

Daily Economic News Summary: 22 January 2018

1. Busy ASEAN Days Ahead: Govt Looks to Strengthen Political, Economic Ties

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

For the government, the last week of January will focus on India's reach in Southeast Asia as business delegations and government officials from the Association of Southeast Asian Nations (ASEAN) pour in here. However, beyond the spectacle, a shaky trade deal and China's growing footprint in the region will keep discussions tight. After a picture-perfect trip by Israeli Prime Minister Benjamin Netanyahu last week, the government is preparing to project heightened trade and security ties with the 10 ASEAN nations, whose leaders would be the collective guests of honour on Republic Day. Business and Investment Meet and Expo will see trade and economy ministers from the region visit India, with a large business delegation. However, not a single company from Singapore, source of the second highest foreign direct investment into India, featured in the list of visiting companies made available to the media ahead of the event. While RCEP issues will be discussed, a commerce ministry official said trade talks should be left to the official negotiation rounds, 20 of which have taken place, apart from five ministerial meetings, three inter-session ministerials and one summit-level talk between the heads of states. The next round, to take place in Indonesia, is not expected to drastically change things, the official added.

2. 'Soft Connectivity' Key To India-ASEAN Ties: Thai Envoy

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

As New Delhi continues to push for better connectivity with Southeast Asia through the northeast under its Act East Policy, Thailand's Ambassador to India Chutintorn Gongsakdi has said that "soft connectivity" is the key to India-ASEAN ties. Commenting on the India-Myanmar-Thailand Trilateral Highway, work on which is under way, Chutintorn said that construction on the Thailand side has been completed and "we are waiting for India to finish road construction in Myanmar". "But what is more important is that when the road is finished, we have to be prepared on the customs, immigration and quarantine aspects because we cannot have roads and then people

getting stuck at the border,” he said on the sidelines of a Thai food festival in the capital. “So, we are interested in what we call the ‘soft connectivity’, the software for the people, the rules and regulations. Now we are negotiating the motor vehicle agreement.”

3. ‘India to Emerge \$5 Trillion Economy in 8 Years’

Source: The Hindu ([Link](#))

Union Commerce Minister Suresh Prabhu on Jan 20 said that his Ministry will select Dakshina Kannada district as a pilot for its plans to improve National Gross Domestic Product (GDP) through district-level plans. In an interaction with stakeholders here, Mr. Prabhu said that the Ministry would map out districts across the country and integrate them with State plans. The integrated plans, he said, will help achieve the targeted GDP growth through which India would emerge a \$ 5 trillion economy in the next eight years. The Ministry has drawn up strategies for manufacturing, agriculture and exports sector to double the present economy from \$ 2.5 trillion even as plans are afoot to encourage direct exports by farmers.

4. Will Share Vision for India's Global Engagements at Davos: PM Modi

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

Prime Minister [Narendra Modi](#) on Jan 21 said he will share his vision for India's future engagements with the international community during his [Davos](#) trip, as he sought “serious attention” of world leaders on existing and emerging challenges to the contemporary global systems. In a series of tweets with ‘IndiaMeansBusiness’ hashtag, he said, “At Davos, I look forward to sharing my vision for India's future engagement with the international community.” The existing and emerging challenges to the contemporary international system and global governance architecture deserve serious attention of leaders, governments, policy makers, corporates and civil societies around the world,” he tweeted.

5. India-ASEAN Summit: Building Alliance for Competitive SMEs

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

The ASEAN-India economic integration process gathered impetus after the creation of the ASEAN-India free trade area in 2010, followed by the implementation of the India-ASEAN agreement on services and investment in 2015. SMEs are a vital aspect of both Indian as well as

the ASEAN economy, contributing nearly 45% to the Indian manufacturing. The sector contributes even more significantly to the collective GDP of the ASEAN bloc, with the numbers ranging between 30-58%. So, while the jury is still out on the overall impact of the India ASEAN FTA, increasing SME cross-border activities across India and ASEAN by building a regional network, greater integration in the areas of regional trade agreements and digital solutions will, thus, help in boosting mutual economic growth and development. The upcoming India-ASEAN Summit is further expected to facilitate the process to bring about faster economic development in the region.

6. India to Overtake China as Fastest Growing Large Economy in 2018: Report

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

India will overtake China to be the fastest growing large economy in 2018 and the country's equity market will become the fifth largest in the world, says a report. According to a Sanctum Wealth Management report, when the rest of the world offers low growth and insufficient structural change, India, by contrast, is seen as a reforming economy with the prospect of strong long-term growth. “India will become the fastest growing large economy in the world, eclipsing China. [Indian equity](#) market will jump to become the fifth largest in the world,” the report noted.

