

## Daily Economic News Summary: 27 February 2018

### 1. Govt to Ease FPI Rules in Bid to Attract Foreign Investment

Source: Livemint ([Link](#))

The government plans to cut red tape and ease rules for foreign portfolio investors (FPI), as it seeks to attract more investments into Asia's third-largest economy, three people with direct knowledge of the matter said. As part of the plan, the government will reduce the time required for FPIs to register in India, introduce a single-window clearance for them and allow foreign banks to trade on behalf of their clients without registering, the people said, requesting anonymity. "The FPI registration process, which now on an average takes two months, is set to reduce to just 3-6 days by moving towards a single application and doing away with the requirement of obtaining a Permanent Account Number," said a government official, one of the three people cited earlier. The 2016-17 Union budget had proposed a single-window clearance for FPIs, but that proposal got stuck because of differences between the Securities and Exchange Board of India (Sebi) and the Central Board of Direct Taxes (CBDT).

### 2. NCAER Pegs India's 2018-19 Economic Growth at 7.5 Per Cent

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

The Indian economy is projected to grow at 6.7 per cent in the current financial year and 7.5 per cent in 2018-19, economic think-tank NCAER said on Feb 26. The figures are in line with the growth projections in this year's Economic Survey, which said India is likely to clock 7-7.5 per cent growth in 2018-19, up from 6.75 per cent in the current fiscal. "NCAER forecasts a growth of 6.7 per cent for the Gross Domestic Product (GDP) at market prices... For 2018-19, NCAE forecasts a growth of 7.5 per cent for GDP at market prices," it said. In a statement, the National Council of Applied Economic Research (NCAER) also said that in 2017-18, the real agriculture Gross Value Added (GVA) is envisaged to grow at 1.0 per cent, real industry GVA at 5.2 per cent, and real services GVA at 8.0 per cent. It further said the wholesale price index (WPI) inflation is projected at 6.4 per cent for 2017-18. The growth rates in exports and imports, in dollar terms, are estimated at 12.8 per cent and 24.8 per cent, respectively.

### **3. Gadkari: We're on The Road to a Transportation Miracle**

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

A significant transformation is expected in the transportation sector in the next couple of years as the economic benefits of electric vehicles and alternative fuels like ethanol become apparent, said Nitin Gadkari, Minister for Road Transport and Highways. "I feel that electric vehicles or ethanol-run vehicles are economically viable in our country. States like Maharashtra have already passed a law for the establishment of charging stations to support the electric vehicle ecosystem. Within a year or so, one can see miraculous changes in the transportation sector," he said at an interaction with *The Hindu* Group of journalists here. Making a case for pollution-free vehicles, he said the move towards electric vehicles and those that run on alternative fuels has gathered pace. Gadkari also said the government was working on policies to encourage ethanol, which can be easily produced from wheat straw, rice straw, bagasse, and municipal waste, among others.

### **4. Andhra Pradesh Signs MoUs for Rs4.39 Trillion of Investments**

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

Exceeding expectations, the Andhra Pradesh government signed 734 memoranda of understanding (MoUs) involving investments of about Rs4.39 trillion, at the three-day Sunrise AP Investment Summit 2018 which ended on Feb 26. The companies that signed MoUs included Reliance Industries Ltd, which might invest Rs50,000 crore in the digital technology and oil and gas sectors in the state. Among the companies that signed MoUs at the event in Visakhapatnam was Adani Ports and Special Economic Zone, which inked a deal to set up a greenfield port at Bhavanapadu for Rs4,000 crore. Ten MoUs in the aerospace and defence sectors also propose to bring in investments of Rs9,406 crore and create 6,000 new jobs. The 734 MoUs signed during the three-day summit are together expected to generate 1.1 million jobs. The state government had a target of signing 280 MoUs this year. Prior to this, through the last two summits, the government signed 876 MoUs, and got a committed investment of Rs11.10 trillion.

### **5. KYC Norms for E-Wallets Made Mandatory from March 1**

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

Users of prepaid payment instruments (PPI) such as mobile wallets will have to complete the KYC requirements by February 28 as the Reserve Bank of India has refused to extend the deadline any

further. Those who do not comply with the KYC norms will not be allowed to load money into their respective wallet accounts or carry out remittance-based transactions. They will also not be allowed to transfer the cash in the wallet account to their bank accounts. However, users will be allowed to use the balance amount in their respective wallets to pay for goods and services. Once the balance is exhausted, the user will not be able to load cash again until the KYC norms are complied with. The RBI had initially given time till December 31, 2017, to make PPI accounts KYC-compliant. This was extended to February 28 after a number of players sought more time as they felt that the KYC norms were tough.

