

## Daily Economic News Summary: 8 May 2017

### **1. Sino-India relationship: This is China's proposal to improve Indo-Pak ties**

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

Amid increasing strain in Sino-India ties, China has proposed a four-point initiative to overcome differences and deepen relations which includes aligning its 'One Belt One Road' project with India's 'Act East Policy' and restart negotiations on a free trade pact. The proposal put forward by Chinese envoy Luo Zhaohui also includes starting negotiations on a 'China-India Treaty of Good Neighbourliness and Friendly Cooperation' and prioritising finding an early solution to the border dispute between the two countries. "Firstly, start negotiation on a China-India Treaty of Good Neighbourliness and Friendly Cooperation. Secondly, restart negotiation of China-India Free Trade Agreement. Thirdly, strive for an early harvest on the border issue. Fourthly, actively explore the feasibility of aligning China's 'One Belt One Road Initiative' (OBOR) and India's 'Act East Policy'," he said. The Chinese envoy made the remarks while speaking at defence think-tank United Service Institution on Friday but the text of his closed-door address was released by the Chinese Embassy today.

### **2. GST will make domestic companies more competitive: Hasmukh Adhia**

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

Revenue Secretary Hasmukh Adhia is hopeful of a smooth transition to the GST regime and says it will help domestic firms to become more competitive apart from streamlining the taxation for all business activities. "Unlike in other countries, the transition to the new tax regime would be smooth here because there are multiple points of taxation in the country. Hence, the possibility of sudden spurt in inflation is remote," said Adhia, who is spearheading the implementation of the Goods and Services Tax. He was speaking at a conference on GST organised by the Federation of Gujarat Industries and the chief commissioner, Central Excise, Customs & Service Tax, Vadodara zone, here last evening. Explaining GST's importance for giving a boost to the manufacturing sector, he said, "Cascading taxes along with non-availability of input credit meant that

domestically produced goods found it harder to compete with imported ones. “GST is a multi-point tax on value addition with seamless input tax credit,” he said.

### **3. India asks ADB to reduce time for processing loans, focus more on health, education**

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

Finance minister Arun Jaitley has asked the Asian Development Bank to speed up the process for approving and disbursing loans to stay ahead of its peers. He also insisted that the bank should fund projects other than those in the infrastructure space, especially health and education. “For instance, time required to approve a proposal as well as the time lag between approval and disbursement of loans can be further reduced. I am sure you all would agree that speed is what will keep ADB ahead of others,” Jaitley said at the Board of Governors’ meeting of ADB at its ongoing 50th annual conference here. His statement assumes importance in the wake of newer multilateral lending agencies like Asian Infrastructure Investment Bank and New Development Bank taking increasing share in the infrastructure lending space. He suggested the need for ADB to adopt Country Systems quickly rather than being contented with adoption of Agency System to help reduce delays in the run-up to project approvals.

### **4. India to revamp foreign trade policy to give leg up to exports**

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

India plans to revamp its foreign trade policy and relook at incentives to give a leg up to the export sector, which is hurt by lower global demand as well as an appreciating rupee. The government proposes to come out with a mid-term review of the Foreign Trade Policy (FTP) 2015-20 in September, commerce and industry minister Nirmala Sitharaman told ET. “We have asked stakeholders, whoever is interested, to give us inputs,” she said. “We are looking at it in-depth and all its details.” The foreign trade policy, announced in 2015, has set an export target of \$900 billion, or about Rs 58 lakh crore, by 2020. In 2016-17, India’s merchandise shipments aggregated at \$275 billion, or about Rs 17,70,000 crore. To achieve the FTP target in five years, exports have to grow at 14% every year. That wouldn’t be easy at a time when the US and some other developed countries are moving towards increased protectionism in trade.

**5. Government to increase spending on healthcare to 2.5 pct of GDP: JP Nadda**

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

Union minister J P Nadda today said the government is striving hard to offer affordable and quality healthcare services to all and committed to raise the spending on healthcare to 2.5 per cent of the GDP in a phased manner. “The mission of the ministry of health and family welfare is to reform and manage the health sector effectively and efficiently to deliver comprehensive health and family welfare services that are equally distributed, accessible and sustainable for all across the country,” the union health minister said. He was speaking at the diamond jubilee celebration of Family Welfare Training and Research Centre here. Nadda said the government has announced the National Health Policy 2017 after a gap of 15 years and is committed to increase the spending on healthcare to 2.5 per cent of the GDP in a phased manner. “The ongoing efforts of the government aim to promote and understand the quality of care and develop innovative solutions to long standing challenges in the health system of the country to align with sustainable development goals and to ensure good health and well-being of the country,” he added.

**6. Ease of doing business: Narendra Modi government lines up ‘Reforms 3.0’**

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

Civil aviation minister Jayant Sinha said on Friday the government is coming up with ‘Reforms 3.0’ programme for ease of doing business. Speaking at the 25th annual general meeting of the American Chamber of Commerce in India (AMCHAM), Sinha added that the move is aimed to attract more foreign investments in the country. AMCHAM is a forum for American companies with existing and potential investment interest in India. Speaking at the same event, Railway minister Suresh Prabhu said that partnerships with US companies like GE and Google has the potential to take Indian Railways to newer heights. Prabhu added that US and India should continue to work together in many areas. He said that it would be good not just for both the countries, but for the rest of the world as well.

**7. Mid-term foreign trade policy to be out before GST roll out, says Union Minister says  
Nirmala Sitharaman  
Source: Financial Express ([Link](#))**

Commerce Minister Nirmala Sitharaman today said the revised mid-term foreign trade policy (FTP) is to be announced few days ahead of July 1, the scheduled date for the Goods and Services Tax roll out. After holding a meeting with various stakeholders, including exporters as part mid-term review of FTP (2015-20) here, the minister also said that no suggestions were made to scale down the 2020 export target of USD 900 billion, including services. Given the current economic and geopolitical situations globally there are concerns that international trade may be impacted. Sitharaman said suggestions were made that the review should be concluded by July 1 so that it is aligned with the GST implementation. “We found merit in the suggestion that the review of the policy should be well in time to go along with the roll out of the GST. It means I have to announce it well in time for July 1,” she said.

**8. Yiwu: world’s largest small commodity wholesale market keen to invite big Indian  
business names  
Source: The Economic Times ([Link](#))**

Yiwu, world’s biggest small commodity wholesale market and with deep bonds with Indian traders is now keen to invite big names in Indian business world including TATAs to invest in the dynamic business hub. Sheng Qiuping, Secretary General of Yiwu Committee of the Communist Party of China was recently in India and met top names from Indian industry and businesses in both Delhi and Mumbai with an eye on inviting them to China’s business hub. “My mission is to deepen and widen business hub. “My mission is to deepen and widen business links with India. It is not just exports and imports, I want to invite big Indian investors to Yiwu,” Sheng told ET. Shen, deeply impressed with India on his first ever visit, informed that there are currently 3000 small Indian traders in Yiwu and there are 314 Joint Venture initiatives between Indian and Chinese companies in Yiwu. The party leader now hopes that Yiwu will have faster connectivity mode of transport for better connectivity and subsequent trade.