

Daily Economic News Summary: 26 May 2017

1. India, Japan come up with AAGC to counter China's OBOR

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

India on Thursday launched a vision document for Asia-Africa Growth Corridor (AAGC) at the ongoing African Development Bank meeting in Gujarat. The initiative, which comes amid China's mega One Belt One Road project to connect Asia with Africa, is a joint vision of Prime Minister Narendra Modi and his Japanese counterpart Shinzo Abe. It aims for Indo-Japanese collaboration to develop quality infrastructure in Africa, complemented by digital connectivity. The AAGC, based on India's decades old goodwill in Africa and Japan's financial resources, aims to be an efficient and sustainable mechanism for linking economies, industries and institutions, ideas and people among, and between, Africa and Asia in an inclusive fashion. There is still vast and untapped potential among, and in between, Asia and Africa, which needs to be explored for shared growth, development, peace, prosperity and stability of these regions, officials said. "The AAGC would consist of four main components: development and cooperation projects, quality infrastructure and institutional connectivity, capacity and skill enhancement and people-to-people partnerships. These four components are complementary to promote growth and all round development in both the continents," the document said. The meeting in Gujarat was attended by two presidents and one vice president from Africa. The AAGC initiative is part of Indo-Pacific freedom corridor being put in place by India and Japan with an eye on counterbalancing China's OBOR.

2. Modi, Putin to release joint vision document during PM's Russia visit in June

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

Prime Minister Narendra Modi is expected to release an ambitious joint vision document with President Vladimir Putin, during his visit to St. Petersburg on June 1-2, to tap unrealised potential in India-Russia economic partnership over the next few decades. Officials said the vision document will outline plans for Indo-Russian economic cooperation in the coming decades. The areas under focus, they said, include Indian pharmaceutical plants in Russia, long-term leasing of agricultural land in Russia's Far East, export of automobile components from India and entry of

new Indian textile players in Russia. The list also includes heavy engineering under the Make in India initiative, investments by leading Indian IT firms in Russian tech parks, entering infrastructure market in Russia, collaboration in mining and metallurgy sector, and joint collaboration in the Arctic sector. India and Russia have in the past few years decided to expand bilateral ties beyond defence. In 2014, Modi and President Putin set a target of \$30 billion bilateral trade by 2025. Bilateral trade in 2015 amounted to just \$7.83 billion, with Indian exports amounting to \$2.26 billion while imports from Russia were worth \$5.57 billion.

3. PM Narendra Modi's 4-nation visit: Terror, investment to be prime focus of tour
Source: Financial Express ([Link](#))

Bolstering counter-terror cooperation and highlighting India's economic reforms to woo investment will be high on the agenda of Prime Minister Narendra Modi's six-day visit to Germany, Spain, Russia and France beginning May 29. In Russia, Modi is likely to take up with President Vladimir Putin India's concerns over China's ambitious Belt and Road initiative, besides exploring ways to further boost ties in defence and civil nuclear sectors. Asked whether India and Russia will be able to finalise the General Framework Agreement (GFA) for units 5 and 6 of the Kudankulam nuclear power plant, Joint Secretary in the External Affairs Ministry's Eurasia division G V Srinivas only said it is "work in progress" and added, "I do not want to steal the thunder of the meeting." On whether Indo-Russia ties are losing warmth, Srinivas cited the strategic partnership between the two countries and holding of annual Summit between their leadership in the last 18 years, besides signing of pacts in March for long-term maintenance for Russian origin Su-30MKI fighter jets of the Indian Air Force. In the Summit talks to be held in St Petersburg, Modi and Putin are expected to review the entire gamut of India-Russia bilateral relations and the progress made since the last Summit held in Goa on October 15, 2016. It is the first time that the annual Summit will be held in Russia outside Moscow...The prime minister will be in Paris on June 2 and 3 where he will hold official talks with French President Emmanuel Macron with a view to further strengthening India-France strategic ties. This is Modi's first meeting with Macron, who was elected as the French president earlier this month.

