

Daily Economic News Summary: 28 February 2018

1. PM Woos South Korean Investors, Assures Protection

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

Prime Minister Narendra Modi has assured South Korea that India will take all steps to protect and promote its investments here. The Prime Minister also made a case for higher equity inflows from the country arguing that India had a large market and friendly policies. “Many of your products are house-hold names in India. However, South Korea ranks only 16th in FDI equity inflows to India. India offers a lot of potential for the Korean investors with its huge market and enabling policy environment,” Modi said addressing a ‘India-Korea Business Summit,’ co-organised by the Department of Industrial Policy and Promotion and industry body CII, in New Delhi on Feb 27. Commerce & Industry Minister Suresh Prabhu highlighted the recent reforms undertaken by the government, the ‘Make in India’ initiative and the recent improvement in India’s global ranking. India and South Korea have already implemented a Comprehensive Economic Partnership Agreement for free flow of goods, services and investments and are now working on upgrading the pact.

2. Envoys of Nordic Nations Urge India to Ink Free Trade Pact with European Union

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

Ambassadors of the Nordic nations on Feb 27 urged India to sign the much-awaited Free Trade Agreement with the European Union. Nordic nations part of Northern Europe include Denmark, Finland, Iceland, Norway and Sweden, and their associated territories (Greenland, the Faroe Islands and the Åland Islands). According to Peter Taksoe Jensen, Amabassador of Denmark to India, the bilateral trade between the Nordic nations and India stand at around \$3 billion annually and there is a scope of increasing it substantially if India signs a Free Trade Agreement with the European Union. “An FTA gives a level playing field. But India has not really decided as to what kind of economy it wants to be,” he told *BusinessLine* on the sidelines of interactive session organised by the Indian Chamber of Commerce (ICC).

3. Modi Says India is Ready to Do Business with the World

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

Pitching for foreign investments, Prime Minister Narendra Modi on Feb 27 said India is one of the most open economies in the world and is ready to do business with the world. Speaking at the India-Korea Business Summit, he said his government has worked towards creating a stable business environment and removed arbitrariness in decision-making. “We seek positivity in day-to-day transactions. We are widening areas of trust rather than digging into doubts. This represents a complete change of the government’s mindset,” he said. Stating that the government is on a de-regulation and de-licensing drive, Modi said validity period of industrial licences has been increased from three years to 15 years and more. To the Korean businessmen, he said India is now ready for business and promised to do whatever is required to “promote and protect” their investment.

4. AIIB Approves \$1.5-Bn in Loans to India for Infrastructure Projects

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

Beijing-based Asian Infrastructure Investment Bank (AIIB) has approved \$1.5 billion in loans to India for infrastructure-related projects in 2018, a senior official of the AIIB said on Feb 27. China plans to invest more than \$100 billion through its Belt and Road scheme to build highways, rail lines, ports and other infrastructure linking Asia, Europe and Africa. The funds would be used for investment in India's energy, roads and urban development projects, and the bank will examine allotting more funds for such projects next year. AIIB's loans include a \$200 million commitment to India's National Investment and Infrastructure Fund to spend on roads, housing and urban development, and the bank will let the Indian government decide how to use that money. Energy-related projects will primarily be focused on renewables, Pandian said, without providing additional details.

5. GST Council to Further Trim List of Items In 28% Tax Slab: Arun Jaitley

Source: Livemint ([Link](#))

Federal indirect tax body, the GST Council will continue to prune the list of items in the highest tax slab of 28%, but merging of the 12% and 18% slabs will have to wait till tax compliance increases, finance minister Arun Jaitley said on Feb 27. Addressing business leaders at the India-

Korea Summit organized by the Department of Industrial Policy and Promotion and Confederation of Indian Industry (CII), Jaitley said India has been significantly tax non-compliant, a situation which needs to change. The minister said that when goods and services were initially placed in different tax slabs at the time of GST's roll out, it was a mathematical exercise based on the prevailing tax burden on those items. Jaitley said that in the first instance of tax rate rationalization after GST introduction, the list of items in the 28% slab were pruned. "About 30% taxpayers registered with GST are still not filing their returns and the government must endeavour to make them file returns, which may further enhance the overall GST revenue collections," Jain said.

