

## Daily Economic News Summary: 24 April 2018

### **1. India-Poland Bilateral Trade Crosses \$3 Bn In 2017: Polish Envoy**

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

The bilateral trade between India and Poland has crossed \$ 3 billion in 2017 and the European country is exploring various sectors to improve the trade balance, the Polish envoy to India said here on April 23. "The bilateral trade volume crossed \$3 billion mark in 2017 and it is around \$3.1 billion. Of the total trade, India's export to Poland was \$2.3 billion while Polish export to India stood at \$800 million. It has been a good achievement. Still, there is imbalance and we are trying to reduce this (imbalance) and exploring all possible sectors," said Polish Ambassador Adam Burakowski. However, both the countries had drawn up a blueprint for stepping up investments and identified a series of actions to raise trade from the 2014 level of \$2.3 billion to \$5 billion by 2018, he said, adding that India is one of the five priority countries in Responsible Development Strategy of Poland. Possible areas for India-Polish joint venture include energy including clean technologies, mining, food and food processing, defence and R&D.

### **2. India Remains World's Top Remittance Recipient Country In 2017, Says World Bank**

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

In 2016, remittances to developing countries had dipped 2.4 per cent year-on-year - a second consecutive year of decline, which was a trend not seen in three decades. But according to the World Bank's latest Migration and Development Brief, last year saw a stronger-than-expected recovery in remittances, driven by growth in Europe, Russia and the US. Global remittances, including flows to high-income countries, grew 7 per cent to \$613 billion in 2017, while officially recorded remittances to low-and middle-income countries jumped up 8.5 per cent to reach \$466 billion. The rebound was also helped by higher oil prices and a strengthening of the Euro and the Ruble, added the report. The other countries that ranked high in the Top 5 in receiving remittances are China (\$64 billion), the Philippines (\$33 billion), Mexico (\$31 billion) and Nigeria (\$22 billion). However, as a share of GDP for 2017, the top recipients were the smaller countries - the Kyrgyz Republic, Tonga, Tajikistan, Haiti and Nepal.

### **3. Thai Cos Keen To Invest \$ 3 Bn In Indian Infra Projects**

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

Several Thailand-based companies which are operating in India plan to invest around \$ 3 billion in the next three years period in the areas of green and brown field projects including energy, infrastructure and metals. “The Thailand based companies see good opportunity here and are looking to invest around \$ 3 billion by 2020. The fast growing Indian market remains attractive for Thai investors given the opportunities in green and brown field projects including energy, infrastructure and metals,” Thai Trade Center executive director and consul Suwimol Tilokruangchai told PTI in Mumbai. “We are looking towards India with a great interest from last seven decades and plans to enhance the bi-lateral trade thanks to the positive approach of both the Thai and Indian governments,” she added. Over the decades, nearly 30 Thai companies are active in the field of infrastructure, real estate, food processing, chemicals, hotel and hospitality sectors in India. Currently, Thai goods have benefited from the second FTA agreement with 10 members of ASEAN (Association of Southeast Asian Nations) region with India. The Thai government has also invited Indian companies to investment in the growth of Thailand. At present around 40 Indian companies have made an investment of around \$ 2 billion in the areas of software, agri chemicals, electric car development in Thailand.

### **4. \$12-Bn Flipkart-Walmart Deal: Investors Expect To Strike Rich**

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

Tiger Global’s reward for being one of the oldest investors in e-commerce giant Flipkart could be \$4 billion. With Walmart Inc. being close to finalising a deal to buy a majority stake in the Bengaluru-based e-commerce firm for at least \$12 billion, investors are expecting to strike it rich. Flipkart’s founders Sachin Bansal and Binny Bansal, if they sell a substantial part of their 11 per cent stake, could make close to \$1 billion each. However, sources said the two might not exit the firm. The windfall would mark the biggest payout given to any investor of Indian start-ups in the past 15 years. According to industry analysts, early-stage investors including Tiger Global, Accel Partners, and Naspers are set to earn between \$1.2 billion and \$4 billion once the Walmart-Flipkart merger goes through. They could get four to five times their investments. According to the data sourced from business intelligence platform Paper.vc, Tiger Global owns a little more than 20 per

cent, Naspers close to 13 per cent, and Accel around 6.44 per cent in Flipkart. Experts say all these players are planning to exit the firm because the company's valuation, at \$20 billion, is at its peak.

