

Daily Economic News Summary: 16 January 2018

1. Netanyahu Calls Modi a Revolutionary Leader as India, Israel Ink 9 Deals

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

India and Israel on Jan 15 inked nine pacts across diverse sectors, from increasing cooperation in the oil and natural gas sector to film co-production, marking 25 years of diplomatic relations between the two countries. Their interaction brimmed with hope for a brighter India-Israel partnership in the future, and an understanding of the three millennia old civilizational links. Prime Minister Narendra Modi said India and Israel would seek to strengthen cooperation in sectors that touch the lives of “our peoples”, in agriculture, science and technology, and security. He invited Israeli companies to take advantage of the liberalised foreign direct investment (FDI) regime for joint production in the defence sector. Modi extolled the Israeli “spirit of innovation”, while Netanyahu offered more assistance in agriculture and cybersecurity. The two PMs will officially launch the India-Israel Industrial R&D and Technological Innovation Fund (I4F), which comprises contribution of \$20 million each from both countries, to promote research in futuristic technologies.

2. Assam Plans to Subsidise Airfares to Southeast Asia

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

Travelling to Southeast Asia is likely to get cheaper for those who are ready to fly out of Guwahati, as Assam has made a proposal to subsidise the airfare. The central government is working on a request from Assam chief minister Sarbananda Sonowal to launch a subsidy programme for air travel between the state's largest city and destinations in Southeast Asia, aviation secretary RN Choubey said. The modalities of the programme are still being worked out, but are likely to be similar to those of the Modi government's regional connectivity scheme called UDAN, which seeks to make flying accessible to the common man. The scheme is likely to be restricted to local airlines, but open to both Indian and foreign nationals.

3. Government Pipelines Big Business into Western Rajasthan

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

The dry and arid western region of Rajasthan with perhaps several backward districts, such as Barmer, is set to see an investment of over Rs 1 lakh crore by private companies and PSUs in the oil and gas sector - the largest ever in the onland exploration in this sector, which according to state officials, could create multiple opportunities here and could potentially change its fortunes. Apart from the Rs 43,129 cr Barmer refinery set to be inaugurated by PM Narendra Modi on Tuesday, the Vasundhara Raje government here is looking at coming up with a petrochemical complex that will house a number of PVC, packaging, agriculture, textiles, fertiliser, pesticides, paint, rubber and cosmetics companies and a plastic park too with a range of ancillary companies. “These facilities that will come up after the commissioning of the project in next four years, will focus on the production of raw material for petrochemicals, and essential commodities such as diesel and petrol. This will not just create opportunities and employment in a landlocked place like this but also bring in new infrastructure,” an official said.

4. Panel Sets Out an Action Plan to Make Agriculture Profitable

Source: Livemint ([Link](#))

The committee’s suggestions on major reforms include an overhaul of the Union agriculture ministry setting up a three-tier planning and review mechanism through district, state and national level committees and an annual ease of doing agribusiness survey. In a detailed action plan for doubling farmers’ incomes, a top government panel has proposed major reforms to the existing administrative structure. The committee on doubling farmers’ incomes (DFI), which was set up in April 2016, has also suggested adoption of a liberalized land leasing policy to recognize tenant farmers, contract farming, freeing up of agricultural markets and strengthening decentralized procurement of crops by states. With a goal to transform agriculture into profitable agri-businesses, the committee suggested revamping the marketing division of the agriculture ministry into a division of marketing and agri-logistics, and upgrading the Rashtriya Krishi Vikas Yojana (RKVY) division to a ‘division of investment in agriculture’ to promote strategic investments in production and post-production facilities.

