Daily Economic News Summary: 7 July 2017

1. India likely to clock GDP growth of 6.9 per cent this fiscal, says BMI Research report
Source: Financial Express (Link)

Indian economy is expected to recover in the coming quarters and the country is expected to clock a real GDP growth of 6.9 per cent in this financial year, says a report. According to a report by BMI Research, India's growth is expected to pick up following the negative ramifications from the demonetisation drive in November 2016, but weak public banks will likely cap the recovery. Real GDP growth slowed substantially to 6.1 per cent year-on-year in the fourth quarter of 2016-17. "We expect the economy to continue to recover over the coming quarters. We are forecasting real GDP growth to come in at 6.9 per cent in 2017-18," the report said.

2. India slips to be fourth largest investor into UK
Source: Financial Express (Link)

India has slipped by one spot to become the fourth-largest foreign investor into the UK, according to the official figures released here today. The US remains on the top, investing in 577 projects in the UK, with China (including Hong Kong) remaining in second place with 160 projects. India set up 127 new projects in Britain last year and safeguarded 7,645 existing jobs as a result and created 3,999 new jobs in 2016-17, it said. However, it lost its position as the third largest investor in the UK to France which set up 131 projects last year, according to the data. India shares the fourth spot with Australia and New Zealand, which also set up 127 projects collectively.

3. Pacts worth $4.3 bn inked at India-Israel CEO forum: FICCI
Source: The Economic Times (Link)

As many as 12 strategic pacts envisaging investments worth $4.3 billion were signed between Indian and Israeli companies at the first meeting of CEO forum in Tel Aviv today, according to Ficci. "The forum identified and stressed on the need to realise opportunities in focus sectors identified during the first meeting of CEOs forum. There was a consensus that the current trade volume amounting to just over $4 billion has the potential to reach $20 billion in the next five years. To realise this goal, the forum underlined key recommendations to two heads of states," the industry body said in its statement. Post the meeting, the forum members called on Indian Prime Minister Narendra Modi and his Israeli counterpart Benjamin Netanyahu and the co-chair from both sides submitted a brief meeting outcome report to them for developing future course of economic engagements. "It is a very exhilarating for me to share that during this historic visit of our prime minister to Israel, 12 MoUs are signed between Indian and Israeli companies," Ficci President Pankaj Patel said.

4. India, Israel launch 5-yr tech fund to further business ties
Source: The Economic Times (Link)

India and Israel today launched a five-year technology fund, reminiscent of a fund that boosted the Jewish state's ties with US over four decades, and agreed to holds talks for an investment protection treaty in a bid to boost trade and business ties. A joint statement, issued during Prime Minister Narendra Modi's unprecedented visit to Israel, identified start-ups as among areas for boosting bilateral ties. The two nations agreed to put $4 million a year for five years into the Israel India Innovation Initiative Fund, or I4F, said the statement issued after Modi's talks with his Israeli counterpart, Benjamin Netanyahu. The MoU, between the Indian Department of Science and Technology and the National Authority for Technological Innovation of Israel, "will play a seminal role in enabling Indian and Israeli enterprises to undertake joint R&D projects leading to development of innovative technologies and products that have potential for commercial application," it said.

5. India probing Turkey's additional duties on textiles
Source: The Hindu: Business Line (Link)

New Delhi is examining in detail the additional customs duties imposed by Turkey on a range of textiles and garments items from countries including India to see if they violated World Trade Organisation (WTO) norms. The increased duties were imposed in 2011 following a safeguard investigation, but there are reasons to believe that Turkey might not have followed the prescribed criteria for imposition of safeguard duties as they are not applicable on all countries, a government official told *BusinessLine*. "For Indian exporters, the imposition of the additional duties resulted in a sharp increase in levies for textiles and garments from 8 per cent and 12 per cent to 28 per cent and 42 per cent respectively. This has been a big disincentive for Indian exporters to expand in the Turkish market. Since there is no move yet to discontinue the duties, we have to find out if these are valid under WTO," the official said. India's garments exports to Turkey declined from $650 million in 2011-12 to $340 million in 2016-17 while textiles exports increased marginally from $330 million to $430 million in the same period.