4. India to fund river dredging in Bangladesh to ease cargo movement to North-East

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

As part of the India-Bangladesh cooperation for inland water transport, India will finance 80 per cent of the estimated ₹220 crore required for dredging to maintain navigability in the Sirajganj-Daikhawa on the Jamuna Ashugunj-Karimgunj stretch of the Kushiya river in Bangladesh. The Jamuna is the local name of the Brahmaputra in Bangladesh. The Kushiya is known as the Barak River in India. Both the stretches are part of the India-Bangladesh protocol routes. Dredging will help improve cargo movement from Kolkata to North-East through Bangladesh. According to Pravir Pandey, vice-chairman of Inland Waterways Authority of India (IWAI), the tender for dredging will be floated by Bangladesh Inland Waterway Transport Authority (BIWTA) and only Indian and Bangladeshi companies can take part in the tender. India signed an MoU for fairway development across the stretches with Bangladesh during the visit of Bangladeshi Prime Minister Sheikh Hasina in Delhi last month...India is already developing the Varanasi-Kolkata stretch, called NW (National Waterway)-1 as a fairway at an estimated ₹5,369 crore under World Bank assistance. Post development vessels capable to carry 1,500 to 2,000 tonnes of cargo can travel through the stretch round the year.

5. India might have to reduce \$900-bn export target by 2020, says FIEO

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

India may have to reduce its target of exporting \$900 billion worth of goods by 2020, as the current growth rate doesn't support the target, the Federation of Indian Export Organizations (FIEO) said. The target is part of the current Foreign Trade Policy (2015-2020), which is currently undergoing its mid-term review. Senior government officials had earlier said the figures could see a downward revision. Addressing the press on Thursday, FIEO Director General Ajay Sahai said exports would need to grow at a compound rate of 27 per cent annually till 2020 for the existing target to be reached. "With global trade growth forecasts still slow at 2.4 per cent, I'm expecting a compound growth of 15 per cent annually for India's exports", Sahai said. This will allow total exports to reach a cumulative \$700-750 billion by 2020, he added. The industry body forecasts further challenges for exporters, expecting continued appreciation of the rupee in the near future. At the same time, further depreciation of currencies of major competitors is expected.

6. PM Narendra Modi should come out with white paper on economy: Congress

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

Ahead of the NDA government's third anniversary, the Congress today demanded that Prime Minister Narendra Modi comes out with a white paper on the state of the economy and makes public the GDP numbers as per old formula besides details of those given jobs in last three years. AICC senior spokesperson Anand Sharma hit out at the government for its "publicity spree" over the "MODI Fest", alleging that the BJP was opening the vaults of the treasury to further the "personality cult" of the prime minister and has spent over Rs 1,500 crore from the central funds. He also described the Indian economy as "sluggish" and the country's growth "flat" with no investments coming in and investment and bank saving rates and non-agricultural bank credit off-take all plummeting. "We demand that government comes out with a White Paper on the state of the economy and makes public the GDP figures as per old formula. "We also dare the prime minister to make public the details of the people who have been given jobs by his government during the three years of the BJP rule at the Centre," he told reporters here.

7. Government eyes Made in India Li-ion batteries to lower costs of EVs

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

The government is contemplating incentivising manufacturers to set up facilities for making lithium-ion batteries in India to lower the cost of electric vehicles, a move likely to discourage Chinese car makers seeking to enter the market. Elaborating on the plans to develop low-cost lithium-ion batteries in India, Union Heavy Industry Minister Anant Geete said efforts are being made to remodel the battery made by Indian Space Research Organisation so that it can be used in electric vehicles. "We are trying to establish a manufacturing facility with Bharat Heavy Electricals Limited entailing an investment of Rs 100 crore. Maruti also wants to invest Rs 2 lakh crore for manufacturing lithium batteries," Geete told PTI. He said the government is also mulling over incentives for domestic car makers, who invest in setting up facilities to manufacture lithium-ion batteries in India. The government is aggressively trying to push the sales and production of electric vehicles in the country through schemes such as FAME India, which may have caught the

fancy of Chinese automobile manufacturers such as BYD and SAIC who are already investing heavily in electric technology.

8. China still ahead of India in population count: experts

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

Indian demographers on Thursday refuted the contention that India has already dislodged China as the most populous country in the world. Yi Fuxian, a China born scientist at the University of Wisconsin-Madison in the US, had made claims about the shrinking of Chinese population. While it is for China to confirm or rebuff what Yi said, India is on track to stabilise its head count, the experts said. Participating in a seminar at Peking University on Monday, Yi, an ardent critic of China's population control measures, said Chinese authorities overestimated the number of births in China between 1990 and 2016. The number might have been 90 million less than what Beijing had officially estimated, he was quoted as saying by international media. Yi argued that if this error is corrected, the population of China would come down to close to 1.29 billion, against the official figure of 1.37 billion released by the National Bureau of Statistics. This, he said, would be less than that of India, which is estimated to be over 1.3 billion currently. "We are no one to talk about what exactly is the Chinese population count," said Kameshwar Ojha, Additional Registrar General of India. The Chinese authorities challenged Yi's data, arguing that the fertility rate in China is 1.7 children per woman, much higher than the 1.05 per cent he quoted.