

Daily Economic News Summary: 18 April 2018

1. India Starts Construction Of ₹1,600-Cr Mizoram-Myanmar Kaladan Road

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

After years of delay, India finally kicked off the construction of the 109-km road project that connects Paletwa river terminal to Zorinpui on the Mizoram border in Myanmar, as part of the \$484-million Kaladan Multimodal project. But completing it by 2019 will be a herculean task. The ₹1,600-crore road project that passes through dense forests and hilly areas was awarded to Delhi-based C&C Constructions in June 2017. But the contractor had to wait till January this year for the requisite clearances from the Myanmar government to start ground work. On completion, the project will help connect Mizoram with the Sittwe Port in Rakhine State of Myanmar. India has already completed the rest of the Kaladan project work in Myanmar. This includes the construction of the Sittwe Port on Lakadan river mouth in Rakhine, construction of a river terminal 158 upstream at Paletwa and dredging of the Kaladan river. On the Indian side, work is on to extend the Aizawl-Saiha National Highway by 90 km to the international border at Zorinpui. Also, a ₹6,000-crore project is under way for four-laning the 300-km highway from Myanmar border to Aizawl to ensure the faster movement of goods. According to sources, the Ministry of External Affairs has taken a fresh initiative to convince Myanmar to allow construction from Mizoram end. As part of the plan, Delhi is also to open negotiation with Naypyidaw to open customs office at Zorinpui border.

2. Narendra Modi UK Visit: PM Arrives In London From Sweden, To Attend CHOGM

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

Prime Minister Narendra Modi arrived in the UK April 18 for a four-day visit of bilateral engagements as well as multilateral discussions as part of the Commonwealth Heads of Government Meeting (CHOGM). UK Foreign Secretary Boris Johnson received Modi at the Heathrow airport here. Johnson said he was “excited” about the growing India-UK bilateral trade and that the visit will help build on “huge economic advantages”. “...thanks to our shared history, we have a living bridge between us... and now we want to build on the incredible tech sector where both India and the UK are making giant strides together,” Johnson said in a statement. Modi is set

for a packed day of official engagements on April 18, starting with his bilateral meeting with British Prime Minister Theresa May at 10 Downing Street. The two leaders are expected to discuss a wide range of issues of mutual interest, including separatism, cross-border terrorism, visas and immigration. A memorandum of understanding (MoU) on the return of illegal immigrants, which had expired in 2014, will be officially renewed to take into account biometric and other developments in the field, along with a range of nearly a dozen MoUs across different sectors. According to official estimates, the India-UK bilateral trade stands at USD 13 billion, with the UK among the largest G20 investors into India. Modi's visit will have a particular focus on the India-UK technological partnership as well as an enhanced role in the Commonwealth. "India's engagement is absolutely brilliant... there is a recognition that the Commonwealth offers a great opportunity for India and within that opportunity lies an opportunity for the rest of the Commonwealth," says Lord Marland, chairman of the Commonwealth Enterprise and Investment Council (CWEIC).

3. India, US Announce Joint Task Force On Natural Gas

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

India and the United States of America announced the formation of a joint task force on natural gas aimed at increasing the share of gas in India's primary energy mix. The announcement was made by US Secretary of Energy, Rick Perry. He said, "This task force will meet Prime Minister Narendra Modi on Monday [April 23]." "Cooperation across the energy sector must be the cornerstone of our relationship," Perry added. An official statement said, "The task force provides a team of US and Indian industry experts with a mandate to propose, develop, and convey, innovative policy recommendations to the Government of India in support of its vision for natural gas in the country's economy. The work of the task force is expected to advance the strategic and economic interests of both the United States and India." Perry and Minister for Petroleum and Natural Gas, Dharmendra Pradhan, also held discussions that outlined their vision for a Strategic Energy Partnership. "Under the Partnership, the United States and India will pursue four primary pillars of cooperation. These are oil and gas; power and energy efficiency; renewable energy and sustainable growth; and coal. Both parties may consider establishing additional pillars of cooperation based on mutual agreement," the statement added.

4. IMF Urges India To Improve Bank's Ability To Go After Debtors

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

The International Monetary Fund (IMF) has urged India to strengthen the ability of banks to go after debtors and warned that debts negatively impact investments. “The corporate debt overhang and associated banking sector credit quality concerns exert a drag on investment in India,” the IMF’s World Economic Outlook report released on April 17 said. While the 2017 recapitalisation plan for major public sector banks “will help replenish capital buffers and improve the banking sector’s ability to support growth”, it “should be part of a broader package of financial reforms to improve the governance of public sector banks, and banks’ debt recovery mechanisms should be further enhanced,” the report said. Underlining the seriousness of the bad loans or non-performing assets problem, the Reserve Bank of India said in a December 2017 report that such loans were 10.2 per cent of all the banking assets till September 2017 and was projected to grow to 10.8 per cent by March and 11.1 per cent by September 2018. Bad loans issue has come to the fore in India in recent months with the disclosure of fugitive jeweller Nirav Modi’s alleged \$2 billion-scam involving the Punjab National Bank.

5. India May Become Surprise Victim Of Trade War, Says Rabobank

Source: Livemint ([Link](#))

India’s economy will be hit hard by a combination of a global tariff war and the US Federal Reserve’s monetary tightening cycle, according to a study by economists at Rabobank International. A tariff war will reduce exports and lead to imported inflation, which will hurt Indian purchasing power and investments, according to the Rabobank study. That could mean as much as 2.3% of missed GDP growth for India by 2022. “Many countries could end up being caught in the middle,” economists Hugo Erken, Raphie Hayat and Marijn Heijmerikx wrote about the current trade spat between the US and China. “India could fall victim to adverse trade policies” of the US or China or both. This goes against the argument that India is relatively insulated from a trade war, given its low share of total world exports of just 1.7%. President Donald Trump has threatened tariffs on \$150 billion of Chinese imports in retaliation for alleged violations of intellectual property rights, while Beijing has vowed to retaliate on everything from American soybeans to planes.

