has been ranked as the 40th most competitive economy -- slipping one place from last year's ranking -- on the World Economic Forum's global competitiveness index, which is topped by Switzerland. On the list of 137 economies, Switzerland is followed by the US and Singapore in second and third places, respectively. In the latest Global Competitiveness Report released today, India has slipped from the 39th position to 40th while neighbouring China is ranked at 27th...According to the report, India's performance also improved in ICT (information and communications technologies) indicators, particularly Internet bandwidth per user, mobile phone and broadband subscriptions, and Internet access in schools. However, the WEF said the private sector still considers corruption to be the most problematic factor for doing business in India...Among the BRICS, China and Russia (38) are placed above India. South Africa and Brazil are placed at 61st and 80th spots, respectively. In South Asia, India has garnered the highest ranking, followed by Bhutan (85th rank), Sri Lanka (85), Nepal (88), Bangladesh (99) and Pakistan (115).

3. India seeks funds from World Bank and ADB for e-buses

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

India has sought funds from World Bank and Asian Development Bank (ADB) to procure electric buses for all major cities to fuel its electric mobility plan. “We’ve requested them to provide such loan at reasonable rates so that we can procure e-buses and give them to state road transport corporations. Loan can be paid back through the savings that would be made on account of moving to electric from diesel,” Gadkari said...The minister said at the rate people are buying vehicles, the government will have to spend Rs 80,000 crore in next five years to expand the lanes on national highways. “We have 22% growth of vehicles every year. At this rate, we’ll have no roads to drive soon. In any case we have no parking. I want to provide sustainable city transport and also intercity as well,” he said.

4. India launches programme to attract UK investments

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

India today launched a new initiative here to attract investments from small and medium enterprises (SMEs) in the UK by providing them the hand- holding. Access India Programme (AIP), launched by the Indian High Commission in the UK along with knowledge partner UK India Business Council (UKIBC), will work as a market entry support system for smaller companies with a potential to expand into the Indian market. At a launch event in India House in London, Indian high commissioner to the UK, Y K Sinha, described it as a "first of its kind" initiative that will feed into the government's 'Make in India' programme by providing support for SMEs. "The SME sector in the UK is very robust and vibrant and this programme will provide them the hand-holding they would need to access India," he said. He highlighted that in the last three years India has received Foreign Direct Investment (FDI) worth USD 175 billion and that the government of India remains "committed and focused" to improving India s ranking in ease of doing business.

5. India great market for Afghanistan products, says Arun Jaitley

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

India will be a great market for war-torn Afghanistan which can sell several products here, Finance Minister Arun Jaitley said today. Inaugurating the India-Afghanistan Trade and Investment Show here, Jaitley said it is the nation which has shown a tremendous amount of resilience to face crisis and to emerge out of it. “I am sure that India will be a great market for Afghan businesses to try and

market these goods itself," he said, adding the neighbouring country can sell products like dry fruits and precious stones... The show will feature Afghan entities from the economy, agriculture, health, education, gender and energy sectors seeking trade and investment opportunities with India, along with the CEOs of major Indian and US companies. Popular consumer goods from Afghanistan like carpets, gemstones, marble, saffron, dried fruits and nuts will also be on display.

6. India may offer up to 60 percent stakes in producing fields to private companies: Sources
Source: Financial Express ([Link](#))

India plans to offer stakes of up to 60 percent in oil and gas fields owned by state energy companies that are already under production to private firms, said five government and company sources with knowledge of the matter. The government is making the decision after failing to draw investment from global oil majors in new fields. The plan would boost India's domestic oil and gas output and would meet Prime Minister Narendra Modi's target to reduce oil imports by 10 percent by 2022. However, the plan could reduce profits of state-owned companies. India is the world's third-largest crude importer, buying 80 percent of its supplies from overseas...The Directorate General of Hydrocarbon (DGH), a unit of the oil ministry, has suggested these state companies form joint ventures with private firms including foreign majors that have long eyed these fields, the sources said. India's cabinet could accept the new policy by December, said one of the sources, a government official.

7. Economic downturn has bottomed out, expect growth in 2 quarters: NITI Aayog
Source: Business Standard ([Link](#))

Niti Aayog Vice Chairman Rajiv Kumar on Wednesday said the economic downturn which began in the last two years of UPA II regime has bottomed out and the growth will improve in the next two-quarters. Kumar also admitted that there have been problems on account of demonetisation and Goods and Services Tax (GST) implementation but now people have adopted to the new tax regime. "...this downward cycle of economic growth began in the last two years of the UPA II government and that downward cycle in my view has bottomed out." "We will be achieving higher growth in the next two quarters, and I think 2018-19 will be much better than the current year (in terms of economic growth)," he said at the AIMA diamond jubilee convention here. India's economic growth has slipped to a three-year low of 5.7 per cent in the first quarter of the

current fiscal. The Niti Aayog vice chairman also pointed out that in manufacturing and services PMI, the lowest point reached in July and therefrom it has started rising.

8. Digital India to drive FMCG consumption worth \$45-bn by 2020: Google report

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

Underlining the rapid growth of digital in India, 40 per cent of consumption in the Fast Moving Consumer Goods (FMCG) segment worth \$45 billion will be driven digitally by 2020, a new report said on Wednesday. According to the report by Google India and Boston Consulting Group (BCG), there will be 650 million Internet users by 2020 -- with the highest growth coming from non-metros owing to increasing mobile penetration. This mass reach will have a big impact for FMCG companies and influence categories such as baby-care and beauty...The report also said that the share of digital advertising spends by FMCG companies, which was only 10 per cent in 2016, is expected to grow substantially to reach 25 to 30 per cent by 2020. Online consumers spend twice more on FMCG purchases than offline consumers and the e-commerce segment within FMCG is expected to grow to become a \$6 billion market, the report noted.

