

## Daily Economic News Summary: 12 March 2018

### **1. International Solar Alliance Inaugurated: India's Plans Take Global Stage**

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

India and France along with 40 representative countries of International Solar Alliance (ISA) announced an action plan to assist developing countries in harnessing solar energy in several industries. With this, India announced an OPEC kind treaty-based cross-country association for solar energy. “ISA is not only the testament of India’s multilateralism but also a commitment in sustainable green future,” said Sushma Swaraj, minister of external affairs in her welcome address, emphasising the age-old Indian tradition of Vasudev Kutumbakam the world is one home. She said the same culture is ingrained in India’s effort to build a global platform like ISA. “Through ISA, 13 solar projects with an investment of \$143 billion have either been concluded or under progress across the globe. In addition to it, 15 more developing countries will see 27 solar projects with an investment of \$1.4 billion will be implemented by India,” Modi announced. Around \$1 trillion of capital for solar power projects is expected to be mobilised with this partnership. Out of this, around \$500 billion is expected to come from the corporate private sector.

### **2. India Will Generate 100 GW of Solar Power by 2022, Says Modi**

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

Prime Minister Narendra Modi has set a target of achieving 100 GW (gigawatt) of solar power by 2022, out of the total 175 GW the country plans to produce from renewable sources. This was announced at the International Solar Alliance Summit here on March 11. It was announced at the summit that a Project Preparation Facility (PPF) has been set up by India to assist its development partner countries towards preparation of viable projects that can be considered for concessional financing under Lines of Credit. The PPF fills the capacity gap in identifying a need, conceiving a project and preparing a proper proposal. President Macron, who is on a four-day visit to India, highlighted that to generate 1 TW (terawatt) of solar power by 2030, as envisaged under the ISA, a funding corpus of \$1 trillion will be required even as he underlined financial and regulatory hurdles within the member countries for achieving the target. Macron also said that the French

Development Agency will allocate €700 million in additional spending to its commitment to solar energy by 2022, taking the total commitment to €1 billion.

### **3. India, China Important Engines of Regional and Global Economic Growth: IMF**

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

India and China have been important engines of regional and global economic growth, a top official of International Monetary Fund (IMF) said on March 11, noting that a strong economic partnership between the two Asian giants would be beneficial. “For the past several years, India and China have been important engines of regional and global economic growth. In 2017, India and China were responsible for almost half of global growth,” Tao Zhang, IMF Deputy Managing Director, told PTI in an interview ahead of his visit to India. The IMF, he said, strongly believes that the world benefits if individual countries implement sound stability-oriented macroeconomic policies and reduce barriers to trade and investment. “A strong economic partnership between India and China would be beneficial, and their collaboration is welcome. The BRICS and G20 summits are good examples,” Zhang said when asked about the impact these two economies collectively have on the global economy

### **4. Reforms in Health, Education & Banking Will Benefit India: IMF**

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

Indian economy now seems to be on its way to recovering from disruptions caused by demonetisation and roll-out of GST, the IMF said on March 11. At the same time, the IMF has underscored the significance of reforms in other key sectors like education, health and improving the efficiency of the banking and financial systems. “India's economy has expanded strongly in recent years, thanks to macroeconomic policies that emphasise stability and efforts to tackle supply-side bottlenecks and structural reforms. Disruptions from demonetisation and the rollout of the goods and services tax (GST) did slow growth,” Tao Zhang, deputy managing director of IMF told in an interview. Given the dominance of cash in everyday transactions in the Indian economy it was inevitable that demonetisation would temporarily affect economic activity, said Zhang who is travelling to India and Bhutan from March 12 until March 20. The rollout of the GST was a landmark accomplishment that can be expected to enhance efficiency of intra-Indian movement of

goods and services, create a common national market, enhance tax buoyancy, and boost GDP growth and job creation, he said.

