

Daily Economic News Summary: 9 August 2018

1. Government To Wheel In A New Industrial Policy Soon

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

The government will shortly unveil a new industrial policy that aims to speed up regulatory reforms and lower power tariffs to make businesses more competitive and create more jobs, senior officials said. The policy, being given final touches by the Department of Industrial Policy and Promotion (DIPP), will be presented to Cabinet for approval in the next two weeks, they said. The proposals include establishing an overarching body with representation by the Centre and the states similar to the Goods and Services Tax (GST) Council to enable swift decisions on key changes such as the revamp of labour laws, taxation provisions and land leasing. Crucially, India's industrial sector has a 29% share in GDP at current prices, well below 44% for China. The reform is being pitched as potentially the biggest overhaul of industrial policy in about 30 years and will come just ahead of national elections next year.

2. Australia Committed To Concluding A High-Quality FTA With India, Says Australian High Commissioner

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

Australian High Commissioner Harinder Sidhu on August 8 said that Australia is committed to ink a high-quality free trade agreement (FTA) with India as “unilateral trade measures and having commercially meaningful bilateral free trade agreements matter”. India is Australia's fifth largest trading partner. Total two-way trade grew by 27.7% between 2016 and 2017. “I want to stress that Australia remains committed to concluding a high-quality FTA with India,” Sidhu said while elaborating on the country's India Economic Strategy. In commissioning the strategy, Australia wanted to start a conversation about an economic relationship that went beyond discussion of negotiations toward a Comprehensive Economic Cooperation Agreement (CECA), which is the formal name of the trade agreement.

3. India Can Be The Engine Of Global Growth For Decades, Says IMF

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

India will be an engine of growth for the global economy for the next few decades and it could play the role China did for the world economy, the IMF said on August 8, even as it recommended that the country take steps towards more structural reforms. “India now contributes, in purchasing power parity measures, 15 per cent of the growth in the global economy, which is substantial,” said Ranil Salgado, the International Monetary Fund’s mission chief for India. This is behind only China and the US, he said. Salgado said spillovers from India are not that big because it is not a very open economy. “But of total global growth in purchasing power parity (PPP) terms, it’s 15 per cent of total global growth. Trading is not as high as China trade levels,” Salgado said, as the IMF Executive Board released the report of its annual consultations with India. In its report, the IMF Executive Board has forecast India’s growth to rise to 7.3 per cent in FY2018/19 and 7.5 per cent in FY2019/20, on strengthening investment and robust private consumption.

4. India Faces A Stern Test Of Its Commitment To RCEP

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

India may need to take a view on whether it wants to remain a part of the Regional Comprehensive Economic Partnership (RCEP) that is being negotiated among 16 countries, including China, before Prime Minister Narendra Modi attends the RCEP Summit in Singapore in November. “While the RCEP may not be ready to be signed in November, most members want significant commitments to be taken by leaders at the summit. India needs to make its negotiation position clear before the meeting of Trade Ministers of RCEP countries this month-end,” a government official said. Also ASEAN’s aggressive push to dismantle tariffs on about 90-92 per cent items and reduce tariffs to below 5 per cent on an additional 7 per cent of items is equally worrying for India; it would expose sensitive items, including farm and dairy goods, automobiles and steel products, to tariff cuts. In the investment chapter, too, there are contentious areas such as liberalising based on a negative list (wherein all items are to be included except those specifically mentioned in a list) and the inclusion of an Investor State Dispute Settlement mechanism. This could lead to India getting involved in costly legal suits filed against it by corporates. New Delhi

needs to decide if it should agree to a liberalising pact on goods if nothing worthwhile is offered in the area of services by others, the official added.

5. First Indian Airport To Have A National Highway Under Its Runway

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

The Lal Bahadur Shastri (LBS) international Airport located near Varanasi is all set to undergo a unique revamp. The airport runway will soon have a national highway running under it which will make it India's first ever airport runway with such a unique feature. The runway will soon be extended to 4,075m from the current 2750m which will enable the LBS International Airport to host big cargo and Boeing planes. NH-56 which will run under the airport runway will be converted to a four-lane road. The Airport Authority of India (AAI) has already given a thumbs up to the project. The alignment of the Varanasi-Lucknow highway will be kept intact. AAI's proposal was neglected till 2015 until AAI sent a letter to the Uttar Pradesh government on March 27, 2015, through the director of civil aviation (UP), seeking the required land.