### **5. Modi-Xi Wuhan Summit: Trump's Protectionism On Agenda; Top 10 Developments**

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

The Narendra Modi-Xi Jinping summit in China's Wuhan City from April 27-28 will see the Indian Prime Minister and Chinese President discuss US President Donald Trump's "protectionist" trade policy and the "unprecedented" changes in the world order in the past 100 years, along with the contentious bilateral issues like China's Belt and Road Initiative (BRI), which includes the China-Pakistan Economic Corridor (CPEC), and the India-China border dispute, which came to a head during last year's Doklam standoff. Meanwhile, ahead of the Modi-Xi summit, Defence Minister Nirmala Sitharaman and External Affairs Minister Sushma Swaraj on Tuesday attended the meetings of the defence and foreign ministers of the Shanghai Cooperation Organisation (SCO) in China. The Modi-Xi summit will aim to create a broad framework for India-China ties and build trust between the two leaders, according to official statements emanating from both New Delhi and Beijing. Further, while the two-day Wuhan summit will be informal, it will not shy away from issues of major strategic divergence between India and China -- Modi and Xi will have candid talks on the BRI, which includes the \$50-billion CPEC project that has become a major stumbling block in India-China bilateral ties.

### **6. India, UAE To Engage On Skill Harmonisation**

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

India and the UAE have agreed to work together for harmonisation of skills that aims to match the country's programmes for upskilling workers with the requirements of job market in the Gulf nation, a top official said on April 23. Addressing a conference in Dubai, KP Krishnan, Secretary in the Ministry of Skill Development, expressed India's commitment to engage with the UAE on harmonisation of skills. This will help meet the skill demands of the UAE's employers and ensure that Indian workers are paid adequate skill-premium. As the UAE moves towards a knowledge economy, the demand for skilled labour is going to increase, and we see India as one of the key suppliers for high skilled workers in the future," Omar Al Nuaimi, Assistant Under-Secretary, Ministry of Human Resources and Emiratization was quoted as saying in a statement. Panel

discussions on skilled labour supply and demand and skill harmonisation between India and UAE were held during the conference. The two governments announced a partnership to strengthen the certification and joint recognition of skills, the statement said.

### **7. Tata Chemicals Looks At Bolivia To Feed Growing Appetite For Lithium**

**Source: Livemint ([Link](#))**

Tata Chemicals Ltd is looking at business opportunities related to the exploration and import of lithium from Bolivia to India and possibly to other countries where the company operates. A team of senior executives from the company recently visited the South American nation, which has the largest deposits of lithium in the world, and held meetings with government officials there, two people aware of the development said. One of India's largest Indian manufacturers of chemical, crop nutrition and consumer products, Tata Chemicals' interest in lithium is guided by the fact lithium and cobalt are the two most important commodities needed to develop batteries for electric vehicles (EVs), the thrust vehicles for automobile manufacturers in India and across the world. At present a lithium-ion battery accounts for 40% of the total cost of an electric vehicle. Lithium has other uses such as in mobile phone batteries and solar panels Bolivia has the capacity to supply 15,000 tonnes of lithium per annum, which is far short of the global demand for the mineral. Currently, most of the lithium exploration is done by Bolivia's state-owned companies along with Chinese ones. Apart from the auto industry, most of the mobile handset manufacturers have plans to manufacture their handsets in India, which would also require lithium.

### **8. Govt Takes EPC Route For Awarding Contracts In Waterways Projects**

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

The government is replicating the engineering, procurement and construction (EPC) model of awarding highway contracts in waterways projects now. Companies like Larsen & Toubro (L&T), Adani and Afcons have evinced interest in bidding for waterway contracts ranging from establishing cargo terminals and jetties to dredging activity. "We are creating a modal choice for a cargo owner. The most cost-effective is waterways. And to enable that, we have to create the infrastructure build terminals, dredging or fairway development etc," Pravir Pandey, vice-chairman, Inland Waterways Authority of India (IWAI), told Business Standard. The IWAI is the

implementing agency for the Centre's Jal Marg Vikas Project, a scheme approved by the Cabinet Committee on Economic Affairs in January. The project involves capacity augmentation of navigation on National Waterway-1 (NW-1) at a cost of Rs 53.69 billion with the technical assistance and investment support of the World Bank, to be completed by March 23. According to international best practice, the agency issues assured depth dredging contracts. Instead of a shore location, the IWAI will select and award water stretches like it's in the case of highways. Typically, a 100-150km stretch will be given out as contracts after a bidding procedure.

