

## Daily Economic News Summary: 8 September 2017

### **1. Modi, Japanese PM to kick-start bullet train project on Sept 14**

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

Prime Minister Narendra Modi and his Japanese counterpart Shinzo Abe will lay the foundation stone of the proposed High Speed Rail Network or, the bullet train between Ahmedabad and Mumbai, here on September 14...The Ahmedabad Railway Junction's main station is also proposed to be gradually relocated from the crowded Kalupur to Sabarmati Railway Station area. The bullet train project is expected to cost nearly ₹1.10 lakh crore and will be completed by 2022. The train will cover the 508-km-long distance between Ahmedabad and Mumbai in less than three hours at a speed of 350 km per hour. It will stop at each of the 12 railway stations on the route precisely for 165 seconds!...According to reports, Japan will extend 81 per cent of the cost as debt for 50 years at an interest of 0.1 per cent and its repayment will start after 15 years of the commencement of operations.

### **2. Focus on infra, power, export to boost growth: Raghuram Rajan to govt**

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

After gross domestic product growth touched a three-year low of 5.7 per cent in June, the lowest in the Narendra Modi government's tenure, former Reserve Bank of India governor Raghuram Rajan said the Centre should focus on the levers it has control over; namely infrastructure, power, and exports to boost growth. "Let us focus on things we have control over. Let us ensure that the infrastructure we have built actually gets completed. That is a lever that the government can push harder. Can we solve impediments like land acquisition, given the political capital this government has?" The former RBI governor was asked about the three things he would advise the finance minister to focus on for higher growth. "The second area is power," he said. "In a country supposed to have surplus generation capacity, why do we have large areas without 24/7 power? We also have generation companies which cannot sell that power. That is because we have highly indebted distribution companies whose books are still unhealthy. "The third is exports. Exports from Asia are picking up. Why cannot we build that up? Can we start building the required logistics chain and infrastructure? Can we boost export promotion? After all, that was what Make in India was about."

### **3. Demonitisation came at a huge cost for Indian economy, says Raghuram Rajan**

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

Former Reserve Bank of India Governor Raghuram Rajan on Thursday spoke to various news channels and talked about various issues like demonetisation ...He said that demonetisation has come at a huge cost for the Indian economy and it can have a chilling impact on Indian economy. "The RBI's concern that costs of demonetisation will outweigh benefits was conveyed to the government. RBI offered an opinion on alternative approaches to note ban," Rajan said. The RBI had started the process of designing new notes and the new notes - 2000, 500 and a new 1,000 - had been approved in May. To say none (of notes ban prep) was done would be incorrect. But, a monetary economist would've liked for all the notes to be replaced at one go." He also said that no date was fixed for demonetisation and still the entire data on demonetisation is not available.

### **4. Indian retail industry may grow to Rs 85 lakh crore by 2021: Report**

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

Indian retail industry, growing at 10 per cent, may almost double to Rs 85 trillion (lakh crore) by 2021 steered by consumer data and technology disruptions, says a joint report by Ficci and Deloitte. According to the report, consumer data and technology disruptions will drive retail and FMCG sectors towards a new phase of growth where consumer experience will be the focal concern for all retailers and brands...The report predicted that Internet will play a prime role in driving the growth for consumer business sectors and consumer data and insights will be at the forefront of defining the trends...Similarly, increasing use of smartphones, apps, web, social media etc will lead to growth of omni-channel retail by amalgamation of offline and online services, it said further. According to the report, the spend on digital marketing by advertisers would also double in the next 4 years to 24 per cent of total expenses.

### **5. Weak investment demand bigger challenge than GST, noteban, say expert**

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

India's economic activity lost momentum in the June quarter and critics blamed GST as well as demonetisation for the slip, but its weak investment demand that is a bigger challenge, experts say. According to Kotak Institutional Equities, weak investment demand which accounts for 30 per cent of GDP is a far bigger 'structural' challenge. India's economic growth slipped to a three-year low of 5.7 per cent in April-June quarter, underscoring the disruptions caused by uncertainty related to the

GST rollout amid slowdown in manufacturing activities. “We believe market participants may be ignoring the structural challenges to India’s GDP growth by overly focusing on the cyclical factors of demonetisation and GST,” the report said, adding that weak investment demand is a far bigger structural challenge for the economy. The report further noted that investment demand has been subdued for a fairly long time and the slowdown in investment demand started from the second quarter of 2016-17 (well before demonetisation or GST). Meanwhile another report by Capital Economics also said that the weakness of second quarter GDP data cannot be attributed solely to demonetisation as growth had already slowed sharply in the first quarter to 6.1 per cent, from 7.5 per cent in third quarter of 2016 (the last quarter before demonetisation).