7. World Economic Forum: India to Offer Yoga Classes During Davos Summit

Source: Livemint ([Link](#))

Indian Prime Minister Narendra Modi’s delegation to the World Economic Forum at Davos will offer yoga classes on the icy slopes, the foreign ministry said on Jan 20, the latest high-profile attempt to promote India’s traditions abroad. India aims to showcase its potential as a driver of global economic growth, after China, as well as its soft power, reflected in the popularity of yoga as well as its cuisine. Modi will be the first Indian prime minister to attend the WEF in 21 years, since when the economy has more than doubled to \$2.3 trillion and become the world’s seventh largest.

8. Paytm Payments Bank Launches Debit Cards

Source: Livemint ([Link](#))

Paytm Payments Bank introduces physical debit cards on Jan 19 for its account holders to enable them to withdraw cash from ATMs and make offline payments. Customers can now order for a

physical RuPay debit card through the Paytm app. They will be charged Rs 120 as a one time fee while placing the order, the company said. The physical debit card will enable the customers to make payments at outlets by simply swiping their cards at point-of-sale terminals like any other bank's debit card, added Renu Satti, managing directors and CEO of Paytm Payments Bank.

9. HDFC Bank Becomes First Indian Bank to Cross Rs5 Trillion Market Cap

Source: Livemint ([Link](#))

India's most-valued lender HDFC Bank Ltd on Thursday crossed Rs5 trillion market capitalisation for the first time, making it only the third Indian company to achieve this milestone. Tata Consultancy Services Ltd (TCS) and Reliance Industries Ltd (RIL) are the other two companies which crossed market capitalisation of Rs5 trillion. RIL remained the most-valued company with a market cap of Rs5.82 trillion, followed by TCS with a market cap of Rs5.57 trillion. Brokerage firm Jefferies India expects that this is sentiment positive, but the magnitude of impact should be marginal as the gap between current foreign institutional investor (FII) shareholding and upper limit is wide for most banks barring HDFC Bank.

10. Telangana inks MoU with ISE Foods, Clean Authority of Tokyo

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

Telangana has signed a memorandum of understanding with the Clean Authority of Tokyo on Friday for solid waste management. The two sides will exchange expertise and build technical cooperation in waste management. ISE Foods will set up a pilot project for egg production using advanced technologies. The firm will also set up a solar park to support the egg production facility, including the development of storage devices. Jayesh Ranjan, Principal Secretary, Industries & Commerce (I&C), Telangana and Yoshimi Sato, Vice-President, Clean Authority of Tokyo, signed the MoU.

11. Mauritius Largest Source of FDI in India, Says RBI

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

Mauritius was the largest source of foreign investment in India, followed by the US and the UK, according to a census by the Reserve Bank. Singapore and Japan were the next two sources of foreign direct investment (FDI), said the Census on Foreign Liabilities and Assets of Indian Direct

Investment Companies 2016-17, released by RBI on Jan 19. “Mauritius was the largest source of FDI in India (21.8 per cent share at market value) followed by the USA, the UK, Singapore and Japan whereas Singapore (19.7 per cent) was the major ODI destination, followed by the Netherlands, Mauritius, and the USA,” the census said. Total sales, including exports, of foreign subsidiaries in India increased by 18.7 per cent during 2016-17 whereas their purchases, including imports, increased by 20.1 per cent.

12. Goyal to Lay Stress on Alternative Energy Sources at Davos Meet

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

Railways and Coal Minister Piyush Goyal will meet top bosses of multinational companies like Philips, Hitachi, Hewlett Packard, Volkswagen and Siemens in Davos where he is accompanying Prime Minister Narendra Modi and other Union ministers for the World Economic Forum. The officials hoped that at a time when there is growing competition among multinational corporations to get into the railway business, Goyal’s interactions with the who’s who of the industry will lead to investments in the national transporter. The railway minister will also discuss issues relating to transport and how a city space can be developed so that all modes of transport are interconnected seamlessly.

13. Flipkart, Ola, Paytm, other e-retailers raise over \$7 bn in 2017, whopping 170 pct jump; Softbank leads as top investor

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

A fairly hefty \$7 billion flowed into e-commerce ventures in 2017, data put together by research firm Jefferies shows, suggesting Indian e-retailers are living up to their promise. After a somewhat dull 2016, when the e-commerce space attracted just \$3 billion in investments, 2017 saw (PE) players and venture capitalists firms top up their exposure to e-tailers. The stand-out investor last year was undoubtedly Japanese conglomerate SoftBank Bank Group which committed \$4 billion to three companies Flipkart, Ola and Paytm. The Masayoshi Son-led Softbank has bet close to \$6 billion in the last three years, data from Traxn shows. Among the chunkier investments, e-grocer BigBasket raised \$280 million in September from Alibaba Group, Sands Capital Ventures and Abraaj Group. Alibaba Group also picked up a stake in Paytm Mall.