5. Single GST Form Likely for Service Providers

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

Service providers such as telcos, banks, insurers and airlines may need to file just one centralised form in respect of the goods and services tax (GST), which will substantially ease the compliance burden on service providers with a multi-state footprint. The GST Council is expected to consider on January 18 significant relaxation in the law and procedures, including a centralised registration facility to make compliance easier. It will also consider changes to input tax credit regime to allow credit for tax paid on rent a cab services, benefiting IT and ITES companies such as Infosys, Wipro and Genpact. The GST Council had also set up a panel - the law review committee - to look at the feedback from industry following complaints of burdensome compliance. India had rolled out GST, replacing multiple state and central taxes, from July 1. Subsequently, a number of changes were made in the framework including cut in tax rates on key household items and restaurants and simpler compliances for small businesses especially under the composition scheme.

6. Govt to Break up Air India into Four Parts to Speed up Privatisation Process

Source: Livemint ([Link](#))

Air India and Air India Express will be sold as one unit while its regional aviation arm, ground handling and engineering operations will be hived off separately. The proposed privatisation of Air India Ltd has gained momentum, with the government deciding to break the airline into four units and offer to sell at least 51% in each of them besides transferring most of the non-core debt owed by the carrier to its own balance sheet. The core airline business comprising Air India and Air India Express, the low-cost overseas arm will be offered as one company, and the process will be completed by the end of 2018, minister of state for aviation Jayant Sinha said in an interview with *Bloomberg* on Jan 15. Its regional arm, ground handling and engineering operations will also be sold separately in the same process. The minister said he hopes Air India will become an even bigger and better global airline after the disinvestment. IndiGo, run by InterGlobe Aviation Ltd, and Tata group have shown interest in Air India's operations. Turkey's Celebi Aviation Holding, Bird Group, Menzies Aviation Plc and Livewell Aviation Services Pvt. Ltd have shown interest in the national carrier's subsidiaries.

7. Digital India: How Cloud Business Powered Microsoft Growth in Country

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

Digital transformation is real and some of the forward-looking Indian enterprises are making it a reality with the Microsoft cloud. For evidence, take a look. State Bank of India (SBI), the largest public-sector bank of India, has chosen Office 365, the cloud-powered productivity solution from the world's largest PC software company to improve communication and collaboration among its workforce, addressing the banking behemoth's requirement of transforming it into a modern workplace. Simply put, cloud computing is the delivery of computing services-servers, storage, databases, networking, software, analytics and more over the Internet ("the cloud"). Companies offering these computing services are called cloud providers and typically charge for cloud computing services based on usage, similar to how you are billed for water or electricity at home. Microsoft officials claim this is one of the largest deployments of Office 365 in India, spanning SBI's countrywide network of 23,423 branches, enabling 263,000 employees and servicing more than 500 million customer accounts. SBI employees will now experience a modern digital workplace platform that will empower them to collaborate effectively from any device anywhere (Android, iOS, Mac and Windows), provide an integrated experience and reduce complexity.

8. India Reclaiming Place at Growth Leader, Says IMF

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

After a short period of slowdown in the economy, India is reclaiming its place as a growth leader, first deputy managing director of the International Monetary Fund (IMF) David Lipton said today. Addressing the Asian Financial Forum, Hong Kong, he also said that right now, the sun is shining on the global economy and capital-intensive investment and consumer demand are rising. "India is reclaiming its place as a growth leader after a short slowdown," the IMF quoted Lipton as saying. According to Central Statistics Office (CSO), India's economic growth is expected to slow to a four-year low of 6.5 per cent in the 2017-18 fiscal, the lowest under the Modi-led government, mainly due to poor performance of agriculture and manufacturing sectors

9. Budget 2018: Unlocking India's Potential in the Fintech Industry

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

2017 has been a fantastic year for the Fintech industry in India, spurred on by the positive policy environment and the increasing penetration and deployment of new technologies. The Fintech industry has helped make digital payments a day-to-day reality in India, developing the most evolved digital payments system among countries including the UK, China, and Japan, according to a report by FIS, the US-based banking technology provider. The Fintech space has driven the Indian economy to a path of a more promising transformation into being inclusive and data-driven while rapidly driving growth and adding funds to the exchequer through taxation. While progress has been made, there is still much ground to be covered - India must up the ante and more aggressively promote these trends to realise its economic potential in greater measure, and a positive Budget 2018-19 would be the best vehicle to achieve that goal.