#### **6. India-Singapore trade can reach USD 25 billion by 2019-20: FIEO**

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

Bilateral trade between Indian and Singapore can achieve the target of USD 25 billion by 2019-20 as it has seen a strong growth in the recent years, a senior Indian trade official has said. “We can easily reach USD 25 billion trade with Singapore by 2019-20, up from the current level of USD 17 billion,” Federation of Indian Export Organizations (FIEO) chief Ganesh Kumar Gupta said here yesterday. India’s export to Singapore grew by 23 percent in the last fiscal though overall exports grew by only 4 percent, he said, pointing out that the bilateral trade between India and Singapore was only 2.52 percent of India’s overall trade. FIEO will be increasing participation by its small and medium scale manufacturers and retailers, Gupta said at the opening of the four-day Singapore International Indian Expo.

#### **7. DIPP to move cabinet note on guarantee fund for startups**

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

Keen to ease the flow of loans to startups, the Department of Industrial Policy and Promotion (DIPP) will move a cabinet note on a credit guarantee fund for budding entrepreneurs. The government will use the fund to stand guarantee for loans given to startups. The fund was announced by Prime Minister Narendra Modi as part of the Startup India action plan in January 2016. Accessing capital is one of the primary challenges faced by startups. The fund managed by the DIPP has a corpus of Rs 2,000 crore and will enable greater financial support to startups. Startups, once certified by the government, can avail of income-tax exemption for three consecutive assessment years in a block of

seven years. A ‘fund of funds’ of Rs 10,000 crore managed by Small Industries Development Bank of India has committed Rs 623 crore to alternative investment funds and financed 67 startups. The idea behind the fund was to leverage the institutional credit structure to reach out to underserved sectors, including SC/ST and women entrepreneurs. Each startup will be eligible for loans up to Rs 5 crore without collateral under the credit guarantee scheme. The foreign direct investment policy circular 2017 includes for the first time provisions for startups in line with the government’s push to the sector.

### **8. India GDP growth to re-accelerate as GST impact fades: Morgan Stanley**

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

Economic activity in the country lost some pace amid GST related disruptions but underlying growth momentum remains strong and the country may clock 6.7 per cent growth this fiscal, says a Morgan Stanley report. India's economic growth slipped to a three-year low of 5.7 per cent in April-June, underscoring the disruptions caused by uncertainty related to the GST rollout amid slowdown in manufacturing activities. Commenting on the GDP numbers, Morgan Stanley said, "We are inclined not to read this as a sign of general slowdown in aggregate demand"...On a calendar year basis, Morgan Stanley now project growth of 6.4 per cent and 7.4 per cent in 2017 and 2018, respectively, as against 7.6 per cent and 8.0 per cent previously. The revised new financial 2018 and fiscal 2019 growth estimates are at 6.7 per cent and 7.5 per cent, respectively. According to Morgan Stanley, currency replacement programme and GST had led to a deceleration in growth momentum.

### **9. GDP slowdown temporary, not linked to demonitisation, says Amit Shah**

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

The dip in GDP growth to 5.7 per cent in the first quarter of this financial year is “temporary” and not linked to demonetisation, BJP President Amit Shah said here on Thursday. “The demonetisation has not had any negative impact (on economic growth). ‘Notebandi’ cannot be reason for GDP coming down to 5.7 per cent from 7.1 per cent,” the Bharatiya Janata Party (BJP) President said in response to a query. “So many quarters have passed since demonetisation. If it was for ‘notebandi’, the GDP would have fallen on that quarter when demonetisation was announced (October to December 2016),”

**10. Easy for India to switch to electric vehicles, says NITI Aayog CEO Amitabh Kant**

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

Low per capita car ownership in India will be advantageous for the country for mass adoption of EVs (electric vehicles), a senior government official said on Thursday. According to NITI Aayog CEO Amitabh Kant, for mass scale EV adoption and to make India a base for EV production challenges such as ingeniousness battery production and creation of charging infrastructure need to be met. At present, India has a low per capita car ownership of 20 vehicles per 1,000 citizens in comparison to 800 vehicles per 1,000 citizens in the US and 85 per 1,000 citizens in China. “Low per capita car ownership which uses internal combustion engine gives India unique opportunity to pursue a different growth model in this sector,” Kant said at the 57 SIAM Annual Convention 2017 here. “While other countries will struggle to replace their large (internal combustion engines powered) vehicle fleets with EVs... India would not be required to do so.”