9. Economic Advisory Council member Surjit Bhalla has a suggestion, but not for Narendra Modi

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

Surjit Bhalla, the noted economist who was appointed as a member of Prime Minister Narendra Modi's newly-formed Economic Advisory Council, has a single-point suggestion to revive the economic growth and bring it back on its feet. However, that suggestion is not for the Prime Minister or the Finance Minister; it is for the Reserve Bank of India, ie, cut policy rates by 100 basis points. Surjit Bhalla argues that the only answer to a slow economy is low-interest rates...Surjit Bhalla has advocated cutting rates on the back of the slow economic growth — low GDP, high inflation, equity markets at a month's low, rupee going down, et al. He recently demonstrated how each 100 bps increase in the key policy rates in one-year eventually causes decrease in economic growth by 40 bps. "In most countries (strike that, and replace with "all countries except a unique country called India"), the above question has the same answer — look at interest rates, stupid. No matter what country, central banks and government officials have the same answer and the same policy: To increase demand (up the GDP growth rate), decrease interest rates; to decrease demand, increase interest rates," Surjit Bhalla...

10. Need better policies to fulfil Digital India vision: Telcos

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

Telecom operators on Wednesday said that while they are investing a lot on developing future technologies for better services, the sector also needs some relief from the government in terms of taxes, regulatory norms and spectrum cost. "Taxation on the industry is very high, at 29-32 per cent. Spectrum costs is one of the highest with tariff being one of the lowest. All of this need to change to realise the dream and vision of Digital India," Gopal Vittal, CEO and Managing Director, India and South Asia, Bharti Airtel, said...He said the debt of the industry at about ₹4.50 lakh crore and the return on capital at about 1 per cent are all problems that need to be acknowledged. Vittal said such issues need to change if the 'Digital India' dream is to be achieved. He also highlighted issues concerning laying of fibre and the policy of mergers and acquisitions.

11. Policy flip-flop risk harming 'Make in India' drive: Company executives

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

Surprise policy shifts, such as an apparent U-turn over a locomotive deal with General Electric, risk undermining Prime Minister Narendra Modi's flagship 'Make in India' initiative, which aims to create millions of jobs and boost growth, industry executives say. GE won a \$2.6 billion contract in 2015 to supply 1,000 diesel locomotives - the biggest direct investment in India by a US firm and the first deal awarded to a foreign firm after India allowed 100 percent foreign investment in its railways - part of efforts to overhaul its creaking, colonial-era infrastructure...The policy shift could cost New Delhi in compensation - GE is already building a factory for the diesel locos - but executives and investors say it is also an important test for a government that needs foreign investment to create jobs and reboot growth ahead of a 2019 general election.

12. India will have 50,000 km highways network in 2 years: Government

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

The highways network in the country will be of 50,000 kilometres over the next two years, the government said today. The state-owned National Highway Authority of India (NHAI) has constructed nearly 30,000 km world-class national highways, the Ministry of Road Transport and Highways said in a statement. "NHAI, under the Ministry of Road Transport and Highways, has another 20,000 km scheduled for completion in the next couple of years. The sustained growth will

ensure that Indian national highways network will measure approximately 50,000 km of highways in the next two years," it said.

13. Singapore firm to design town centre for Bhubaneswar's smart city project

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

The innovative design for the BTC project will cost over Rs 8 crore. The project is being developed by the Bhubaneswar Development Authority (BDA) on around 12 acres of land. As the project site shares its location with the city's main railway station within the Bhubaneswar Town Centre Smart District, both East Coast Railways and Bhubaneswar Smart City Ltd would be important stakeholders in the project and will be consulted throughout the course of its implementation... the Singapore-based company won the bid with its unique blend of contemporary designs and traditional temple building architecture. Jurong's revenue collection stands at \$1.3billion and the firm has its presence in over 40 countries across the globe. It has 110 site offices internationally and is one of the leading powerhouses for urban infrastructure design and consultancy in the world. Singapore-based Surbana Jurong has won the bid to design the Bhubaneswar Town Centre (BTC) project. This is going to be the first such transit-oriented development (TOD) project in the country...The multi-modal transit hub would include railway station, bus terminal, multi-level car parking, pedestrian plaza, convention centre, performance plaza, kids play area, art gallery, bicycle and pedestrian bridge, office building and last, but not the least, dedicated pickup and drop off lanes for taxi aggregators and auto-rickshaws.

14. Amazon India launches marketplace for SMEs

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

Amazon.in has announced the launch of Amazon Business, a new marketplace on the platform to meet the procurement needs of small and medium businesses such as technology and service companies, manufacturers, universities, schools and offices. Business sellers registered with Amazon can now offer small and medium businesses easy access to over 10 crore products along with GST compliant invoices. Businesses can register with Amazon Business with their GST numbers and thus become entitled for input tax credit (varying between 5 per cent and 28 per cent). SMEs across India can also benefit from technology-led solutions built specifically for businesses, attractive pricing and a convenient shopping experience, said the firm.