

Daily Economic News Summary: 1 March 2018

1. Proud Moment! India Again Fastest Growing Economy – How This Happened?

Find Out

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

A dramatic rebound in investments a growth of 12% in gross fixed capital formation (GFCF) on a (revised) strong base of 8.7% could not have materialised without substantial private participation helped the Indian economy to grow at a better-than-expected pace of 7.2% in the third quarter of this fiscal. Strong shows by manufacturing, agriculture and construction sectors and services that largely held ground have boosted growth. The Central Statistics Office (CSO) also revised the Q2FY18 GDP expansion to 6.5% from 6.3% earlier, and upped its advance estimate of the rate of GDP expansion for 2017-18 to 6.6% from 6.5% seen earlier. GFCF had last grown at faster pace in Q1 FY17, at 15.9%, now revised from 7.4%. India regained its status as the world's fastest-growing major economy in the third quarter, surpassing China's growth after a gap of one year. The Chinese economy grew 6.8% in the October-December quarter. The pick-up in gross domestic product (GDP) growth to the fastest pace in five quarters which suggested the economy has completely recovered from the pains of demonetisation was despite a significant slowing of private consumption, the economy's principal engine.

2. Govt Announces Rs 50 Bn Fund to Jumpstart Growth in 12 Key Services Sectors

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

The government on Feb 28 announced a dedicated fund to the tune of Rs 50 billion to support sustained growth in 12 key services sectors apart from initiating reforms to make them more competitive and export-oriented. The decision to identify 12 specific sub-sectors such as Information Technology and IT-enabled Services, Tourism and Hospitality Services, Medical Value Travel, Transport and Logistics Services, among others, as 'Champion Services' was taken by the Cabinet on Feb 28. Contributing heavily to the national GDP, exports and job creation, reforms in the services sector had been ordered by the Prime Ministers office. Sectoral action plans will be identified by the Commerce Ministry along with other private

stakeholders, a senior official said. Till the global financial crisis of 2008, India's services exports was registering a good growth for almost a decade and the Compounded Annual Growth Rate for the sector stood at 21.6 per cent during 1994-95 to 2004-05. However, it later fell to an 11.9 per cent growth during 2005-06 to 2014-15, according to the India Brand Equity Foundation.

3. Investment Potential in Mining: Survey Removes India From List Of Top 91 Nations

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

Our Frequent mining bans and restrictions on ore production has pushed India out of the top 91 countries rated on the basis on investment potential in mining. According to the recent Fraser Institute Annual Survey of Mining Companies, India was ranked 97 out of 104 in the area of Investment Attractiveness Index in 2016, and 73 in 2015. The Fraser Institute Annual Survey of Mining Companies conducted last year dropped the country out of the list of 91 countries. The survey had ranked India 97 out of 104 in the area of Investment Attractiveness Index in 2016, and 73 in 2015. The countries are ranked by combining a metric, 'Best Practices Mineral Potential' index which rates regions based on their geologic attractiveness and the 'Policy Perception Index' which measures the effects of government policy on attitudes toward exploration investment. However, the investment decisions are not made on Policy Perception Index alone and are often based on the pure mineral potential of a jurisdiction, said the survey.

4. Jan Core Sector Growth Sharply Rises to 6.7%; Cement, Refinery Output Zoom

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

Eight infrastructure sectors grew a faster pace of 6.7 per cent in January against 3.4 per cent in the year-ago month as petroleum refinery and cement output zoomed while steel power and coal production improved. The eight core sectors -coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity -- had grew by 4.2 per cent in December and 7.4 per cent in November this financial year. Petroleum refinery production spurted 11 per cent in January against a flat output in the year-ago month. Cement output jumped 20.7 per cent in the month against 13.3 per cent contraction in the year-ago period. Cumulatively, the growth in the eight core sectors during April-January this financial year slowed to 4.3 per cent as against 5.1 per cent in the same period last financial year. The growth in key sectors will have implications for the Index

of Industrial Production (IIP) as these eight segments account for about 41 per cent of the total factory output.

5. Monetisation of highways: Macquarie-Ashoka bags TOT Projects for Rs 97 bn

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

A joint venture of Macquarie and Ashoka Buildcon has emerged the highest bidder for the Centre's first batch of toll-operate-transfer (TOT) projects. The venture bid Rs 96.8 billion for the National Highways Authority of India (NHAI) project. With this, the bidding process has been completed for the first round of monetisation of public-funded national highway projects under the TOT model, said Rohit Singh, member-finance, NHAI. The first batch had nine projects. The company's bid was 1.5 times higher than the base price of Rs 62.6 billion. "The base price is a tentative price set by the NHAI. It is a reasonable price, as it will be split into debt and equity and the equity component would be financed from the \$3 billion raised by MAIF-II (Macquarie Asia Infrastructure Fund-II)," Macquarie India Head Suresh Goyal told Business Standard. Ashoka Buildcon would be responsible for operation and maintenance and the equity would be brought in by the Macquarie Asia Infrastructure Fund-II. Four bids were received for the first bundle from Brookfield Asset Management, Macquarie-Ashoka Buildcon, IRB Infrastructure, and Roadis-NIIF. The financial bids were opened on Feb 28.

