

Daily Economic News Summary: 23 February 2018

1. Canadian PM Justin Trudeau Pitches For Closer Economic Ties With India

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

Canadian Prime Minister Justin Trudeau on Feb 22 stressed the need for greater economic ties with India, arguing that the large size of the two countries and India's huge diaspora in Canada provided an opportunity to do so. He said his current trip to India generated investments of more than 1 billion Canadian dollars. Ostensibly reacting to criticisms about his more than a week-long trip to India at the taxpayer's expense, Trudeau said 6,000 jobs would be created as a result of this in Canada. This was on account of investments by information technology giants such as Tech Mahindra, Infosys, and Tata Consultancy Services. While it was not clear how much investment had come to India, senior government officials said all details might be available on Friday, when Trudeau meets Prime Minister Narendra Modi. Canada has more than 1.3 million citizens of Indian origin and the business delegation had a significant number of such people, a senior functionary of the Indo-Canadian Business Chamber said.

2. Japan's Sumitomo Enters Indian Realty Sector With \$2-Billion Gurgaon Project

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

Japanese conglomerate Sumitomo Corp Feb 22 announced a \$2-billion township project in Gurgaon as it forayed into the Indian real estate sector in collaboration with Krishna Group. The 50:50 joint venture, Krisumi Corporation Pvt Ltd, will build 5,000 flats, a shopping mall, office space and an educational institution on a 65-acre site in Sector 36-A, Gurgaon, abutting the Delhi-Mumbai industrial corridor's Global City. The project, which will have a built-up area of 18-18.5 million square feet, will be developed in phases, the two partners announced at a media round table on Feb 22. Kapur said the biggest challenge facing the Indian real estate industry on Feb 22 is quality, efficiency, and commitment to timelines, all of which is exactly what Japan is known for. "Japan is already beyond RERA," he said. RERA is the Real Estate (Regulation and Development) Act passed by Parliament in 2016. RERA seeks to protect the interests of home buyers and also boost investments in the real estate sector.

3. Amitabh Kant Bats For Early Ratification Of India-EU FTA

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

NITI Aayog CEO Amitabh Kant on Feb 22 said it is "extremely important" for the India-EU free trade pact to be ratified at the earliest as countries like Bangladesh and Vietnam already enjoy preferential access to European markets. Kant also said the global suppliers will otherwise start looking at other avenues for sourcing as China was slowly ceding ground in the apparel space. The proposed free trade agreement has been in works for long as the two sides are yet to bridge substantial gaps on crucial issues. Kant said it is important to resolve the issues like blocked taxes and refund of GST, and exchange rate related concerns to bring back the apparel export and manufacturing sector onto a growth path.

4. Investment Worth Rs 67.74 Bn From Samsung, Oppo Approved Under MSIPS For UP

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

Electronics manufacturing has got huge potential in UP and around half of the country's mobile making units are based in Noida and Greater Noida in the state. The Centre has also approved investment worth Rs 67.74 billion from Samsung and OPPO combined under the MSIPs policy for the state. As part of the Modified Special Incentive Package Scheme (M-SIPS), the Centre gives various benefits to promote domestic manufacturing of electronic goods. Speaking during the UP Investors Summit, Electronics and IT Minister Ravi Shankar Prasad said there were only two mobile manufacturing facilities in India in May 2014 but the number has increased to 118 now, of which 54 are in Noida and Greater Noida in Uttar Pradesh. The units produce mobile handsets, batteries, chargers and accessories, and soon production of circuits will start as the government has given duty protection for the same.

5. Govt Looking At Options To Retain Stake In Air India

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

The government is looking at four options for retaining stake in the divestment-bound carrier Air India. The options include retaining a 49 per cent stake, a 26 per cent, a 24 per cent or zero per cent in the airline, a senior official said on Feb 22. The options before the government have been listed in the draft Expression of Interest (EoI). The government will weigh the pros and cons of all four options, including the funds that will be raised through each, before a final decision is taken.

The draft will be examined by the core group on disinvestment and the Alternate Mechanism of Ministers constituted to prepare a strategy for the privatisation of Air India and a final decision on how much stake the government will retain will be incorporated in the final Expression of Interest which will be then issued to prospective bidders, officials said.