6. India To Launch Natural Gas Trading Hub By October

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

The government plans to launch a natural gas trading hub by October, creating an Indian gas benchmark which will spark a surge in consumption of the cleaner-burning fuel. Petroleum and Natural Gas Regulatory Board (PNGRB) has sought bids to hire a consultant to help develop a regulatory framework for operationalising the gas trading/exchange hub. “In order to further boost the consumption of natural gas in the country, Government is considering the establishment of a Gas Trading Hub / Exchange (GTHE), where natural gas can be traded, and supplied through a market-based mechanism instead of multiple formula driven prices,” PNGRB said in the tender floated for hiring the consultant. For this, the thrust is on increasing the availability of natural gas by enhancing the domestic production, encouraging the import of Liquefied Natural Gas (LNG), completion of national pipeline grid and speedier roll out of City Gas Distribution network in the country. The PNGRB said the oil ministry has asked to initiate steps for framing of necessary regulatory framework to enable the establishment and operation of a GTHE. The oil regulator said it wants to hire a consultancy firm to provide assistance in carrying out a detailed study on various pre-requisites

7. Astrazeneca Earmarks \$90 Million In India Investments Over Next 5 Years

Source: Livemint ([Link](#))

Biopharmaceutical company AstraZeneca on April 17 announced its decision to further invest \$90 million in India over the next five years. The announcement was made following a meeting between the company’s executive vice-president for international region Leon Wang and Prime Minister Narendra Modi, who is now on a visit to Sweden, the company said. The investment commitment would span across AstraZeneca’s diverse footprint in India with an aim to strengthen its manufacturing, clinical operations, patient safety regulatory science, IT services and commercial operations, it said. Leon Wang said AstraZeneca has a longstanding commitment in India of 40 years, adding, “our latest investment reflects our commitment to address the unmet needs in non-communicable diseases, enable high-value job creation and boost medical innovation in the country.” AstraZeneca also has a sizeable clinical operation and is expanding its global

medicines development unit that focuses on patient safety and regulatory science in India, the release said.

8. Cash Crunch: Atms Are Getting Only 30% Of Cash They Ask For

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

ATM managers are struggling to fill up their machines in the past 10 days or so as currency supply from banks has fallen dramatically and led to a cash shortage in various parts of India, the Confederation of ATM Industry (CATMI) said. “Until the end of March, banks used to give us 90% of the indent we raise. Since the start of this month, it has dropped to 30%. States like Maharashtra, Madhya Pradesh, Gujarat, Karnataka and Telangana are facing an acute shortage. We are yet to ascertain the reasons for the crunch but it looks like banks are not getting enough cash from the RBI,” said V Balasubramanian, board member of CATMI and managing director of payments company FSS. In fact, the first signs of a shortage came from Karnataka and Telangana,” Balasubramanian said. Parts of Uttar Pradesh, Madhya Pradesh and Ahmedabad in Gujarat are facing problems. Bankers are concerned that people may start hoarding cash over fears that this crunch will last longer. “The economy has expanded in the 18 months since demonetisation but the cash in circulation at Rs 18 lakh crore is still just near pre-demonetisation levels. Also digital transactions have increased but not enough to replace cash. This being the agriculture sowing season the need for cash is also higher.

9. Local, Global Experts Likely To Be Roped In For National Health Scheme

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

The government is planning to rope in domain experts from within and outside the country to ensure a smooth rollout and monitoring of ‘Ayushman Bharat’, its ambitious health insurance scheme for the poor. Niti Aayog, the government’s premier think tank, will come out with guidelines for setting up the project monitoring unit (PMU) for Ayushman Bharat, also known as National Health Protection Scheme (NHPS), an official told ET on condition of anonymity as the draft RFP (request for proposal) is still being worked out. The health ministry will then invite applications for the setting up of PMU, the official said. Ayushman Bharat, popularly known as ‘Modicare’, is billed as the world’s largest government-funded healthcare scheme. Under it, the

government aims to cover over 100 million poor and vulnerable families (about 500 million beneficiaries) with up to Rs 5 lakh per family per year for secondary and tertiary care hospitalisation. NHPS will be an entitlement based scheme with the entitlement decided on the basis of deprivation criteria in the SECC (socio-economic and caste census) database. The benefits under the scheme are portable across the country and a beneficiary will be allowed to take cashless treatment from all public/private empanelled hospitals across the country. The scheme has already been approved by the Cabinet and the government wants to roll it out as early as possible.

10. Statoil Eyes Partnership With ONGC To Re-Enter India's Hydrocarbon Space

Source: Livemint ([Link](#))

Norway's Statoil ASA may enter India's upstream hydrocarbon space in partnership with state-run Oil and Natural Gas Corp. (ONGC) for deep-water exploration, said a top Indian government official aware of the development. Statoil's move is guided by a favourable policy landscape, especially in exploration and production (E&P) of deep water blocks. The Norwegian state-run firm, with expertise in such tricky blocks, is also looking at investing in offshore wind projects here, with the Indian government last week calling for expression of interest (EoI) for the first such project, off the Gujarat coast. "We have had very good discussions with the Norwegian government representatives and Statoil as well. We can do a long-term technology partnership with them. There can be many things. In the coming days, E&P in India will happen in deep waters. So, if we get Norway and Statoil as a partner, there can't be nothing better than that," said the senior official, requesting anonymity. Statoil and Petrobras quit their partnership in 2010 over government delays in approving their participation in the development of India's key gas find. The government of Norway holds around 67% stake in the world's largest offshore operator.