

## Daily Economic News Summary: 11 May 2017

### **1. India, US business leaders to brief Nancy Pelosi on ways to boost ties**

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

A US congressional delegation led by top Democratic leader Nancy Pelosi will be briefed by American and Indian business leaders here tomorrow on the ways to strengthen the commercial relationship between the two countries. The US-India Business Council (USIBC) will host a reception in honour of the bipartisan congressional team from the US House of Representatives here. Pelosi has been critical of some of the policies of the Trump Administration in the past. Trump last month signed an executive order for tightening the rules of the H-1B visa programme to stop its "abuse" and ensure the visas are given to the "most-skilled or highest paid" petitioners, a decision that is seen to impact India's \$150 billion IT industry. "The fact that leader Pelosi is taking a bipartisan delegation to India underscores the importance of the US-India bilateral relationship," a statement issued by the USIBC said. "The delegation will be briefed by the US and Indian business leaders on the opportunities for strengthening the commercial relationship between the countries."

### **2. Bahrain takes its investment story to India Inc**

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

Pitching Bahrain's tax-free credentials, a key delegation of the Middle-East today sought to impress upon the Indian business the importance of investing in the country. The call is part of broader efforts to up bilateral trade. "Industrial loan in Bahrain can be as low as 5 per cent in the long term, but one has to be present there to discuss the possibilities," Al-Hilal Group Chairman Anwar Abdulrahman, who led the business team, said while interacting with reporters and business delegates here. The Al-Hilal group is one of the Middle-East's leading publishing and marketing bodies. Urging the Indian corporates to invest in Bahrain, he said: "Our society is tax free, there is no taxation system at all... We have advisers who will advise the companies that want to invest in our country. We are also here to invest, it's a two-way traffic." The total trade between the two countries has been on a downhill since 2011 — USD 919 million in 2014-15 from USD 1.3 billion.

### **3. New manufacturing policy to come by September; Nirmala Sitharaman says ‘Jobs to be the focus’**

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

India’s manufacturing policy will soon be overhauled with the objective of creating more jobs in an environment where technology is rapidly replacing labour, commerce & industry minister Nirmala Sitharaman said on Tuesday. “If some high-end jobs are going to be displaced in the wake of Industry 4.0, the new policy must address how to redeploy such workers elsewhere,” Sitharaman observed. The new manufacturing policy will be rolled out in September to coincide with the third anniversary of Make in India and will aim to take the share of manufacturing to a fourth of GDP from the current level of 16-17%. “It’s appropriate that, like Germany, we have a novel and modern industrial policy,” the minister said, adding the idea would be to make India a manufacturing hub. Sitharaman believes this is the time to trim some existing policies, recast some and add some. By one estimate, 1 million persons across the country enter the workforce every month. India’s manufacturing sector clocked a negative 2% year-on-year growth in February on the back of a tepid 2.9% y-o-y rise in January and a contraction of 1.7% y-o-y in December in the wake of weak demand. Sitharaman said the new policy would exploit synergies between elements in Digital India and Skill India keeping in mind the increasing automation at factories. Simultaneously, the NDA government’s start-ups initiative too will be tweaked with a view to creating more jobs. “Foreign players now feel they can set up businesses in India; FDI inflows have picked up,” the minister said, pointing out the states had improved delivery systems prompted by the ease of doing business initiative.

### **4. Start-up scheme: Bio-tech firms to get relaxation of 3 more years for eligibility**

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

Bio-technology firms are likely to soon get a relaxation of an additional three years in the eligibility criteria for being recognised as start-ups. The Department of Bio-technology (DBT) has sent a formal proposal to the Department of Industrial Policy and Promotion (DIPP) stating that the requirement of registration of entities not prior to five years should be extended to eight years for bio-tech firms as their gestation period is more than other sectors. “This seems to be acceptable to DIPP and there may be changes in the rules soon,” a government official told *BusinessLine*. The change in the duration criteria for bio-tech start-ups is likely to be a part of the overall changes in