### **5. UP Green Energy Sector Gets Investment Proposals Worth Rs 728 Billion**

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

In a major shot in the arm of Yogi Adityanath government's efforts to shore up renewable energy in Uttar Pradesh, the green energy sector has attracted private investment proposals worth over Rs 728 billion. The green energy sector accounted for over 15% of the composite Rs 4.68 trillion worth of Memorandum of Understanding (MoUs) signed during the two-day UP Investors Summit 2018 on 21-22 February. The green energy sector with 46 MoUs worth Rs 728 billion stood second only to the state infrastructure sector, which accounted for maximum almost Rs 1.80 trillion worth of MoUs, thus accounting for over 38% of total investment proposals. Sources said while 1045 MoUs worth Rs 4.28 trillion were signed at the Summit, more agreements with companies were signed in the successive days, taking the total number of MoUs to 1074 and aggregate investment proposals to Rs 4.68 trillion. Interestingly, the green energy sector investment proposals worth Rs 728 billion is almost 10 times compared to the conventional energy sector, which managed only 76 billion worth of 11 MoUs

### **6. Milk Production up 20% in 2014-2017**

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

Milk production in the country increased by 20 per cent from 137.7 million tonnes to 165.4 million tonnes between 2014 and 2017, Minister of Agriculture and Farmers' Welfare Radha Mohan Singh has said. Also, the per capita availability of milk has risen by 15.6 per cent from 307 gms a day to 355 gms per day between 2013-14 and 2016-17, an official statement quoted the minister as saying. Singh, who was addressing the 16th convocation ceremony of ICAR-National Dairy Research Institute (NDRI), said the government is committed towards ensuring more income to farmers, uplifting the economically backward sections of society, youth employment, better education and healthcare. He pointed out that Budget 2018 had laid special emphasis on animal husbandry. With a corpus of Rs 2,450 crore, the government has set up an Animal Husbandry Infrastructure Development Fund (AHIDF) for financing infrastructure requirement of animal husbandry sector.

## **7. GST Council Meet: E-Way Bill from April, Easier Returns Delayed**

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

Concerned over the stagnation in revenue flows, the GST Council on March 10 stuck to a plan to start the e-way bill mechanism for tracking inter-state movement of goods above a certain threshold from April 1, but for administrative feasibility, staggered its enforcement on intra-state transport over the next four weeks. The Council, however, could not reach a consensus on a revamped returns filing system that is at once simpler and militates against evasion, and, therefore, extended the current system where taxpayers practically file only the summary return GSTR-3B till June 30. As per an earlier plan, the GSTR-3B was to be replaced with comprehensive triplicate returns by April 1. The group of ministers headed by Bihar deputy chief minister Sushil Modi and ‘IT experts’ will deliberate on how to simplify the returns filing system without compromising on its ability to check evasion and give a report in due course, finance minister Arun Jaitley said. These two are crucial anti-evasion measures—comprehensive returns filing and e-way bill— and have been hanging fire for long due to technical deficiencies, as well as industry’s complaints of high compliance burden. The Council also deferred implementation of other anti-evasion measures, such as reverse charge mechanism (RCM), provision for deduction of tax at source (TDS) and collection of tax at source (TCS) by another quarter, to June 30. The e-way bill mechanism requires a supplier or recipient to generate such bill if goods worth over Rs 50,000 are being moved over a distance of more than 10 kilometres.

## **8. Asian Infrastructure Investment Bank: Challenging the Credibility of Belt and Road Initiative**

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

India will be hosting the third annual meeting of the Asian Infrastructure Investment Bank (AIIB) at Mumbai, in June this year. This is a significant occasion for various reasons. These include India’s emergence as the largest recipient of the AIIB’s funding till now and its willingness to work closely with an institution, where China has contributed the largest capital. India’s deep engagement with the AIIB points to the latter’s enabling institutional features, which the other China-led connectivity project the Belt and Road Initiative (BRI) lacks. With respect to loans sanctioned till now, and those in pipeline, India has been the biggest beneficiary of AIIB. Out of

the 24 projects assisted by the AIIB till now, India tops the list with five, followed by Bangladesh, Indonesia and Oman, with three each. India's five projects account for total AIIB assistance of around \$1.1 billion. This is nearly double of Azerbaijan, which has obtained AIIB funding of \$600 million, and more than double the assistance received by Indonesia and Pakistan \$441.5 million and \$400 million, respectively till now. In terms of AIIB projects in the pipeline too, India is poised to receive the highest financial support of around \$1.2 billion, much more than other major applicants like Turkey, Indonesia and Sri Lanka.

