

Daily Economic News Summary: 30 January 2017

1. Indian IT sector braces for impact of Donald Trump immigration order

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

India's software services sector is bracing for the consequences of new US President Donald Trump action against outsourcing of jobs. Trump has signed an order to block entry of people, including highly qualified professionals, from seven Muslim-majority nations. Having won the presidency on the promise of protecting US jobs and against moving work offshore, he has been warning big companies, such as Ford and Carrier, to cancel factory plans in Mexico and shift these home. And, extracted a promise from computer giant Apple and its supplier Foxconn, and online retailer Amazon, to generate as much as 150,000 American jobs. Thousands have demonstrated in the US to protest Trump's move to block people from Muslim nations, despite their having the needed permits. The US information technology (IT) industry has found a rare common ground, saying the measures are immoral and un-American. Trump's action comes soon after two senators of the US legislature proposed a new law for H1B visa holders there. Indian IT is keenly watching for Trump's directions on H1-B visa norms -- a large chunk of Indian software engineers on site work in America are on H1B and L1 visas.

2. India should LEAP forward to achieve Make-in-India target: experts

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

India has taken up the ambitious Make-in-India campaign with the target of enhancing the share of manufacturing in GDP to 25 per cent from the present 17 per cent but it is necessary to adopt Industry 4.0 concept to achieve the target in the present scenario, according to several experts. They voiced the opinion at a session on the theme at the partnership summit of the Confederation of Indian Industry (CII) here on Saturday. India should take the great LEAP (leveraging for efficiency, adaptability and productivity) forward to achieve the ambitious target. Sunil Mathur, Managing Director and CEO, Siemens Ltd., said "it is a very big leap for India as the country has to move from electrified machinery, to automated machinery and then onto digitalised machinery. The fourth industrial revolution integrates digital and manufacturing worlds by using the latest IT tools. Sensors would have to be attached to the machines in the first phase. At present, only less

than one per cent of the industrial machinery in the country is digitalised." He said skill development programmes would have to be taken up, "for smart machines need smart operators." Mass customisation of products would also be necessary, he added. R. Mukundan, Managing Director of Tata Chemicals, said MSMEs should be involved in the quest to take India to the digital era and their manufacturing practices should be upgraded.

3. 'Note-ban impact: Economy will take two years to get back on growth path'

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

Former Finance Minister P Chidambaram on Sunday said the country's economy has been adversely impacted and the people's sentiment has taken a hit due to the ill-conceived demonetisation drive by the Narendra Modi- Government. "It will take at least two years to get back to growth path again," he said. Speaking on 'Demonetisation-A perspective', here at a meeting hosted by the Telugu daily *Mana Telangana*, Chidambaram said, "The economy has been affected across sectors and if the current trends are any indication, the GDP growth is certain to be down by about one per cent. This will shave off about ₹1,50,000 crore from the economy." "The Indian economy was humming along and the demonetisation move announced on November 8 will have horrendous consequences. These include lower investments, poor investment sentiment, big chunk of small and medium enterprises getting closed, leading to job losses and daily wage earners being impacted due to the adverse impact on the system," he explained. The impact on the SMEs has been significant and a number of them have closed leading to job losses. About 45 crore men and women dependant on daily wages have been hit and the sentiment too has taken a big hit, he said.

4. Uber to expand engineering team in Hyderabad

Source: Live Mint ([Link](#))

Uber Technologies Inc. will expand its engineering team in Hyderabad to develop tools that will help the company determine fares and driver incentives, as well as support its food and hyperlocal delivery service businesses around the world. Uber did not give details of the number of people it wants to hire. The Hyderabad team, currently 25-strong, will provide technology support for its

food delivery service UberEATS and hyperlocal delivery service UberRUSH. “The Hyderabad engineering team is ramping up at a fast pace to help support our global operations,” a spokesperson for Uber in India said in an emailed response to a query. “It is working on fintech platform and are building tools that are used across Uber worldwide. India is just one of the over 70 countries it serving.” In July 2015, Uber signed a memorandum of understanding with the Telangana government to set up a technology and innovation centre in Hyderabad at an investment of \$50 million over a period of five years. That centre currently employs 400 people.

5. Paytm’s story now a case study at Harvard

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

The journey of digital wallet Paytm from being a recharge platform to a payments bank is the topic of a case study published by India Research Centre (IRC) of Harvard Business School (HBS). The study titled 'Paytm: Building a Payments Network' will be available for teaching purposes within and outside Harvard. Established in 2006, Mumbai-based IRC supports its faculty with research in emerging trends in the region. IRC has supported most of the case studies and HBS research projects focused on business in South Asian region. "Paytm is revolutionizing payments in India and it is a shining example of India's digital future," said Professor Sunil Gupta, one of the authors of the study and Edward W. Carter Professor of Business Administration and Chair of the General Management Program at HBS.

By Rajnee Narula