6. Record! Reliance Industries Surpasses IT Major TCS To Clinch Status Of Most-Valued Company By Market Capitalisation

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

Reliance industries on August 8 surpassed its major TCS to clinch the status of the most valued company by market capitalisation. At close of trade on August 8, RIL's market valuation stood at Rs 7,71,450.43 crore, which was Rs 15,459.97 crore more than Tata consultancy services' Rs 7,55,990.46 crore m-cap on the BSE. Shares of RIL jumped 2.85 per cent to close at a life-time high of Rs 1,217.25 on BSE. During the day, shares of the company gained 3.24 per cent to Rs 1,222 apiece. On the other hand, shares of TCS ended flat at Rs 1,974.60, up 0.33 per cent. On July 31, reliance industries had regained its status as the country's most valued firm by m-cap, replacing tata group's crown jewel TCS from the top slot. However, TCS on August 1 reclaimed the country's most valued firm status by market cap, pushing reliance industries ltd to the second spot. Its major TCS had first replaced RIL as the most valued firm more than five years ago. Reliance industries had last month crossed the USD 100-billion market capitalisation mark.

7. NZ Dairy Firm Fonterra Ties Up With Future Group To Enter India

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

Global dairy exports firm Fonterra has entered the Indian market through an equal joint venture with the Kishore Biyani-led Future Group. The New Zealand-based dairy major had earlier tied up with Britannia, but parted ways in 2009. The new partnership, under the name Fonterra Future Dairy Partners, is expected to help the company strengthen its position in the Indian market that is dominated by a few national players such as Amul and Mother Dairy along with regional and local dairy businesses. Lukas Paravicini, Fonterra's COO - Global Consumer and Foodservice, said: "It (the partnership) will allow us to prepare the groundwork and make the most of our expertise as we enter the world's largest and fastest growing dairy industry. Consumer demand for dairy in India over the next seven years is set to increase by 82 billion litres — seven times the forecast growth for China."

8. China-Backed Asia Trade Pact To Be Examined By India Panel

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

A panel of Indian ministers will meet to consider objections by several departments against an Asian trade pact spearheaded by Beijing citing fears of a flood of Chinese imports, people with knowledge of the matter said. The group headed by Commerce Minister Suresh Prabhu will meet on August 10 to discuss concerns flagged by the ministries of steel, pharmaceuticals, agriculture, electronics, heavy industry, textiles and chemicals against the Regional Comprehensive. Prime Minister Narendra Modi's administration faces pressure from member nations -- including Japan, China, Australia, New Zealand and South Korea -- to conclude talks by end of 2019, the people said. India has dragged its feet as the pact doesn't provide for free movement of skilled workers, a key concern for New Delhi given its large pool of tech workers, even as it opens its market to a clutch of nations known for their manufacturing prowess.

9. Discussion On Bilateral Trade Issues With USTR "Positive", Says Prabhu

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

United States Trade Representative Robert Lighthizer and Commerce & Industry Minister Suresh Prabhu discussed the state of bilateral trade ties between the two countries in a conference call last week pushing aside bitterness over contentious issues such as the on-going spat over US tariffs on

Indian steel and aluminium. “The call was very positive,” Prabhu said in an interaction with the media on August 8, adding that India wanted to develop good relations with all whether it is the US, the EU, the ASEAN or China. Prabhu, who launched a mobile app for exporters - ‘Niryat Mitra’ -- developed by the Federation of Indian Export Organisations, said his Ministry was ready with the strategy for increasing India’s exports by \$100 billion. “We have done market research on potential items and destinations,” Prabhu said, adding that the focus would be on diversification. India threatened the US with retaliatory duties on import of 29 items after Washington imposed penal duties of 25 per cent on steel and 10 per cent on aluminium from the country. New Delhi recently put off the date of implementation of the retaliatory duties by 45 days and the two sides are in talks to sort out the issue.

10. Big payday ahead for investors as CCI approves Walmart-Flipkart deal

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

Clearing the way for global retail giant Walmart to enter India’s e-commerce market, the Competition Commission of India (CCI) has approved its \$16 billion deal to buy a 77 per cent stake in Flipkart. “CCI India approves the proposed acquisition of Flipkart Private Limited by Wal-Mart International Holdings, Inc,” the regulator broke the news on Twitter. The competition monitor took almost three months to give the final approval to the deal, which witnessed protests from trade bodies, retailer associations as well as political organisations. The CCI has investigated the deal for three months. That included studying the concerns of organisations such as Confederation of All India Traders and Swadeshi Jagran Manch, among others. With this clearance, Flipkart’s main investors and one of the founders, Sachin Bansal, are set to make anywhere between \$100 million and \$2.5 billion. Bansal, who exited the company when the deal was struck, would earn a little over \$1 billion for his 5.5 per cent stake in the firm.