

## Daily Economic News Summary: 6 February 2018

### 1. India Remains Fastest Growing Domestic Market in 2017: IATA

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

India remained the world's fastest growing domestic aviation market for the third straight year in 2017 as economic and network expansion bolstered the sector, according to global airlines' body IATA. Globally, Revenue Passenger Kilometres (RPKs) - a measure of passenger volumes - rose by 7.6 per cent in 2017, registering "above-trend growth" that was ahead of the ten-year average rate of 5.5 per cent. "The domestic India market posted the fastest full-year growth rate for the third year in a row (17.5 per cent), followed by China (13.3 per cent)," the International Air Transport Association (IATA) said in a report released last week.

### 2. RCEP talks: India 'Unhappy' With Revised Service Offers, Too

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

India will register its unhappiness with the "inadequate" fresh offers in services made by partner countries negotiating the mega regional comprehensive economic partnership (RCEP) as members converge in Indonesia this week for a crucial round of talks. "There has been some improvement in the fresh offers on services but it is marginal and falls woefully short of the market access India has been seeking," a person close to the development told *BusinessLine*. Most of the 15 partner countries of the RCEP, particularly the 10-member ASEAN countries, have not made any substantial offers in Mode 4 related to movement of workers and professionals, despite repeated push by India. The ASEAN, however, seems to be unperturbed about the imbalance in the negotiations so far between goods and services. It is putting pressure on India to commit to zero tariffs on more than 90 per cent of items for all members including China (with some deviations to protect certain items).

### 3. The Rise of Big Business in Karnataka

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

HAL and other defence-related research labs, besides premier institutions such as the Indian Institute of Science and the National Aerospace Laboratories, have been active in Bengaluru for a

few decades now. Towards the end of the previous century, Karnataka also made giant leaps in the technology sector with the first seeds sown in 1981 by NR Narayana Murthy, the iconic founder of information technology giant Infosys. Over the decades, Bengaluru has developed into a global hub for scientific research and innovation. The city made several components for the recently fired BrahMos supersonic cruise missile. The Bengaluru lab of Huawei developed the bluetooth features that run on the Chinese telecom giant's flagship smartphone Mate 10, a product meant for global markets.

#### **4. Digital Firms with 'Big Presence' in India Will Have to Pay Taxes Here**

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

Digital players such as Google, Facebook and mobile application services providers must pay taxes in India on income generated from Indian consumers even if the companies' infrastructure is physically located abroad. According to a new proposal in the Finance Bill, entities involved in digital transactions shall be considered to have significant economic presence in India, whether or not the entity has a residence or place of business in India. The government has, however, not defined what constitutes "significant economic presence" and whether it will differentiate between a Silicon Valley company earning \$100 from Indian users and one earning billions.

#### **5. Singapore Telecom to invest Rs2,649 crore in Bharti Telecom**

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

With the latest round of investment, Singtel's total stake (along with its affiliates) in Bharti Telecom will increase to 48.9% from 47.17% currently. Singapore Telecommunications Ltd (Singtel) will indirectly raise its stake in Bharti Airtel Ltd by investing Rs2,649 crore in Bharti Telecom Ltd, the promoter company of Airtel, through a preferential allotment of shares. The investment comes within two years of Singtel's participation in Bharti Telecom's rights issue of Rs2,500 crore, which was completed in Feb 2016, Bharti Airtel said in a statement on Feb 5. The transaction is subject to approval by shareholders of Bharti Telecom and the funds raised will be used towards debt reduction, the company said.

## **6. Moody's Says India's Budget 2018 Balances Growth, Fiscal Consolidation; 5 Key Takeaways**

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

International credit rating agency [Moody's](#) in its latest report on India's Union Budget 2018, which was announced on Feb 1, has said it would benefit corporate, infrastructure and insurance sectors. Overall, it says, the Budget presented by Finance Minister Arun Jaitley strikes a balance between “fiscal prudence and growth”. In the report 'Cross-Sector -India: Fiscal 2019 budget strikes balance between fiscal prudence and growth', the Moody's expects the government will meet next year's deficit target but some “ambitious revenue targets and uncertainty about some spending items” could hurt the fiscal consolidation. Moody's Investors Service in November 2017 had upgraded the government's local and foreign currency issuer ratings to Baa2 from Baa3 and changed the outlook on the rating to stable from positive after a gap of 13 years after taking note of the structural reforms carried out by the government.

