Daily Economic News Summary: 5 May 2017

1. China may push for RCEP deal without India: Chinese daily
Source: The Economic Times ([Link](#))

China may go ahead with a regional economic deal without India as there is slim hope of New Delhi signing it in view of its concerns over cheap Chinese goods inundating Indian markets, an article in a state-run daily said today. "An optimal choice for China would be to reach a deal that includes India, as that would allow Chinese-made products to enter the Indian market with tariff concessions after the Regional Comprehensive Economic Partnership (RCEP) starts running," the article in the Global Times said. However, given India's free trade history and the concerns expressed about its own national interests, there is only a very slim possibility that India would agree to the deal under the existing framework and mechanisms. So China should set a sub-optimal goal of reaching an RCEP deal without India, it said. "Although this would diminish the value of the agreement, China should continue speeding up the RCEP negotiations, because enhanced cooperation with ASEAN, Japan, South Korea and Australia is of strategic importance for China," it said.

2. Integrated Indian market will help attract FDI in South Asia: Asian Development Bank
Source: The Economic Times ([Link](#))

The Asian Development Bank (ADB) has called for an integrated and deregulated market in India to help burnish the South Asian nation’s allure as adestination for foreign direct investment. “India has a strong potential, but its markets should be more integrated. The powers of the state governments must be balanced with the central government's power. An integrated Indian market, which is more deregulated and more welcoming to foreign direct investment, should be linked to other parts of Asia and the world," ADB’s President Takehiko Nakao said on Thursday at the ongoing annual meeting of the bank at Yokohama, near Tokyo. India is seeking to integrate its domestic markets by implementing the Goods and Services Tax (GST), which is billed as the biggest reforms in the country’s indirect taxation structure since Independence. The GST, which seeks to subsume diverse state levies into one band of taxation, will likely be implemented from July 1. Lauding Indian Prime Minister Narendra Modi for his bold reforms agenda, the ADB president said: “The integration of the tax system is being implemented. There was an impact from demonitisation, but that is not stable.”

3. India needs to address IPR, tax issues for ease-of-doing-business: US diplomat
Source: Financial Express (Link)

To improve ease-of-doing-business, India must address issues like protection of intellectual property rights and rationalise taxes and tariffs, a senior US diplomat said here today. Markay Carlson, Charge D’Affaires at the US Embassy said as India seeks to promote domestic manufacturing, create jobs, and attract investment, it is important to recognise the crucial role that open trade plays in this process. “For this reason, we must work with our counterparts in the Indian government to identify policies and practises that can further improve ease-of-doing-business in India and incentives trade. “This includes addressing issues such as enhancing the protection and enforcement of intellectual property rights, rationalising taxes and tariffs, and harmonising standards with international best practises,” he said at an annual general meeting of American Chamber of Commerce in India (AMCHAM) here. Welcoming reforms such as the Goods and Services Tax and the Bankruptcy and Insolvency Code, Carlson said it will reduce long-standing challenges to doing business in India, boost two-way trade and investment. “Foreign investment has also risen to unprecedented levels, with total FDI flows between the US and India at USD 37 billion in 2016,” he said. Carlson noted that defence is a “promising area” of cooperation between the two countries and the strategic defence partnership is “stronger than ever”. In the past year, the US has classified India as a major defence partner, concluded a defence logistics agreement, and expanded defence and industrial ties through the Defence Technology and Trade Initiative.

4. New CII chief sees India growing at 10% in 3 years
Source: The Hindu: Business Line (Link)

Healthcare major Apollo Group's Shobhana Kamineni has all her hopes set on the Indian economy and has predicted a 10 per cent growth in gross domestic product (GDP) in three years. On Thursday, Kamineni, Executive Vice-Chairperson of the Apollo Group, took charge as the President of the industry body Confederation of Indian Industries (CII) for 2017-18. Addressing mediapersons, Kamineni, who is the first woman President of CII, said she expected GDP growth to touch 8 per cent in the ongoing fiscal based on "normal monsoon, good global climate and strong macro-economic fundamentals of the country." The CII's new head was also in favour of bringing the agricultural economy under the tax net. She said CII was "broadly in favour of widening the tax base" and felt that "non-farm rural income" and those where the income was over the tax limit could be included in the tax net. The issue had recently raised a furore when Bibek Debroy, Member of the NITI Aayog, said farmers should be liable to pay taxes.

5. To boost declining pharmaceuticals export, India may supply generic drugs to Myanmar
Source: Financial Express (Link)

In a bid to shore up its declining pharmaceutical exports, the commerce ministry is considering the proposal to supply generic drugs to the government of Myanmar. "Myanmar wants to purchase generic drugs for its government hospitals and they have approached us…We are looking at it," a senior official said. Myanmar's proposal to buy generic drugs has attracted interest from around 60 Indian companies, Udaya Bhaskar, director general of Pharmaceuticals Export Promotion Council (Pharmexcil), said. "Pharmexcil had asked interest from companies and around 60 have showed interest in supplying generic drugs to Myanmar… Nothing has been finalised as of yet," Bhaskar said. Pharmaceutical exports to Myanmar during April-February is estimated at $162 million, while exports to the country in 2015-16 was $152 million.

6. India infra story drawing foreign investors: Nitin Gadkari
Source: The Economic Times (Link)

Several major foreign investors including DBS have lined up to buy and operate government-owned national highway projects for 30 years, road transport and highways minister Nitin Gadkari told ET in an interview. "The DBS CEO met me last week in Singapore and expressed the group's willingness to invest almost $7 billion in buying into existing highway projects under the 'toll operate transfer' policy," Gadkari said. He said almost 100 government-owned highway projects will be leased out next month. The investors, along with a local partner, will collect tolls and operate projects for 30 years in lieu of an upfront payment to the government. Gadkari also said Temasek and GIC of Singapore have evinced interest in subscribing to masala bonds worth Rs 5,000 crore from National Highways of Authority of India (NHAI). The bonds will be launched next week.

7. Company Law – Cross-Border Mergers: Notification opens vast possibilities for Indian companies to buy/sell business
Source: Financial Express (Link)

The notification of the provisions relating to cross-border mergers under the new company law is a welcome step, as it opens up vast possibilities for Indian companies and businesses to buy and sell businesses within the country and overseas. With this, India enters a select group of countries that permit a domestic company to shift its governing law and domicile overseas, by way of a merger process. There are a number of ways to shift the place of residence overseas that are usually recognised in laws that are specific to each country—re-domiciliation, shifting tax residence and merger being some of them. While India still does not permit an Indian company to re-domicile overseas or shift its place of tax residence outside the country, it is now permitted for Indian companies to merge into foreign companies situated in identified jurisdictions.Likewise, a foreign company is also permitted to merge into an Indian company. This is likely to open up newer avenues in which Indian businesses and business owners reorganise their businesses that have an overseas connect. While the merger of a foreign company into an Indian company was permitted under the earlier law as well, an Indian company being allowed to merge overseas has been liberalised only with the new law.