

Daily Economic News Summary: 16 February 2018

1. India to Invest in Iran in Rupees amid Sanction Fears

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

India, for the first time beyond Bhutan and Nepal, will invest in a foreign country, Iran through its own national currency Rupee to bypass any trouble arising out of impending US sanctions. Rouhani is expected to seek Indian investments across sectors from ports, railway network and SEZ when he meets the Indian leadership and address a business meet here on Saturday. India has decided to invest in its national currency in Iran, which will be first of its kind, beyond Nepal and Bhutan, persons familiar with the matter said. The Indian investments in Rupees will get converted into Iranian Rial through banking mechanism allowing investments from here, including in the Chabahar Port complex, said one of the persons quoted above.

2. World Bank Identifies Two Global Risks That Could Jeopardise India's Progress

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

Saying that India's fortunes lie largely in its own hands, the World Bank has identified two global risks that could jeopardise the country's progress towards a 'global middle-class status'. These two risks are anti-international trade sentiment and climate change. India's services exports are being challenged and the climate change is posing threat to the agricultural sector, the World Bank said. "The negotiation of regional trade agreements has stalled, protectionist measures are spreading, and current trade agreements may be reconsidered. India's services exports are being challenged by restrictions to the temporary movement of workers, by policy responses to anti-outsourcing sentiment and restrictions that could hurt its burgeoning IT sector," the World Bank said in a draft Systematic Country Diagnostic (SCD) for India.

3. Day after PNB Discloses \$1.77 Billion Fraud, ED Seizes Nirav Modi's Assets worth Rs 5,100 Crore –Top Details Here

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

A day after Punjab National Bank (PNB) disclosed a \$1.77-billion fraud in a regulatory filing, causing the bank's stock to lose a fifth of its market value and triggering some concerns whether

such incidents might have occurred elsewhere in the banking system as well, the finance ministry and the state-run bank itself tried to soothe nerves. And the law enforcement agencies were quick on their toes too. PNB said it will honour all “bona fide commitments” on the letters of undertaking (LoUs) illegally issued by a Mumbai branch allegedly to firms controlled by billionaire jewellers Nirav Modi and Mehul Choksi, causing the mammoth fraud. However, the bank’s managing director Sunil Mehta stopped short of owning up to the entire liability until investigations by various agencies conclusively suggest so.

4. With His Eye on Assembly, Lok Sabha Elections, PM Modi Lets India’s Subsidy Bill Surge

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

Prime Minister Narendra Modi has allowed his subsidy bill to balloon in the lead up to crucial elections, at the risk of breaching his budget deficit goals. Although Modi has a reputation for reducing India’s huge subsidy expenditure, data shows he’s missed the chance to rein it in. And as he prepares for state and national elections, subsidy reforms a sensitive issue among much of India’s vast electorate will be even more difficult in Asia’s No. 3 economy. India’s food subsidies in the financial year starting April 1 have almost doubled from five years ago, the decline in oil subsidies is reversing with rising crude prices, while fertilizer subsidies have largely remained at the same level. For 2018-19, Modi’s overall expenditure rose only by 10 percent but he allocated 15 percent more for three major subsidies food, fertilizer and petroleum against an increase of 12.6 percent a year earlier.

5. RBI Asks Banks to Accept Coins of All Denominations from Public

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

Banks should not refuse to accept coins of all denominations from customers and any non-compliance may result into penal action, the Reserve Bank said on Feb 15. Despite advisory that none of the bank branches should refuse to accept small denomination notes or coins tendered at their counters, complaints keep coming about non-acceptance of coins by bank branches, RBI said. “Any non-compliance in this regard shall be viewed as violation of instructions issued by the Reserve Bank of India and action including penal measures as applicable from time to time, may be initiated,” RBI added.

6. India's Exports Fall in January, so do Imports

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

India's trade deficit touched a 56-month high in January, driven by a sharp rise in imports of petroleum, chemicals, silver, pearls and machine tools, even as exports expanded for the third consecutive month. A 9% rise in exports at \$24.3 billion was outweighed by a 26% increase in imports at \$40.6 billion, leaving a trade gap of \$16.3 billion, the highest since May 2013. "The trade deficit is alarming. At this rate, trade deficit will touch \$150 billion this year," Federation of Indian Export Organisations (FIEO) director-general Ajay Sahai said. A slowdown in exports from labour-intensive sectors like garments, carpets, handicrafts and man-made textiles was primarily due to liquidity crunch as tax refunds have been getting blocked since the introduction of goods and services tax, FIEO said in a statement.