6. Highway building pace speeds to 25 km a day in Q1: NHAI, MoRTH monitoring to ensure last year's performance beaten
Source: The Economic Times (Link)

The pace of building highways has accelerated to 25 km a day in the first quarter of the current fiscal, as against 22.3 km per day in the entire 2016-17, keeping up with the gradual increase in highway construction in the initial two years of the Narendra Modi government. Sources said with several projects awarded in the last few years having reached the construction phase now and their "better monitoring" by the ministry of road transport and highways (MoRTH) and NHAI, the construction would outpace the last year's average in the current year. The average construction in the first three months of the current fiscal at 25.14 km per day, is much higher than the 21.4 km a day clocked in the same period last fiscal. It, however, still falls short of the ministry's ambitious 41 km a day target for the entire 2017-18 fiscal. MoRTH sources said a total of 2,263-km highways have been built in the first three months of this fiscal — 1,593 km by MoRTH and state PWDs and 670 km by NHAI. MoRTH had built 1,394 km and NHAI 540 km during the same period last year, taking the total to 1,934 km.

7. New telecom policy in works: Manoj Sinha
Source: The Hindu: Business Line (Link)

A National Telecom Policy is currently under formulation and will be "soon" made public for stakeholder consultation, Telecom Minister Manoj Sinha has said. The upcoming policy will look at areas such as technology innovation and security, as well as plug "loopholes", the Minister said, but did not elaborate on the specifics. "We are framing a National Telecom policy...Once it is formulated, we will upload it online for comments of public, academia, industry, and then, we will go to the Parliament," Sinha told PTI. He said at a broad level, the policy will be driven by technology innovations, among other aspects. "There are many things which change with time...we will take all that into consideration," he said, adding it will also address "loopholes."… Sinha added that reforms, especially consumer-centric ones, will continue in the telecom sector and hinted that some announcements were in the offing. "Reforms will continue...In the coming days, there will be some news regarding reforms, and it will be consumer-centric," he said but declined to divulge details.

GST SPECIAL

8. GST biggest business and economic reform of India: PM Narendra Modi

Source: The Economic Times (Link)

Prime Minister Narendra Modi on Thursday asserted that GST was by far the biggest business and economic reform of India and that the country was moving towards the modern tax regime, which was transparent, stable and predictable. "We have resolved a number of regulatory and policy issues facing businesses and companies. We have worked very sincerely for ease of doing business. We are positioning India as a global manufacturing hub. This is necessary for us to take advantage of youth energy. For this, we have launched Make in India," Modi said while addressing the first joint meeting of Indo-Israel CEOs forum. Inviting the Israeli industry to participate in 'Startup India' initiative, PM Modi launched India-Israel StartUp Bridge to encourage startups of the two countries to work together to come up with innovative solutions for tackling challenges in agriculture, water and healthcare sectors.

9. Modi govt integrated the nation economically via GST, says Arun Jaitley

Source: Business Standard (Link)

While the nation's political integration was initiated by the Bharatiya Janata Party's (BJP's) ideological founder Syama Prasad Mookerjee, the Narendra Modi-led government has been able to integrate the nation economically through the goods and services tax (GST), Finance Minister Arun Jaitley said on Thursday. Addressing a gathering of BJP functionaries and workers from the party's Delhi organisation on Mookerjee's birth anniversary, Jaitley said that even Jammu and Kashmir had been brought into the common taxation fold…Jaitley's address focused on how economically weaker states such as J&K, Bihar and West Bengal had welcomed the prospect of a destination-based tax to fill up their coffers. "These states are consumption-based, since they generally do not have a large manufacturing base," he said.

10. GST impact on tyre industry: Demand set to shoot up; here is why
Source: Financial Express (Link)

The one nation-one tax regime has, in a stroke, pulled down interstate barriers, resulting in less redundancy bringing more uniformity in the economy. I am sure GST will encourage seamless flow of tax credit from the manufacturer to the retailer, and accelerate employment generation by boosting economic activity. It can push India up in the global rankings of the ease of doing business. The assurance that teething troubles will soon be over is timely, as it will address industry concerns that the transition could disrupt the working capital cycle due to 'input credit lock-up' in the initial months. As an integral part of the logistics and transport industry, the tyre manufacturing sector will benefit from GST. Initial challenges aside, the new regime brings good news for the tyre industry, as an increased movement of heavy commercial vehicles across states will result in an increased demand for tyres. The elimination of the complex multi-layered indirect taxation system will also simplify processes and bring efficacy in product costs, although it is too early to put a number to that. The GST regime taxes commercial tyres at 28%, but we are hopeful that the simultaneous abolition of octroi duty—which was a hurdle in timely delivery of goods and smooth movement of vehicles—will make a difference. A uniform tax structure will help in evasion of unfair trade practices, eliminating under-invoicing and falsification of costs. The tyre industry is ready and has prepared itself extensively across its large network of dealers, suppliers and natural rubber growers through a series of GST-related outreach workshops on understanding and implementing new compliances under the GST regime.