

Daily Economic News Summary: 11 July 2018

1. Ease Of Doing Business: Andhra Pradesh Tops List Of States, Again

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

Andhra Pradesh topped a list of states in implementing reforms under the Centre's ease of doing business initiative for a second straight year, according to the ranks based on Business Reforms Action Plan 2017 released on July 10 by the World Bank and the department of industrial policy and promotion (DIPP). Delhi, the more important of the two destinations (the other being Mumbai) in the World Bank's surveys for ranking India among other countries in ease of doing business scored a meagre 31.60% in the latest ranking and is placed at 23rd among 34 states and Union territories. Its rank also worsened from 18th in 2016. This stokes concern because India's relatively low rank in the World Bank's ease of doing business index (despite a record jump of 30 notches last year to 100th position for the first time) has been partly due to the multilateral body's choice of Delhi as its most important survey destination for the country, with a 53% weight in its index. With further slippage in its domestic ranking, the likelihood of India moving up on the World Bank's radar would appear dented. Of course, the bank will use several other yardsticks like the goods and services tax (GST) for this year's ease of doing business ranking and the aggregate effect of those on India remains to be seen.

2. \$1.65-Billion Aircraft Deal: India To Push For G2G Pact With Japan

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

The long-pending deal involving purchase of 12 ShinMaywa US-2i Amphibious and Rescue (SAR) aircraft for \$1.65 billion is back on track with New Delhi expected to push for government to government deal (G2G) in an effort to close the discussions before the India-Japan annual summit to be held in September. Talking to FE on condition of anonymity, a senior officer said: "The discussions have been going on for this aircraft for several years; there has not been much of an action on the deal so far. Recognising the advantage of selling to India, the two governments are willing to negotiate much lower price for these machines and through G2G route." The ministry of defence (MoD) has shown a preference for government-to-government (G2G) deals instead of direct commercial negotiations with companies producing armaments over the last couple of years.

Some of the major G2G deals include procurement from Russia, US and France. Sharing his view about the G2G route for defence procurements, an industry source said: “The inter-governmental agreement (IGA) between two governments, besides maintaining transparency, it also ensures that there are no unnecessary delays in closing deals.” Hopefully, before the annual India-Japan summit, some decisions will be taken regarding this, said the officer. Given that the navy’s requirement for the search and rescue can only is limited, the two sides are looking at the possibility of exports to third countries. Tokyo has also suggested parts for the aircraft t be manufactured in India and setting up of MRO.

3. Purvanchal Expressway: Proposals For India’s Longest Expressway Cleared By Yogi Government

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

The Uttar Pradesh government on July 10 approved various proposals submitted by shortlisted builders for different packages of the Purvanchal Expressway Scheme, which will be implemented through EPC (engineering, procurement and construction) model. The decision was taken at a Cabinet meeting chaired by UP Chief Minister Yogi Adityanath. An UP government spokesperson said, “The period of construction of the Purvanchal Expressway is three years, and it will be constructed by 2021”. Prime Minister Narendra Modi will be laying its foundation stone on July 14. “The scheme (Purvanchal Expressway Pariyojana) will give a boost to agriculture, commerce, tourism and industries besides social and economic development in the areas through which it will pass. On the proposed expressway, an air-strip will be constructed in Sultanpur district, so as to facilitate landing of IAF aircraft in emergency situation,” the spokesperson said. The UP Cabinet also approved the formation of the UP Maati Kala Board. “The board will work as an autonomous unit for welfare of artisans and craftsmen working in pottery, increasing their business, conservation of this craft, technical development and facilitating marketing of products,” the spokesperson added. The state Cabinet also approved hike in the monthly pension given to the Loktantra Senani (people who were imprisoned during Emergency under MISA and DIR as political prisoners) and their dependents from Rs 15,000 to Rs 20,000.