6. Petronet Eyeing ‘Eco-Structure’ To Boost LNG Adoption: CEO Prabhat Singh

Source: Livemint ([Link](#))

Petronet LNG Ltd, India’s largest importer of liquid gas, plans to set up a liquefied natural gas eco-structure, Prabhat Singh, chief executive and managing director of the company said. The investment will be made by all the stakeholders involved in creating the infrastructure, he said, adding that Petronet LNG’s investment will be Rs1,500 crore over a few years. To facilitate the availability of LNG, the company is also planning to bid for hydrocarbon blocks under the HELP (Hydrocarbon exploration and licensing policy). Demand for natural gas will grow by 185% to 14 billion cubic feet (Bcf) per day in 2040 from 5 Bcf per day in 2016. With an annual growth of 4.5%, natural gas will see its share in the energy basket growing to 7% in 2040 from 6% in 2016, according to the outlook. However, with an annual growth rate of 3.5%, oil’s share in the country’s total energy mix will decline to 25% in 2040 from 29% in 2016.

7. Ikea India To Invest As Much As Rs4,000 Crore In Maharashtra

Source: Livemint ([Link](#))

Ikea India Pvt. Ltd, the local subsidiary of Swedish furniture retailer Ikea of Sweden AB, plans to invest Rs3,000-4,000 crore in Maharashtra to set up multi-format stores and experience centres, the company said on Feb 22. The investment will be deployed over two-three years to build two large stores in Mumbai, a handful of experience centres and Ikea India’s first fully owned distribution centre in Pune, said Patrik Antoni, deputy country manager at Ikea. A sum of Rs750 crore, out of the total investment, has been set aside to develop the distribution centre. The first store in Maharashtra is expected to open in the Turbhe area of Navi Mumbai in 2019 while the first store in India will be functional in mid-2018 in Hyderabad. These stores are being built on land acquired by Ikea India because it gives the company “greater control over the business

environment and is also a commitment for the longer term”, said Per Hornell, head of the Maharashtra market at Ikea India.

8. Kia Motors First India Model To Hit Roads By Mid-2019

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

South Korean automobile giant Kia Motors will roll out its Indiabuilt SP Concept sports utility vehicle (SUV) from its upcoming integrated manufacturing facility in Andhra Pradesh by mid-2019, its global president Han-Woo Park said. He was speaking at the framework installation ceremony at Kia Motor’s upcoming facility near Anantapur in Andhra Pradesh on Thursday, along with chief minister N Chandrababu Naidu. The first India manufacturing facility for Kia Motors is coming up over 213.7 hectares of land to produce 3 lakh cars annually, involving an investment of over \$2 billion (approximately Rs 12,900 crore). It had signed the memorandum of understanding with AP government last April. Kia Motors India soon intends to start recruiting around 3,000 employees necessary to operate its Anantapur plant in Andhra Pradesh.

9. US, EU, Canada See Red On India Raising Pulses Tariff

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

India’s decision to raise the import duty on pulses has irked top farm produce exporting countries, including Canada, Australia, the EU and the US. At the World Trade Organisation, they have raised questions over Delhi’s claims of achieving food security objectives. According to a Geneva-based trade official, India has responded saying the recent increase in tariff was based on the demand-supply equation and that it did not breach WTO rules. A Commerce Ministry official said that “By linking the decision to increase import duties on pulses with food security some developed countries are trying to create confusion. Since India cites food security concerns to demand that its MSP programmes should not be subjected to caps, some members want to show that the country’s policies are faulty. We will not allow the discussion to be diverted.”

10. Tea Board For Preferential Trade Pact Between India, China

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

The Tea Board on Feb22 pitched for a preferential trade agreement in tea between China and India to boost exports of black tea and imports of green tea. Tea Board chairman P K Bezbaruah said

that India and China were not competitors as far as tea was concerned, but rather complemented each other. On both sides, the duties at present were extremely prohibitive which was restricting exports from both the directions and needed to be lowered, he said speaking for the preferential trade pact before a 22-member business delegation from Dali prefecture in China. India exports around seven to eight million kg of tea to China, while the latter's exports of green tea to India was not significant.

11. India At 81st Rank In Global Corruption Perception Index

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

India has been ranked 81st in the global corruption perception index for 2017, released by Transparency International, which named the country among the “worst offenders” in terms of graft and press freedom in the Asia Pacific region. The index, which ranks 180 countries and territories by their perceived levels of public sector corruption, placed India at the 81st place. In the 2016 India was in the 79th place among 176 countries. The index uses a scale of 0 to 100, where 0 is highly corrupt and 100 is very clean. India’s score in the latest ranking, however, remained unchanged at 40. In 2015, the score was 38.