6. 'In Pensions, India Has Only Taken Baby Steps'

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

Finance Minister Arun Jaitley on Feb 28 stressed the need for India to take a "larger march" towards becoming a pensioned society, stating that the current expansion is just "baby steps". "Given the social changes that are taking place before us, there is a great need for India to evolve into a pensioned and insured society," Jaitley said at the Pension Fund Regulatory and Development Authority's (PFRDA) fourth pension conference here on Feb 28. Age expectancy is going up in India, while family structures are changing and people are moving across cities in search of vocation, he observed at the conference, whose theme was 'Creating an inclusive and sustainable pension system in India: Opportunities and challenges'. Jaitley also launched 'Pension Sanchay', a financial literacy and pension planning website. Additionally, he released two reports

— a Crisil report on financial inclusion (Crisil Inclusix) and a PFRDA-Crisil joint report on pension coverage. The Finance Minister said the National Pension System (NPS) “experience” has been positive, and its returns, attractive. “As the society has evolved and the meaning of social security has changed, pension here plays a vital role for making the life of people more secure socially,” he said.

7. Walton Street Looks to Strengthen India Presence with New Realty Fund

Source: Livemint ([Link](#))

Walton Street Capital LLC, a Chicago-based real estate-focused private equity firm, is set to strengthen its presence in India through the newly launched Walton Street BlackSoil Real Estate Debt Fund-I, a joint venture between Walton Street and BlackSoil group. The fund has made its first closure at Rs200 crore, according to the BlackSoil management. The fund, with a Rs300-crore-target, will be utilized to invest in secured debt instruments in construction and the development of residential real estate assets in key tier-I cities such as Mumbai, Bengaluru and Hyderabad, said Ankur Bansal, co-founder and partner at BlackSoil. Affiliates of Walton Street Capital have invested over \$9 billion of equity in more than 350 separate transactions globally. Walton Street Blacksoil Real Estate Debt Fund-I has been registered with the Securities and Exchange Board of India (Sebi) as a Category II Alternative Investment Fund (AIF) and has raised funds primarily from domestic investors. BlackSoil had launched its maiden Sebi-registered AIF Category II Realty Fund in 2013 with a corpus of Rs158 crore and deployed it completely across seven transactions.

8. Amazon Launches Prime Music Service in India

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

E-commerce giant Amazon on Feb 28 launched its Prime Music service in India. The e-tailer had brought its Prime service to India 18 months ago and later followed it up with its video offering. The platform has now entered the online music vertical, competing with existing players such as Saavn, Wynk, Apple Music, Gaana and Hungama. In the past three months, Amazon has inked deals with five top labels, including T-Series, Tips Music and Sony Music. It has also inked a host of regional music content deals with various partners. “There is a tectonic shift happening

in the Indian streaming markets. Data has become affordable, and we expect more consumers to consume it. Music, therefore, is an integral part of our expansion,” Sahas Malhotra, Director, Amazon Music India, told *BusinessLine*. He said the company’s partnership with top music IP owners and curated content is one of its key USPs.

9. Lack of Quality Trainers Impending India’s Skill Mission

Source: Livemint ([Link](#))

The World Economic Forum’s (WEF’s) Global Manufacturing Index puts India on the 30th position, listing human capital and sustainable resources as the two key challenges for the country. India needs to raise the capabilities of its relatively young and fast-growing labour force, noted WEF. For this, it said, the country needs to upgrade education curricula, revamp vocational training programmes and improve digital skills. The central government has already begun the process of training 10 million potential jobseekers by 2020 under its Skill India Mission, but the dearth of quality trainers, inadequacies in training programmes and high dropout rates remain hurdles to skill development. Skill development has found favour with corporate social responsibility (CSR) initiatives, but companies point to the shortage of experienced skilled trainers. “The number of trainers that exist in the area of skill development is inappropriate,” says Venkat Garimella, CSR head at Schneider Electric India, which runs over 267 skill training centres across the country as part of its CSR activities.

10. Predatory Pricing: ‘See you in court’ – Airtel Chairman Sunil Mittal to TRAI

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

Sunil Mittal, chairman of the country’s largest telecom operator Bharti Airtel, said on Feb 28 that the company has no choice but to challenge the Telecom Regulatory Authority of India’s (Trai) latest regulation on predatory pricing in a court of law. Speaking to FE on the sidelines of the Mobile World Congress in Barcelona, Mittal said that they have a right to conduct business in a proper manner which the latest regulation hinders, so they are left with no option. “I don’t think there is any other choice. We heard views of one of the leading operator on the predatory pricing order, Vodafone. Vittorio (Colao) has made a very strong comment and we have heard Trai’s response. With Mittal’s statement, the contours have become clear: Incumbent operators will

individually challenge the order while the Cellular Operators Association of India will also challenge it as an industry association. Incumbent operators and COAI feel that the order favours Reliance Jio. While Jio has denied this, Trai chairman RS Sharma said a day back in Barcelona that if the operators have any issues with the order, it is their right to approach the courts, and it is the right approach.