7. Vistara Plans to Launch International Operation by Second Half of 2018

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

Having completed three years of domestic operations, Vistara, the full-service carrier jointly promoted by Tata Sons and Singapore Airlines, is mulling foray into international skies by the second half of calendar year 2018. The airline, which has expanded its network to 22 destinations with over 700 flights a week, will be applying for licence for international service once it inducts the 20th aircraft to its fleet in May. According to Sanjiv Kapoor, chief strategy & commercial officer, there are two major constraints for Vistara to expand. One is availability of aircraft, and the other is the issues related to infrastructure including availability of parking, among others.

8. Tax Collection Assumptions in India's Budget Ambitious: IMF

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

The IMF on Feb 16 said the tax collection assumptions in India's budget is ambitious but there is a need to look into the fiscal implications of some of the initiatives that are presently unfunded. Referring to some of the implementations relating to the goods and services tax (GST) in 2017, IMF Director of Communications Department Gerry Rice said if these issues persist, tax revenue collection could fall short on the budget. It assumes the government would be able to climb higher tax revenue from the same amount of consumption and income, Rice told reporters at his fortnightly news conference.

9. Govt. Sees Huge Potential for Organic Farming in A&N Islands

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

Andaman and Nicobar Islands has huge potential to scale up organic farming, Union Agriculture Minister Radha Mohan Singh said Feb 15. Currently, organic farming is being taken up on a small scale in about 321 hectares of the Union Territory. “The island has immense potential and is favourably placed for organic farming due to less use of chemical fertilisers and abundant species,” Singh said in Port Blair. Highlighting the measures being taken, the minister said the Central Island Agricultural Research Institute (CIARI) has developed model coconut organic farms to showcase to farmers. Since identifying authentic organic produce in the islands is a major challenge, the authorities have been working to train employees and implement a partnership guarantee model, he said.

10. Govt. Drops the Idea of an India EV Policy

Source: Livemint ([Link](#))

The government has decided against formulating an electric vehicle (EV) policy in an apparent U-turn from its position so far, providing a breather to many carmakers that are unprepared for an abrupt shift to the clean-fuel technology. “There is no need for any policy now,” Nitin Gadkari, minister for road transport, said at a press briefing on Thursday. He was addressing reporters along with Amitabh Kant, chief executive of government think tank NITI Aayog. This is a remarkable volte-face, given that as recently as last month, Gadkari said the policy was awaiting approval from the union cabinet. He had earlier outlined the government’s ambitious plan to shift to electric vehicles by 2030.

11. ‘Magnetic Maharashtra’ Aims to Attract Investments worth Rs.10 Trillion

Source: Livemint ([Link](#))

Maharashtra is expecting to get nearly 4,000 investment commitments worth Rs10 trillion that would create 3.5 million jobs at a three-day global investment summit starting Sunday, the state industry minister said. Prime Minister Narendra Modi is slated to inaugurate the Magnetic Maharashtra Converge 2018 Global Investment Summit on 18 February evening at the MMRDA Grounds in Mumbai’s Bandra Kurla Complex. Maharashtra industry minister Subhash Desai said the bulk of these agreements would be signed in textiles, engineering, food processing, defence

manufacturing and electric vehicles. At the Make in India summit in Mumbai in February 2016, Maharashtra had signed investment agreements worth nearly Rs8 trillion which the government said would generate 3 million jobs.

12. Airasia India Plans to Add up to 70 Planes to Its Fleet in 5 Years

Source: Livemint ([Link](#))

AirAsia India, which had a market share of 3.7% in 2017, up from 1.7% in 2015, carried 43.23 lakh passengers in calendar year 2017, according to DGCA data. “We are expanding aggressively and aiming to be among the top three in the low-cost carrier (LCC) segment once we have inducted 60-70 aircraft in our fleet,” AirAsia India chief executive Amar Abrol said. The airline, a joint venture between Malaysia’s AirAsia Bhd and India’s Tata Sons, expects to double its revenue to Rs1,200 crore in 2017, and take it to Rs1,800 crore in 2018, Abrol added. An industry expert who spoke on condition of anonymity pegged the size of AirAsia India’s order to Airbus at \$3 billion.