10. Maharashtra Government to Introduce Textile Policy in Two Months

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

Solapur is already being developed as a manufacturing hub. The government of Maharashtra plans to introduce a new textile policy in next two months. The aim is to attract entrepreneurs in the entire value chain, besides seeing that existing units do not migrate to other major cotton-growing states. Over and above the Centre's textile package, the technology upgradation fund scheme and other incentives, all major growing states have introduced their own textile policies to attract investment. The governments of Tamil Nadu, Karnataka, Andhra Pradesh and Telangana have announced a number of incentives for textile units. And, effective October 1, 2017, the government of Gujarat renewed its state textile policy, which was originally introduced for five years in 2012. Maharashtra saw the migration of all types of business units in the sector, given the similar business environment in the two states.

11. Industry Doyens to Make Bengal Global Business Summit a Star-Studded Show

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

Italy will be participating as a partner country for the second year in a row, with a delegation of at least 30 companies. After a lacklustre show last year at the Bengal Global Business Summit (BGBS), the annual event showcasing the state as an investment destination, the coming

one is expected to be attended by doyens of industry. These include steel magnate L N Mittal, Mukesh Ambani, chairman and managing director at Reliance Industries, and Sajjan Jindal, chairman and managing director of the JSW Group. Last year in November, the chief minister, Mamata Banerjee, during her visit to the UK, had invited Mittal and got his confirmation. The same month, she met Ambani in Mumbai and invited him as well. With France and Poland being among the partner countries at the 2018 BGBS, a number of foreign companies including Capgemini, Matiere, Dassault Systemes, Fives Stein, JCDecaux, Kernoes, Decathlon and Schneider will be participating. The Polish delegation will comprise over a dozen prosperous companies, representing mostly the energy sector. The Czech Republic, Germany, Italy, Japan, China, South Korea and the UK are among the countries which will be represented and likely to comprise the bulk of the 3,000-strong dignitaries from abroad. The consul-general of China here, Ma Zhanwu, has said 30 Chinese companies would participate and scout for investment opportunities.

12. Know About Banyan Nation, the Indian Startup Shortlisted for WEF's Circular Economy Awards

Source: Money Control ([Link](#))

Banyan Nation, an Indian startup, is the first Indian firm to be shortlisted for the fourth edition of the World Economic Forum's (WEF) Circular Economy Awards this year. The concept of a circular economy revolves diametrically opposite to the traditional linear economy which is based on 'make, use and dispose'. Circular economy, when applied to plastic- calls for using it for as much time as possible, and then to extract any usable content and regenerate products with it before discarding the plastic. Several established firms such as Tata Motors and L'Oreal have identified the usefulness of Banyan Nation's business model and working with it for various use cases. Madangopal explained that recycling plastic is not only saving the environment but it also helps India's informal sector play a role in the industry. The informal sector workers are generally the ones who take the effort of supplying and collecting the discarded plastic.

13. Reliance Jio to host India Digital Open Summit 2018 on 19 January

Source: First Post ([Link](#))

Telecom operator Reliance Jio will host India Digital Open Summit 2018 on 19 January with focus on opportunities to building digital ecosystems. “The 19 January, 2018 event marks the inaugural India Digital Open Summit, a meeting of the top technologists, academia, startups, and industry leaders focused on how open source networking systems and platforms would transform and foster innovation and leadership across the entire digital ecosystem,” the company said in a statement. The company is organising the event in partnership with Linux Foundation and supported by Cisco Systems. Over 400 attendees are expected at the India Digital Open Summit 2018 at the one-day event to be held at the Reliance Corporate Park campus in Navi Mumbai.