6. India, Vietnam Set to Ink Nuclear Energy Pact, Boost Defence Ties

Source: Livemint ([Link](#))

In a move that could put China on the back foot, strategic partners India and Vietnam are to boost defence ties and sign pacts on civil nuclear cooperation and port development during a visit by Vietnamese President Tran Dai Quang later this week. The two countries will also exchange views on developments in the South China Sea where Vietnam and some other South-East Asian nations are locked in a maritime dispute with China, Vietnam's ambassador to India Ton Sinh Thanh told reporters in New Delhi on Feb 27. Apart from the civil nuclear pact, which will be signed between the two governments, three other pacts including one on the development of a port in the Nghe An province in north-central Vietnam will be signed with Indian companies, Tran Le Tien, economic counsellor in the Vietnamese embassy in New Delhi, said. Indian companies will be looking at "developing the port for operations, to raise its capacity to 5 million tonnes (cargo handling) capacity," he said. Another pact envisages the setting up a \$50 million coal terminal in Vietnam, Tran Le Tien said.

7. PNB Effect: Finmin Orders PSU Banks to Review NPAS to Check Fraud

Source: Livemint ([Link](#))

The finance ministry directed public sector banks to examine all bad loan accounts exceeding Rs50 crore for possible fraud, a fallout of the multi-billion dollar scam at Punjab National Bank (PNB) that went undetected for seven years. It also gave a 15-day deadline to state-run banks to take pre-emptive action, identify and address operational and technological risks, and adopt best practices

to tighten their systems. The government also stressed the need for accountability of the top management of banks and directed them to detect frauds and wilful defaults as per the Reserve Bank of India (RBI) guidelines, and to refer the cases to the Central Bureau of Investigation (CBI). While this could pose an operational challenge to the state-owned banks, in the process the Union government has signalled a toughening of stance and a sense of urgency in containing any fallout from the Rs12,636 crore fraud allegedly perpetrated by jeweller Nirav Modi on PNB.

8. India to Insist on Delinking MSMEs From E-Commerce At BRICS Meet

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

With China pushing for greater cooperation in e-commerce amongst the BRICS group, New Delhi will stress on keeping issues of micro small and medium enterprises (MSMEs) de-linked from online retail, at a meeting of the contact group for economic and trade issues (CGETI) of the five-member bloc in Johannesburg this week. The CGETI, which includes trade officials from all five nations, reports to Trade Ministers. It proposes institutional frameworks and measures to expand cooperation on economic and trade issues. New Delhi will focus on the issues of cooperation amongst MSME, cooperation between service suppliers, business visas and a framework for curbing non-tariff measures at the meet, the official added. There would also be discussions on development of e-ports to improve trade efficiency between BRICS, but it has already been decided that setting up such ports would be voluntary.

9. Lava Z50 is the First Android Go Smartphone in India

Source: Livemint ([Link](#))

Hot on the heels of the Android Go smartphones showcased by Nokia, ZTE and Alcatel at the Mobile World Congress (MWC 18) in Barcelona, Indian phonemaker Lava International Ltd has launched an Android Go smartphone called Z50 in India. It is the first Android Go smartphone in India and will be available at Rs5,000 on over 100,000 retail outlets after 15 March. Among Indian smartphone makers, Micromax too has showed interest in Android Go. The Lava Z50 runs Android Oreo (Go Edition) which is an optimised version of Android Oreo for low-configuration smartphones, and runs Lite version of Google apps, which load faster, use less data and take up less space. So instead of regular Google apps such as Google Assistant, Google Maps, Gmail and

YouTube, Lava Z50 comes preloaded with their alternative light apps such as Assistant Go, Maps Go, Gmail Go and YouTube Go, respectively. Google has also integrated the data saver mode into the OS while the Google Play Store has been optimized too so it will highlight apps which will run smoothly on Android Go.

10. Alliance Air Kicks Off UDAN 2, Indigo, Spicejet Flights to Start In Jul-Aug

Source: Livemint ([Link](#))

InterGlobe Aviation Ltd-run IndiGo, and Ajay Singh-led SpiceJet Ltd will start their first UDAN flights on routes they won under the second round of the regional connectivity scheme (RCS) from July-August, two people aware of the matter said. On Feb 27, Alliance Air became the first airline to start operations under this scheme, servicing the Jammu-Bhatinda route. IndiGo, which had won 20 proposals during e-bidding in January, will begin operating in four to six routes from July using its ATR fleet, said one of the people cited earlier. Proposal here refers to one or more routes that connect two destinations. The firm is doing a feasibility study of the other routes, this person said. SpiceJet, which has won 17 proposals under second part of the regional connectivity scheme, is currently evaluating infrastructure and airport readiness. The airline expects to start its operations by July-August, said the second person aware of the matter.