#### **6. First 2 Intermodal Stations to come up in Nagpur, Varanasi**

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

India's first two intermodal stations will come up in Nagpur and Varanasi at an estimated cost of Rs 200 crore. Intermodal stations (IMS) are terminal infrastructure which integrate various transportation modes such as rail, road, mass rapid transit system, bus rapid transit, inland waterways, autorickshaws, taxis and private vehicles so that people can move from one mode to another seamlessly, with minimum use of automobiles. Fifteen cities are being selected for development of intermodal stations, of which Nagpur and Varanasi have been selected as pilot projects. The implementation and operation of the IMS will be done by a Special Purpose Vehicle (SPV) between the ministry of road transport and highways through NHAI, railways ministry and state governments. NHAI will fund the construction of the terminal infrastructure including railway infrastructure, ISBT, common areas (concourse, waiting rooms, transport retail), parking and other station facilities," a government official said.

#### **7. Nestle India Goes Hyperlocal in Bid to Expand Reach**

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

Nestle India Ltd is adopting a hyperlocal model for marketing and distribution that the local entity of the Swiss packaged food company believes will help increase penetration and expand reach leading to faster growth. As part of this approach, Nestle has divided India into 15 different clusters each considered a different market based on food preferences of the local consumers. "There are many Indias in India. Each of them needs to be served differently," said Suresh Narayanan,

chairman and managing director, Nestle India. Nestle is not the first company to take a hyperlocal approach. Back in 2016, cigarette-to-noodles maker ITC Ltd adopted a similar strategy, but more focused on differentiated products for each cluster with the aim to roll out market-specific products that are relevant to a particular town, state or community with a potential to grow it nationwide over time.

### **8. Harley-Davidson Issue: Trump Says ‘Getting Nothing’ After India Reduces Tariffs on Motorcycles**

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

President Donald Trump on Feb 27 once again raked up the issue of high import duty on Harley-Davidson motorcycles by India, saying the US was "getting nothing" with the New Delhi's recent announcement that it had slashed customs duty on imported motorcycles from high-end brands to 50 per cent. He added the US wants fair and reciprocal trade deals. "When they (Harley Davidson) send a motorcycle to India, as an example, they have to pay 100 per cent tax -- 100 per cent," Trump said in his remarks to a gathering of governors of all the states at the White House. This is for the second time in a month that Trump raised the issue of high import duty on motorcycles by India. Earlier, he had called it "unfair" and threatened to increase the tariff on import of Indian motorcycles to the US.

### **9. South Korean Cos Head to Delhi as Modi Pushes for Investment Expansion**

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

A massive investment and trade summit with South Korea on Feb 26 is expected to bring the who's who of Korean industry to Delhi. India will hard sell itself as the next big investment destination for the East Asian nation. At the India-Korea business Summit, Prime Minister Narendra Modi is expected to push Korean firms to further expand the \$2.55 billion worth of investments that the country has in India, mostly in the automobile and engineering sectors. More than 150 Korean companies from the automotive, heavy industry, food processing and textiles sectors are set to reach Delhi. This will include all the major 'Chaebols' or large family-owned mega-conglomerates, which dominate the Korean economy such as Samsung, Hyundai and LG. Also, apart from 200 Indian firms, Finance Minister Arun Jaitley, Commerce and Industry Minister Suresh Prabhu and his Korean counterpart will also participate, among others. "Bilateral talks on trade and

investments will also be held. Both governments expect now to upgrade ties in the economic sphere”, a senior diplomatic source from the country said. The event is also expected to see the participation of a senior advisor to the Korean government, close to Korean President Moon Jae, he added.

#### **10. Indefinite Xi Jinping Rule in China: India Needs to Move on Many Fronts Now**

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

China’s move to scrap presidential term limits is expected to give a major boost to Xi Jinping’s expansive Belt and Road Initiative (BRI) and China-Pakistan Economic Corridor, much to India’s discomfort. The Chinese Communist Party’s decision to scrap the two-term limit for China’s President was indicated in October last year when Xi was re-elected for the second term. An unlimited term for Xi, whose political thoughts have been enshrined in the country’s constitution along with those of Mao Zedong and Deng Xiaoping, would vest enormous powers at his disposal. A stronger Xi also suggests that China may not shy away from displaying its muscular foreign and defence policy in either Indo-Pacific or Indian Ocean Region or along the Line of Actual Control, posing challenges to India’s security. Key infrastructure projects across Asia, Africa and Europe under BRI, a project of Xi, are aimed at extending China’s global influence on the basis of its economic prowess. However, several members of the international community led by India have expressed concerns over the mega initiative as the project can not only lead a recipient country into a debt trap but also have security implications.