

Daily Economic News Summary: 4 May 2017

1. RCEP talks: India under pressure to offer deeper tariff cuts

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

India is not yet ready with its market opening offers for the members of the Regional Comprehensive Economic Partnership (RCEP) — especially China — as senior officials get ready to hold the next negotiating round in the Philippines. The round of talks beginning on Thursday is crucial as the 16 participants, including the 10-member ASEAN, would try to evolve a consensus on the progress that trade ministers from the region should make when they meet in the end of the month. “RCEP countries are tired with the long-dragging negotiations and want closure soon. Commerce & Industry Minister Nirmala Sitharaman will be required to reveal what India’s stance is towards the pact is given the fact that most members are not ready to accept low ambitions. Soon the question will boil down to whether India is in or out. We have to be ready for that,” a government official told *BusinessLine*. The RCEP comprises ASEAN and its FTA partners including India, China, Japan, South Korea, Australia and New Zealand. Once concluded, it could be the largest free trade bloc in the world accounting for 45 per cent of the world population and over \$21 trillion of gross domestic product. Going forward has become extremely difficult for India as most RCEP members want zero duties on almost all products and only small exceptions are allowed for some countries and products through deviations.

2. India pitches for FDI in food processing industry

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

Pitching for foreign direct investment in the food processing sector, India has asked the US companies to take advantage of its liberalised foreign investment rules, readymade infrastructure and improving business environment. A high-powered team of Indian officials led by Jagdish Prasad Meena, Special Secretary in the Ministry of Food Processing Industries yesterday started their two-day trip to Midwest from Chicago holding meetings with high-level officials from several Chicagoland food services, logistics and restaurant companies. During the meeting, Meena urged them to take advantage of India’s liberalised foreign investment rules, readymade infrastructure and improving ease-of-doing-business climate, the Indian Consulate in Chicago said

in a statement. Given its size and location in the Midwest, Chicago has been the hub of the US food and food processing industry and is home to many of the world's leading food and agriculture companies.

3. ADB pegs India's growth at 7.4% for 2017-18

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

The Indian economy will grow 7.4 per cent this fiscal and 7.6 per cent in the next as the bankruptcy and GST laws will help create a more business-friendly environment, the Asian Development Bank (ADB) said today. Ahead of its 50th annual meeting to be attended by finance ministers and central bank governors of member nations, the multilateral agency's Chief Economist Yasuyuki Sawada said the reforms like the Goods and Services Tax (GST) and the new bankruptcy law will make it easier to do business in India. "India's growth rate is picking up, 7.4 per cent this year and next year 7.6 per cent," he told a media briefing. "Over 7 per cent growth rate is high if we compare it to other emerging market economies and also China. Behind this is cyclical factor, and improved terms of trade. The Indian government adopted new bankruptcy law that improved the business enabling environment. These are the the short-term and medium-term factors behind the growth acceleration in India," Sawada said.

4. Cabinet okays Memorandum of Understanding with Malaysia for urea, ammonia supply

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

The Cabinet today approved an agreement signed with Malaysia for assured supply of urea and ammonia from a plant to be set up by the South-east Asian country. As per the Memorandum of Understanding (MoU), India will buy from Malaysia the existing surplus urea and ammonia fertilisers as well as the production from the new plant. "The Union Cabinet today gave its ex-post-facto approval to the signing of MoU with Malaysia on the development of a urea and ammonia manufacturing plant in Malaysia," an official release said.

5. Stronger Rupee unlikely to hit India's export competitiveness: ADB Chief Economist Yasuyuki Sawada

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

The rising tide of protectionism is worrying but not strong enough to break the global economy, the Asian Development Bank's chief economist Yasuyuki Sawada said on Wednesday. "This emerging orientation of US and Europe is a little bit worrisome situation but what I am saying is (that) it is unrealistic that global economy will move towards a broken economy that happened during intra-war period... I don't see that happening," Sawada said at the Asian Development Bank's annual meeting meeting in Yokohama in Japan. The statement came a day after Prime Minister Narendra Modi spoke to his Australian counterpart and raised concerns over Australia's decision to abolish a work visa which allowed businesses to hire foreign workers for up to four years in skilled jobs. Developed countries such as the US and Australia have changed their visa policies in recent months to restrict movement of professionals across borders. Indians have been among the largest users of both the US H-1B programme and the Australian work visa. Almost 60% of Indian IT industry's revenue comes from the US.

6. Logistic summit in Delhi: From '2 lakh crore' investment to 'effective' transport sector; 10- point guide

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

The Narendra Modi government wants to bring down logistics costs drastically to enhance exports and create huge employment, says PTI report. Now India Integrated Transport and Logistics Summit will begin on Thursday. It has been learned that investments worth Rs 2 lakh crore are expected and 20 pacts are in advanced stages, Union Minister Nitin Gadkari was quoted as saying by PTI. "We are expecting to draw investments worth Rs 2 lakh crore during the summit in which various transport ministries including Road Transport and Highways, Shipping, Railways and Aviation are coming on a single platform for the first time," Gadkari said. 1) Highway & Shipping players from Singapore, Hong Kong and Abu Dhabi. 2) Pacts are in advanced stages of finalization among different Govt. agencies. 3) Push the government's plans to have an effective multi-modal logistics and transport sector. 4) Plans to build 35 multi-modal logistics parks (MMLP) in the country, enable 10% reduction in transportation costs and 12 % reduction in carbon dioxide emissions amongst other key takeaways from the summit.

7. Accounting year shift: what it could mean for investors

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

The government appears to have decided to change its accounting year to December, from March. Madhya Pradesh was the first to accept the Prime Minister's request to states to change the accounting year. The GST is a big change due to be implemented from 1 July. The next fiscal year may have been a better time for one more big change. Once the government moves to a calendar year, the tax accounting year will also change. Companies may accordingly be mandated to shift. The Companies Act 2013 makes it mandatory for companies to follow a March year-ending. That may get amended to December. If it happens, what does this mean for investors? Quarterly results will be the least affected, especially for profit and loss statements. However, companies give a balance-sheet snapshot along with September and March quarter results, which will now shift to June and December...Are there any benefits? Indian company financials will become comparable with their Western counterparts, most of whom close accounts in December. At present, our FY17 numbers are compared with their 2016 financials that are one quarter behind. Another benefit may be that consolidation will become easier, where overseas subsidiaries follow a calendar year. Global peer comparison is the one area where this can make a difference, especially if more Indian companies have global ambitions.

8. Only 27% Indian women are in labour force – lowest among BRICS countries

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

Rising income levels and stability in families are disincentivising women from joining the labour force, according to 'Reassessing Patterns of Female Labor Force Participation in India', a March 2017 report by the World Bank, which analysed government data from 2004-05 to 2011-12. As many as 19.6 million women—equivalent to the population of Romania—dropped out of the workforce during this period, of which rural women accounted for 53%, the report said. In its three year (2017-20) 'action agenda draft' released on April 23, 2017, NITI Aayog, a government think-tank, stressed on the importance of promoting equal participation of women in the Indian economy. Only 27% Indian women are in the labour force—the lowest among BRICS countries; among G-20 countries, it is better only than Saudi Arabia, IndiaSpend reported on April 9, 2016. The labour force does not include women who do "unpaid care work", which refers to all unpaid services within a household including care of people, housework and voluntary community work.