4. India-Korea Sign 10 Pacts In Wide-Ranging Areas Like Big Data, IOT

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

India and Korea on July 10 signed 10 agreements covering a broad spectrum of areas, including Internet of Things (IOT), Artificial Intelligence (AI), Big Data and anti-dumping. A joint statement on the Early Harvest Package of the Upgraded Comprehensive Economic Partnership Agreement (CEPA) was on July 10 exchanged between Suresh Prabhu, Minister for Commerce and Industry Minister and his Korean counterpart Kim Hyun-chong. The objective of the joint statement was to “facilitate ongoing negotiations on upgrading the India-Korea CEPA by identifying key areas for trade liberalisation (including shrimp, molluscs and processed fish)”. Prabhu and Kim also signed a Memorandum of Understanding on trade remedies for cooperation in the areas like anti-dumping, subsidy, countervailing and safeguard measures through consultations and exchange of information through establishment of a Cooperation Committee comprising government officials and domain experts. A pact between the Research Design and Standards Organisation (RDSO) and the Korea Railroad Research Institute (KRRI) was signed for cooperation in railway research, exchange of railway-related experience and development of railway industries. Both the sides would explore planning and execution of joint research projects, including setting-up an advanced Railways R&D facility in India.

5. Centre Brings In UNDP To Expedite Crop Insurance Scheme

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

The Centre has put in place a new professional team to fast-track crop insurance scheme Pradhan Mantri Fasal Bima Yojana and raise the coverage under the scheme to 50 per cent of the gross cropped area in 2018-19, a government official said on July 10. The United Nations Development Programme (UNDP) has been contracted as a consultant for two years to help establish a Programme Management Unit (PMU) at a cost of ₹28 crore, the official said. “The unit will have 15 professionals whom the UNDP is in the process of hiring on its payroll. Some professionals have already been recruited...,” the official added. The unit, to be housed in Shastri Bhavan or Krishi Bhavan, will not only monitor all issues related to the PMFBY, but will also address them comprehensively. PMFBY was launched in 2016 and is being implemented in 25 States. Under the scheme, farmers pay very nominal premium and get full claim for damages. The crop insurance

claim is estimated to be ₹15,853 crore for the kharif 2017 season, of which ₹6,622 crore has been settled, as per the government data. Under PMFBY, farmers' premium has been kept lower between 1.5 and 2 per cent for foodgrains and oilseed crops, and up to 5 per cent for horticultural and cotton crops. There is no cap on the premium and 25 per cent of the likely claim will be settled directly in farmers' accounts.

6. Govt May Infuse ₹2,100 Crore In Air India As Short-Term Capital

Source: Livemint ([Link](#))

National carrier Air India Ltd, which has asked the central government to revive its equity infusion after its sale plans stalled, is seeking ₹2,100 crore from the government to address its immediate operational needs, two senior officials of the airline told *Mint*. However, this infusion will only take care of the airline's short-term capital requirements and the national carrier could have to dip into the market again to raise money for its fleet and other expansion plans, which include future procurement of aircraft on lease. "While the airline needs about ₹2,100 crore to address its immediate working capital and other operational requirements, it could need a larger amount in the longer term to lease planes and expand operations to compete with other domestic and international airlines," said one of the officials, who did not want to be named. Pending aircraft orders of Indian airlines exceed 1,000. This is the third-largest in the world after the US and China. Low-fare carriers account for a large chunk of the order book, according to aviation consultancy CAPA India. However, Air India could see its domestic market share drop to well below 10% as it has not increased its fleet size as much as its competitors, especially low-fare carriers, over the last few years.

7. Alibaba Group Backed Ewtp Fund Allies With Chinese VC Ganesh Ventures For \$250 Million India Fund

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

Alibaba Group backed technology vehicle eWTP Ecosystem fund has stepped up his aggressive push into India by joining forces with a \$250 million Chinese venture capital fund called Ganesh Ventures that will be its strategic investment partner in Mumbai. The India-focussed fund, which seeks to build a strong network between Indian entrepreneurs and Chinese investors and entrepreneurs, has made its first close of \$30 million backed by the Alibaba Group backed

ambitious eWTP Ecosystem Fund and Hong Kong-based Landmark Capital. Ganesh Ventures will look to deploy its entire corpus in domestic startups over the next 3-5 years, beginning with companies in the media, technology, consumer products, financial technology and health technology sectors. It will set up offices in Gurgaon, Bengaluru, Hong Kong and Beijing and intends to finalise half a dozen deals this year.

