

## Daily Economic News Summary: 3 May 2017

### **1. India government will soon loosen purse strings: Deutsche Bank**

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

History suggests India's government is about to embark on a spending spree. A Deutsche Bank analysis shows government spending picks up in the last two years of an Indian government's five-year term. That's exactly where Prime Minister Narendra Modi's administration is right now, with three years behind him as of May and a general election due in 2019. The uptick makes sense. Like other democracies, Indian politicians want to show voters the government is doing its part to create jobs and boost growth by spending on infrastructure projects. With India's anemic job growth one of the biggest political risks in the world's fastest growing major economy, Modi will certainly want to quicken the pace of job creation before he faces voters. "Governments need to show that things are happening, that jobs are being created," Deutsche Bank analyst Abhay Laijawala said in an interview.

### **2. India to clock 7.1 per cent GDP this year, 7.5 per cent in 2018: UN report**

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

India is expected to clock 7.1 per cent growth this year before edging up to 7.5 per cent in 2018, according to a UN report, which warned that the country faces heightened risks related to the concentration of bad loans in the public sector banks. The UN Economic and Social Commission for Asia and the Pacific (ESCAP) said in its annual flagship report 'The Economic and Social Survey of Asia and the Pacific 2017' launched yesterday that the economic growth for India is projected to be stable at 7.1 per cent in 2017 before edging up to 7.5 per cent in 2018, underpinned by higher private and public consumption and increased infrastructure spending. Growth in India is forecast at 7.1 per cent this year as "re-monetisation restores consumption, and infrastructure spending increases", the report said. Inflation is projected to reach 5.3-5.5 per cent in 2017 and 2018, which is somewhat above the official target of 4.5-5 per cent. The report, however, noted that a key downside risk for India was heightened financial sector risks related to the concentration of bad loans in public sector bank.

### **3. PM Modi takes stock of GST readiness, steps to check black money**

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

Prime Minister Narendra Modi on Tuesday took stock of the steps taken by the finance ministry for a smooth rollout of goods and services tax (GST) and anti-black money drive post note ban, among others. Various issues including preparedness for GST—billed as the biggest tax reform since Independence— were discussed during the meeting with the revenue department, people aware of the meeting said. The government intends to implement the GST from 1 July. According to official sources, finance minister Arun Jaitley, along with revenue secretary Hasmukh Adhia and other senior revenue officials, were present. It is understood that the meeting also discussed disclosures made in the tax amnesty scheme announced after the junking of old Rs500 and Rs1,000 notes in November last year. It also reviewed progress made in the anti-black money drive, called Operation Clean Money, and the tax amnesty scheme Pradhan Mantri Garib Kalyan Yojana (PMGKY).

### **4. India to launch new IIP series with 2011-12 base year on May 9**

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

India will unveil a new series of Index of Industrial Production with a base year 2011-12 on May 9 with an aim to map economic activities more accurately. The new series for Index of Industrial Production (IIP), which captures industrial activities on monthly basis, will be launched by Chief Statistician and MOSPI Secretary T C A Anant, an official said. A high-level panel had firmed up the methodology for the IIP with new base year of 2011-12. Currently, the IIP is calculated on base year of 2004-05. The change in baseline for the IIP is expected to bring in more accuracy in mapping the level of economic activity and calculating other numbers like national accounts.

### **5. World is comfortable with India's rising stature: PM**

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

The world is comfortable with India's rising stature, Prime Minister Narendra Modi said today as he met the latest batch of Indian Foreign Service (IFS) officers here. Sharing his thoughts with the group of 41 officer trainees, he stressed on the need for the Foreign Service officers to be extremely well informed, and think in a global perspective, a PMO statement said. He urged the officer trainees to keep in touch with their batchmates from other services so that they could always

keep abreast of developments at home. “The Prime Minister said, that by and large, the world believes that India has a bright future, and is comfortable with India’s rising stature,” according to the PMO statement

#### **6. Need to focus more on manufacturing sector: Arvind Panagariya**

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

India needs to work simultaneously on manufacturing and services, but the focus should be more on manufacturing as it creates more jobs, NITI Aayog Vice Chairman Arvind Panagariya today said. Panagariya also said that deployment of robots by companies need not be a big concern as the exercise won’t take away jobs, at least not in the next 20 years. “India needs to work on both manufacturing sector leg and services sector leg...Manufacturing leg is more important because it creates more jobs,” he said while addressing the 4th National Standards Conclave here. Noting that companies like Maruti in India still employs large number of workers, the NITI Aayog vice-chairman said there were perception that robots are going to steal jobs. “In my view, robots won’t steal jobs in the next 20 years. We still have time. We have to use all instruments at our disposal,” Panagariya said. On setting of quality standards for products, he pointed out that in an economy like India’s, where there is a large informal sector, the imposition of safety standards is going to be very difficult for several informal sectors.

#### **7. MP to switch to Jan-Dec fiscal year**

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

Madhya Pradesh has become the first state to switch to the January-December financial year from the existing April-March cycle, with the state cabinet endorsing the move on Tuesday. The move breaks a 150-year tradition as India started adopting the April-March financial year from 1867. “The state cabinet in its meeting chaired by Chief Minister Shivraj Singh Chouhan (pictured) today decided to shift the financial year to January-December. So, now the Budget session of the next financial year will be held either in December 2017 or January 2018,” state Public Relations Minister Narottam Mishra told reporters in Bhopal.