### **9. TPP Redone: Asia-Pacific Trade Deal Unlikely to Dent India's Exports**

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

The mega Asia-Pacific trade pact signed by 11 nations, including Japan and Singapore, is unlikely to dent India's export prospects meaningfully due to the absence of its key market — the US — in it, official and trade sources said on March 9. But the deal could see more pressure being piled on India to help conclude the 16-nation Regional Comprehensive Economic Partnership (RCEP) agreement at the earliest without being too emphatic about its own demands in services sector, they added. However, in the absence of the US, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) has lost much of its potential clout, as it will cut tariffs in nations that together make up for just over 13% of the global economy (with the US, it would have represented 40% of world GDP). “The new trade deal is unlikely to damage our export prospects. However, a precise assessment of the impact on India will be known once it's ratified by individual members,” an official source said here. “The absence of the US in the new deal is a relief for India's garment industry.”

### **10. Ola Expands in Australia, Begins Service in Sydney**

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

Indian cab hailing firm Ola on March 12 said it has started operations in Sydney, expanding its services in the Australian market. Last month, the company had kick-started its services in Australia with Perth. In January, the SoftBank-backed company had announced its plans to foray into the Australian market. Ola is now officially operating in Sydney and has hired a local team to build partnerships and support driver-partners, it said in a statement. “Ola's focus is on investing

in driver-partners and supporting them with new technology, training, and ways to increase earnings,” it added. Uber is Ola’s main competitor in the Australian market. Interestingly, SoftBank is also an investor in Uber. Uber launched its operations in Australia in 2012 and currently operates in 19 Australian cities including the major cities of Sydney, Melbourne, Brisbane, Adelaide, Perth and Canberra. The companies are already locked in an intense battle for leadership in the Indian market. They compete not only in the ride-sharing space in India but also food delivery, with Ola acquiring Foodpanda’s India business. US-based Uber, which is one of the world’s most valued startups, runs on-demand food delivery app UberEATs in select Indian cities.

#### **11. Air India Disinvestment Plan: Jet Airways, Air France-KLM, Delta Consortium to Bid for National Carrier**

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

A consortium of Jet Airways, Air France-KLM and Delta Airlines understood to have expressed interest in the disinvestment of national carrier Air India, according to sources. Moving ahead with the strategic disinvestment of loss-making Air India, the government is expected to soon invite Expression of Interest (EoI) from the bidders. Against this backdrop, sources said a consortium of three full services, including Jet Airways, are keen to put in their bid for the national carrier. Jet Airways along with Air France-KLM and Delta Air Lines are interested in participating in Air India disinvestment, sources told PTI. When contacted, a Jet Airways spokesperson said the airline would not like to comment on speculations. Queries sent to Air France-KLM and Delta remained unanswered. Jet Airways’ possible bid for Air India by way of a consortium also comes less than four months after the Naresh Goyal-led airline enhanced cooperation agreement with the Air France-KLM Group. Interestingly, Jet Airways CEO Vinay Dube had a decade-long career at Delta Air Lines before joining the Indian carrier last year. Immediately before coming to Jet Airways, he was Senior Vice President (Asia Pacific) at the American airline. Air France-KLM and its partners Delta and Alitalia operate the largest Trans-Atlantic joint-venture with over 270 daily flights. Though Air India is saddled with huge debt, acquiring the airline can help boost the acquirer in terms of foot print and bilateral rights.