8. India's Rice Exports Set To Ease As Govt Raises Buying Price

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

India's rice exports are set to ease from October as the world's biggest shipper of the grain boosts guaranteed prices that farmers receive for much of their crop, making new season cargoes expensive compared to supply from rival growers. Lower exports would mean that India loses market share in key Asian and African markets, traders and industry sources said, with exports from countries such as Thailand, Vietnam and Myanmar likely to fill any gaps. India on July 10 raised prices paid to local farmers for common grade paddy rice by 13 percent from a year ago to 1,750 rupees (\$25.50) per 100 kg, with Prime Minister Narendra Modi looking to woo millions of rural poor ahead of a general election next year. The government typically buys more than a third of the country's rice output at a fixed price, which also has a direct impact on prices paid by traders. "With this price rise, our exports will become expensive," said B V Krishna Rao, president of the Rice Exporters Association (REA). "The customer base that we have created over a period of time is going to shift to Thailand and Vietnam."

9. Global Innovation Index Ranks India The 57th Most Innovative Nation

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

The Global Innovation Index (GII) has ranked India as the 57th most innovative nation in the world. The country has improved its ranking from 60th position last year. India has been improving steadily since it was ranked 81st in 2015. Meanwhile, China improved its ranking from 22 in 2017 to 17 this year. GI is being developed by jointly Cornell University, the Parisbased business school Insead and the World Intellectual Property Organisation (WIPO) in Geneva. GI ranks 126 economies based on 80 indicators. It is now in its 11th edition, and has become a major input for policy-makers on innovation around the world. After a precipitous drop in 2014 and 2015, India

has been steadily improving its GII ranking in the last four years. “It is surprising that India is not ranked higher,” says Francis Gurry, director general of WIPO. “But there is a consistent trend now, and I expect the trend to continue.” Although ranked at 57, India is a top performer in the lower middle income group, where it is ranked at 5th position. It is the most innovative country in its region of central and southern Asia. In the indicators that capture the quality of innovation inputs and outputs, India is ranked second after China in the lower and upper middle income group combined.

10. Indian Companies To Resume Large-Scale Exports To Iraq Amid Global Blues

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

With Indian tea exports to Russia and other European countries on the decline and with the average export prices stuck at last year’s levels, Indian tea companies and exporters are planning to resume large-scale exports to Iraq, a lucrative market where exports stopped in 2013-14. Azam Monem, chairman, Indian Tea Association (ITA), said the Union commerce ministry as well as tea industry officials would visit Iraq later this month to hold discussions on reopening the tea-trading window. “In 2013-14 we exported around 50 million kg (mkg) to Iraq but it stopped following the escalation of political tensions there. Iraq buys high-quality orthodox tea as well as a cheaper variety of south Indian tea,” Monem said. Iraq consumes around 100 mkg of tea annually and after India pulled out of this market, Sri Lanka and Vietnam increased their hold on the Iraqi tea trade. In case India is able to enter the market again, tea exports from the country, as well as the average price realisation per kg, are most likely to increase. Atul Asthana, managing director and chief executive officer, Goodricke Group, said after intensified tensions in Iraq in the wake of US intervention and the rise of ISIS, the country was back to normal and hence the trade route could be reopened.

11. India-Korea CEPA: Harvest Deal By 2019 Even As Two Nations Stick To Guns

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

With India taking a tough stand against giving Korea tariff lines that directly impacted its manufacturing, the two countries did not give up their stand on major items of contention. They, however, on July 10 signed a joint statement upgrading negotiations under the Comprehensive

Economic Partnership Agreement (CEPA) where they made early harvest offers for 35 items, each, while including yoga instructor and taekwondo instructors in the list of professionals under Sporting and other Recreational Services category. Korea has agreed for zero duty upfront for 15,000 tonne of shrimps which is India's biggest marine export to that country. The total exports to Korea is around 24,000 tonne. The two sides have also agreed to grant multiple entry visa to intra-corporate transferee of which validity period is three years or the contract period whichever is less. Residential permit would be commensurate with the validity period of the visa. Minister for trade of the Republic of Korea Hyun Chong Kim and Union commerce minister Suresh Prabhakar Prabhu signed the statement after tough negotiations that lasted more than two days.