**11. Port of Rotterdam explores mutual cooperation with Gujrat Maritime Board**

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

Senior representative from the Netherlands along with senior officials of Port of Rotterdam (PoR) held meetings with the Gujarat government officials to explore mutual cooperation in the areas of knowledge sharing, port management and development... Notably, in January 2017, an MoU was signed between the two agencies during the Vibrant Gujarat Global Summit for a strategic collaboration to develop Port and Maritime Sector of the State. The MoU signed with Port of Rotterdam is with the objective of formulating a Maritime Perspective Plan for the Port and Maritime Sector of Gujarat. The Perspective Plan will focus on two main areas; one, framing of a detailed strategic plan for future projects and second being the development of skilled professionals in shipping and transport sectors by working closely with the proposed Gujarat Maritime University.

**12. TN to invest Rs 1,000 crore in food-processing industry**

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

Tamil Nadu will invest around ₹1,000 crore in food-processing projects in the next one year. As part of this initiative, supply-chain management units will be set up in Erode, Krishnagiri, Dharmapuri, Nilgiris, Coimbatore, Dindigul, Theni, Tuticorin and Ramanathapuram at an investment of ₹398 crore. The project is funded by Nabard and the State government. Speaking at the 12th edition of Food Pro 2017, organised by the Confederation of Indian Industry, O Panneerselvam, Deputy

Chief Minister, said the State is a front runner in agriculture production. Only 4.6 per cent of the produce is processed and 35 per cent of vegetables and fruits goes waste due to the lack of adequate cold-storage facilities. Panneerselvam said the push to food-processing is the need of the hour, as it can ensure better return to farmers and create more jobs in rural areas. He said the State will put in place regulations to ensure quality and food safety to become a global food market. Keeping in line with this objective, a research and development centre and public-private partnership will be explored to bring in innovative products with longer shelf life, he added.

### **13. Assam signs MoU with Google to boost Internet connectivity**

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

The Assam government on Thursday signed a MoU with Google India to take Internet connectivity to the remotest part of the north-eastern state. Chief Minister Sarbananda Sonowal said the government would work to provide Internet connections to 26,000 villages and 1,500 tea garden areas in Assam under the MoU and thus increase digital literacy...He said the ties with Google was a way forward to strongly pitch Guwahati as a natural gateway to the South-East Asian countries. Sonowal said his government in sync with the Centre was working for the success of Start-up initiative but success of such programmes sans technology would be a distant dream. "The MoU will be used as a launchpad to achieve the state government's vision of women empowerment, skill development, and universal education," he said.

### **14. Grading South-East Asia's reformers**

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

If any Asian nation proves rapid gross domestic product (GDP) isn't all you need, it's Rodrigo Duterte's Philippines. A 6% growth rate somehow leads investors to overlook the president's erratic behaviour, the 7,000-plus body bags his war on drugs has filled and his disinterest in reforms needed to raise living standards. Here's a data point: after less than 450 days in office, Duterte's policies have brought about more loss of life than Thaksin Shinawatra's drug war in Thailand in the early 2000s or eight years of martial-law rule under Philippine dictator Ferdinand Marcos...All this makes Manila an awkward setting for the 10 members of the Association of Southeast Asian Nations (Asean) to celebrate their 50th anniversary...when Asean speaks of political stability, it means no physical wars between members. It glosses over the growing cracks tearing members apart from the inside out. As Europe reminds us again and again, an economic grouping is only as durable as its

weakest links. And South-East Asia almost has too many to count. **Thailand:** Healthy GDP growth of 3.7%, aided by global tailwinds and tourism, doesn't alter the fact that the junta that grabbed power in May 2014 has no economic plan. You can forget the election that General-turned-Prime Minister Prayuth Chan-o-cha has promised for 1,226 days now. As he cements his reign, Prayuth is focused on populist handouts at the expense of badly needed reforms. He's moving glacially on \$67 billion of projects to upgrade ports, roads, bridges and power grids and steps to make it easier to get things done. His big talk of cutting red tape, knocking rent-seeking middlemen out of the loop and bypassing democratic checks and balances to get Thailand back in business is proving to be just that. **Bangkok's grade: D.** While Manila's grade: C and Jakarta's grade: B