

## Daily Economic News Summary: 25 April 2017

### **1. Arun Jaitley says 7-8 per cent growth 'absolute normal' for India**

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

Finance Minister Arun Jaitley today said India will continue to grow at 7-8 per cent rate, an 'absolute normal' for the nation under the current global environment. Jaitley said as far as the economy is concerned, all the decisions taken by the Modi-Government are consistently in one direction. "The aspirational class in India has become very large and therefore, through the decision making of the government there is a popular support. Election results have indicated that. "Most important decisions as a result of this pressure of public opinion are also finally resulting in decisions with larger political support," said the minister who is on an official visit here. "My own impression of the Indian economy today is that under the current global environment, certainly the 7-8 per cent range is the absolute normal that we have." All our economic parameters in terms of fiscal prudence, fiscal deficit, current account deficit, inflation control, I think the figures have been quite encouraging. They have never been so good as far as India is concerned," he said while speaking at the Council on Foreign Relations.

### **2. Modi government plans major policy push to promote e-vehicles**

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

India will soon embark on an ambitious programme aimed at switching most, if not all, of its vehicles to battery power by 2030. In an audacious move worthy of Elon Musk, the key to the plan's success will be the eschewing of subsidies driven by a battery leasing strategy. The scheme, which kicks off in the next few months, includes limited tax breaks for manufacturers and the sale of vehicles without batteries to improve affordability, said a senior government official with knowledge of the plan. The strategy is in marked contrast to the approach of most countries including the US, Japan and China, which have earmarked billions of dollars in subsidies for electric vehicles and have advised India against schemes that aren't funded this way. India, however, is forging ahead with its contrarian strategy that will start with public transport in the first phase, said the official cited above. Indian Institute of Technology-Madras professor Ashok Jhunjhunwala will spearhead the programme, he said. While Indian manufacturers are keen on

being part of the initiative, most of the overseas ones favour hybrid technology, said the official cited above. Two-wheelers, three-wheelers and non-air-conditioned city buses made by automobile companies in India will be sold without batteries as part of the plan, thus slashing prices by as much as 70%. The batteries will be leased at a specified cost and can be swiftly swapped with recharged ones at stations, he said. "The private vehicles will be the last lap of the scheme. We expect the programme to start scaling in three years. The programme is in the final stages of drafting," the official said.

### **3. The unintended consequence of low solar tariffs**

**Source: Live Mint ([Link](#))**

India's race to the bottom for solar power prices has resulted in some unintended consequences. These range from some electricity distribution companies (discoms) wavering on signing power purchase agreements for projects awarded at higher tariffs to postponement of some tenders, according to consulting firm Bridge to India. The latest milestone was the new record low tariff of Rs3.15 per kilowatt hour (kWh) quoted by France's Solairedirect SA at the auction of a project in Andhra Pradesh on 12 April. This is expected to fall further during bidding for 750 megawatts of solar power projects in Bhadla, Rajasthan. "Solar tariffs in the sub-INR 3.50/ kWh (US¢ 5.4) range should provide huge demand boost for solar power in the long run but ironically, lower tariffs have led to unique challenges in the short-term. Central and state governments are reconsidering their procurement policies leading to postponement of some tenders. Meanwhile, some DISCOMs, having completed auctions with higher tariffs (notably Jharkhand and Odisha), are now having second thoughts on signing PPA's," Bridge to India wrote in a 24 April note.

### **4. Shenzhen Stock Exchange to facilitate Indian tech startups' access to Chinese investments**

**Source: Live Mint ([Link](#))**

The China-based Shenzhen Stock Exchange is creating a platform which will facilitate access of Chinese capital for Indian fin tech companies and technology based startups. The Tech 2.0 platform which already exists for Chinese companies will now be extended for new generation of Indian tech companies—called as Cross-border Capital Services Platform. The platform will be operated by Shenzhen Securities Information Co., Ltd, a wholly owned subsidiary of Shenzhen Stock Exchange. The Shenzhen Stock Exchange (SZSE) is the largest in China by trading volume,

with average daily turnover of about \$50 billion in 2016. Officials of the exchange, including its Chairman Wu Lijun were in India last week for a roadshow to showcase Indian companies to Chinese investors. While, speaking to Mint exclusively Huiqi Pei, head of international department, Shenzhen Stock Exchange said that India is their first market for ‘such’ cross border funding. “China and India are often depicted as the “world factory” and “world office”, both of which are indispensable segments in global value chains. Economic cooperation of the two most populous countries will form the most competitive production base and most attractive consumption markets. Yet the mutual investment between the two sides is by now not as active as it should have been,” said Pei.

### **5. GST great illustration of cooperative federalism: Modi**

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

Prime Minister Narendra Modi today said the consensus on Goods and Services Tax (GST) reflects the spirit of ‘one nation, one aspiration, one determination’. “The consensus on GST will go down in history as a great illustration of cooperative federalism. GST reflects the spirit of ‘One nation, One aspiration, One determination’,” an official statement quoted Modi as saying. The Prime Minister was delivering his opening remarks at the third meeting of the Governing Council of the Niti Aayog. According to the statement, the Prime Minister also said GST shows the strength and resolve of the federal structure. Modi gave credit to all the chief ministers for coming on one platform for GST, keeping aside ideological and political differences.

### **6. IBM looks to deepen engagements with products start-ups in India**

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

Although a late entrant into the start-up ecosystem engagement space, IBM has started working with 1,000 product start-ups in India as a part of its Global Entrepreneur Programme. The company is currently in the process of selecting 100 from that list to forge deeper levels of engagement with; a number that it is looking to double in the next 12 months. IBM veteran, Nipun Mehrotra, who was appointed Chief Digital Officer for India and South Asia, effective January 1, told *BusinessLine* that he is looking to foster deeper engagements with 200 start-ups in the next 12 months and is targeting 200 customer wins on the IBM marketplace through its start-up

engagements over the next 12 months. As the business head of the newly formed 'Digital Business Group,' with a team size of a couple of 100 executives in India, Mehrotra is responsible to help transform the way IBM engages and partners with the tech ecosystem comprising start-ups, academia, developers and investors and lead IBM's customers in their digital transformation journey in collaboration with the tech ecosystem. "There are 4,000 product start-ups in India and we are already engaging with 1,000 of them through our partnerships with Kalaari Capital and Indian Angel Network, which helped us reach start-ups. Last year, I started off by opening up all of IBM Labs in seven locations including Mumbai, Delhi, Pune, Hyderabad, Visakhapatnam to start-ups. This year, we are accelerating that effort by taking start-ups to customers for meaningful interactions at our client centres, Labs, and IBM garages," said Mehrotra.