## **7. PM Narendra Modi to Visit UAE to Boost Ties**

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

Prime Minister Narendra Modi is set to visit the UAE later this week which authorities and business leaders say signifies the special importance India attaches to its ties with the oil-rich nation and will help in furthering cooperation in diplomatic, economic and security issues. Modi will be in the UAE on February 10 and 11 and will address the sixth World Government Summit in Dubai. While Ambassador Suri highlighted the trade and investment component of this rapidly-evolving relationship, Ambassador Al-Banna chose to emphasise on the connectivity aspect of it. It is obvious that both sides are banking on prime minister's visit to go over and above the 17 bilateral agreements signed in January 2016, and 14 agreements in February 2017.

## **8. Google India Launches Campaign to Protect Data, Devices**

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

To create awareness around Internet safety, Google India on Feb 5 launched a public initiative “#SecurityCheckKiya” to protect young and first-time web users from account hijacking, safeguard Android devices from malicious apps and secure all their personal data if they lose their device. With a large base of unsuspecting first time Internet users now coming online through easy

access modes but lacking technical literacy, Indian users are increasingly vulnerable to bad actors and abuse on the web, the company said in a statement. Google will make this information available on its homepage [www.google.co.in](http://www.google.co.in), encouraging users to take the first step of Security Check on Safer Internet Day which will be celebrated on Feb 6.

### **9. India Invites Over 40 WTO Members for Mini-Ministerial Meet**

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

India has sent out invitations to more than 40 World Trade Organisation members, including the US, the EU, Brazil, Australia and several countries from across Asia and Africa, for an informal mini-ministerial gathering in the third week of March, where trade ministers are to deliberate upon ways to keep the multilateral organisation relevant and map the way ahead. “ We hope to have a clearer picture of how to move ahead at the WTO and what our priorities should be at the end of the meeting,” a Commerce Ministry official told *BusinessLine*. While New Delhi fought fiercely to keep new issues such as e-commerce and investment facilitation out of the negotiating agenda at the Buenos Aires Ministerial, soon after Commerce and Industry Minister Suresh Prabhu said at a meet organised by CII that the mini-ministerial must focus on some of the most-relevant issues of the day.

### **10. States Not in Favour of Petrol, Diesel Inclusion into GST: FM Arun Jaitley**

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

Finance Minister Arun Jaitley today said the states are not in favour of including petrol and diesel into GST at the moment, ruling out any immediate levy of the new indirect tax on these petroleum products. While GST was rolled out on July 1, real estate as well as crude oil, jet fuel or ATF, natural gas, diesel and petrol were kept out of its purview. This meant that the products continued to attract duties like central excise and VAT. “So far the mood of states (most of the states) is not in favour of including it (in GST) at the moment. But I am sure as the GST experience moves on, I think, natural gas, real estate -these are areas which are to be brought in and then probably at some stage we will keep trying for petrol, diesel and potable alcohol,” Jaitley said. The five petroleum items have been kept out of GST as they are considered cash cows, giving both the Centre and states bulk of their tax revenues.

### **11. New India Assurance to Launch Product for Builders**

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

The New India Assurance Company Ltd (NIAC), is ready with its new product of Title Insurance covers for the benefit of builders and developers, a top company official said on Feb 5. The company has decided to come up with such a product, in view of Central Real Estate Regulation and Development Act (RERA) making it mandatory for builders/developers to buy title insurance covers for their projects, NIAC Chairman and Managing Director G Srinivasan told reporters here. Stating that this insurance cover will protect those insured from losses arising from various risks, which affected the title and interest in property, he said the company will also assist legally, in case the title was found to be defective

### **12. Services Sector Sees Fastest Growth in 3 Months in January: PMI**

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

The Indian service sector remained in expansion mode in January, registering the fastest rise in activity in three months driven by a renewed increase in new business orders, says a monthly survey. Even though growth rates for activity and employment accelerated since December, it remained weaker than their respective long-run survey averages. The seasonally adjusted Nikkei Services Business Activity Index improved to 51.7 in January, up from 50.9 in December, signalling a faster expansion. The index remained above the neutral mark of 50 in January, that separates growth from contraction for the second consecutive month. In November, the index stood at 48.5. Going forward, service sector companies in India remained optimistic regarding expected activity levels in 12 months' time.