### **9. TCS's Record \$100 Billion Valuation Is Riding On A Wing And A Prayer**

**Source: Livemint ([Link](#))**

Analysts say there are plenty of reasons to love Tata Consultancy Services Ltd (TCS), except when it comes to the attribute that should matter most to investors—valuations. TCS's market capitalization reached the \$100 billion mark on April 23, rising high above analysts' expectations of where its valuation should be. The most bullish analyst on the Street has a 12-month target of Rs3,900 for the company's shares, or Rs3,400 in present value terms. The company's shares changed hands at an average price of Rs3,480 apiece on April 23, which effectively means that all analysts would have been recommending that investors sell TCS shares. Until a few years ago, it made sense to ascribe a materially higher revenue multiple to the Indian company, simply because it was growing at a much faster pace. But in the 12 months till February 2018, Accenture has grown revenues by around 8.8% in local currency terms, about 200 basis points higher than TCS's growth rate in FY18. After adjusting for inorganic contribution to Accenture's revenue, growth of the two companies are more or less in the same range. Investors are also glossing over risks such as constraints on visas and a general antipathy towards outsourcing firms under the Trump administration.

### **10. Petrol Prices At All Time High; High Diesel Prices Hurt Garment Industry**

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

The President of Garment Manufacturers and Wholesale Association of Telangana, Pavan Bansal, on April 23 said that the recent rise in diesel prices was affecting the garment industries all over the country. Bansal said, "Diesel rates have increased more than Rs. 10 in the last four years. This

will impact the garment industry negatively raising the product of the price of the materials. It will lead to huge losses for the traders." He added that diesel was an important commodity for the industries as it was more affordable than petrol. Highlighting the importance of the fuel, Bansal further said, "Diesel is used in several industries on a daily basis, whether it is garment or manufacturing industry. Our materials come from all over India. We send garment materials to neighbouring states like Karnataka, Andhra Pradesh, Maharashtra and Tamil Nadu. We also sell the materials in local areas." He also criticised the increase of Goods and Services Tax (GST) on raw products as it was becoming an additional burden on the traders. Meanwhile, Petrol prices have hit Rs 74.40 a litre, while diesel rates touched Rs 65.65, the highest ever since May 2014 in Delhi, according to Indian Oil Corporation (IOC).

### **11. Trump Trade War Spurs India To Import More Oil, Drones From Us**

**Source: Livemint ([Link](#))**

India is seeking more oil, drones and aircraft from the us to help narrow its \$28 billion trade surplus amid rising concerns of possible collateral damage to its economy from president donald trump's trade spat with china. Asia's third-largest economy could bridge the surplus by up to \$4 billion through oil imports alone, government officials said, asking not to be identified as they are not authorized to speak to the media. India is among partner countries seeking to allay us trade deficit fears by raising imports as the trump administration redraws bilateral trade plans and seeks to alter world trade norms. Earlier this month the us added india to a list of countries it's monitoring for possible currency manipulation aimed at boosting exports. India, which denied its central bank interventions help exports, fits one of the main criteria for countries making the list—a bilateral trade surplus of at least \$20 billion. Along with south korea, india was the only other country to cut its surplus—merchandise and services—with the us after trump took charge. The surplus dropped to \$28 billion in 2017 from the \$30.8 billion in 2016, according to data from the office of the us trade representative. Its merchandise trade surplus with the us in 2017 fell 6.1% to \$22.9 billion, mostly helped by more than doubling imports of aircraft and parts from the us in fiscal 2017 to \$4.24 billion, data from india's commerce ministry show.

## **12. Nepal, India Discuss Revising Transit Treaty**

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

Nepalese and Indian officials began talks here on April 24 to revise a Transit Treaty allowing a transit facility to Kathmandu through Indian waterways. A sub-committee level meeting under the Inter-Governmental Committee (IGC) kicked off in Kathmandu, reports Xinhua news agency. The commerce secretary level talks will start on April 26. During Nepali Prime Minister K.P. Sharma Oli's visit to India from April 6 to 8, the two countries issued a joint statement on new connectivity through inland waterways, opening the door for Nepal to reach the sea through waterways for the first time. If Nepal establishes direct access to the sea through waterways, experts said that it would reduce the cost of doing trade for the land-locked Himalayan nation. The two sides are going to discuss on technicalities of incorporating the issue in the Transit Treaty," Rabi Shankar Sainju, joint secretary at the Ministry of Industry, Commerce and Supply, told Xinhua. "As it is the first time that two sides are discussing on adding waterway as mode of transit facility, we will basically discuss and try to finalize the content to be incorporated in the Treaty."