the definition of start-ups that the DIPP is planning to bring about. “The DIPP is planning some relaxation in the general definition of start-ups. Changing the duration for bio-tech start-ups may be part of the overall package,” the official added. The current definition stipulates that a start-up means an entity incorporated or registered in India not prior to five years and not having a turnover in excess of ₹25 crore in any preceding financial year. The third criteria is not of innovation. “Bio-tech is the only sector that would have specific changes in the start-up eligibility criteria. No other sector at present would get a special dispensation. However, if there are changes in the overall definition, it would be applicable to all,” the official said.

### **5. Banning prescription of brands will kill industry, pharma lobby tells PM**

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

The government’s decision to make it mandatory for doctors to prescribe medicines using their generic names would “kill the pharmaceutical industry”, the Indian Drug Manufacturers’ Association (IDMA) wrote in a letter to Prime Minister Narendra Modi. IDMA explained that the move might pose serious problems as chemists are not adequately qualified to dispense the right product. “There will be a huge loss of employment for both technical and non-technical personnel in the Indian pharmaceutical industry,” it said. Pharma companies have started thinking against hiring sales personnel or medical representatives as there would be no brand to market once the prescription of generic names becomes compulsory. It is feared that sales representatives will become redundant. “We request both the branded and generic products be co-prescribed so that a doctor can exercise his right to show his preference for a brand and a patient can decide whether to buy the brand or generic version,” the letter said, adding the prescription of generics would push chemists to sell medicines that suit him the best. They might push those that yield him better profits. Leading pharmaceutical companies have at least 3,000 representatives.

## **6. India to import LPG from Iran to meet rising demand**

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

India has for the first time ever signed a contract to import LPG from Iran as it looks at additional sources of cooking fuel to meet rising domestic demand. State-owned oil firms will import one very large gas carrier (VLGC), or 44,000 tonnes, per month for an initial six-month period, industry sources said. India imports almost a million tonnes of LPG every month to meet rising demand that has been further fuelled by the government drive to give free gas connections to poor women. LPG consumption in 2016-17 rose 9.8 per cent to 21.55 million tonnes. Of this, 11 million tonnes came from imports. India mainly imports LPG via term contracts from major Middle Eastern producers Saudi Aramco, Qatar's Tasweeq, Abu Dhabi National Oil Co and Kuwait Petroleum Corp. Sources said LPG imports will rise over the next three years to 16-17 million tonnes as the government pushes for making available cooking gas cylinders to the poor and wean them off polluting fuels. The country is looking to import LPG from Bangladesh. India had imported 8.8 million tonnes of LPG in 2015-16. Imports last year made India the world's second-largest importer of liquefied petroleum gas (LPG), behind China. It overtook Japan, which imported 10.6 million tonnes.

## **7. Food retail reforms: Narendra Modi government mulls relaxing FDI rules**

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

The government is considering a proposal to ease foreign direct investment (FDI) guidelines in the retailing of food products to allow a certain percentage of locally-produced non-food items along with the edible products. Food processing minister Harsimrat Kaur Badal told FE her ministry has suggested that a foreign retailer be allowed to sell locally-produced non-food items worth 25% of its investments at the farm-gate level. However, a final decision will likely be taken after comprehensive consultations among ministries, including commerce and industry, food processing, and finance. The move to relax the rule comes after several global retailers such as Walmart, Tesco, Metro Cash and Carry and Auchan Group conveyed to the government their willingness to set up shops here, provided the rules are relaxed to add more items to the shelves, official sources had told FE early last month. Even a Brazilian retailer is learnt to be exploring

opportunities to invest in India with a local partner. Although these retailers haven't submitted details of investments that they may make in India, the food processing ministry believes potential investments could be as much as \$5-10 billion if rules are suitably relaxed. According to the food processing ministry proposal, if a foreign retailer invests, say, 20% of its total FDI in setting up infrastructure at the farm-gate level, it would be allowed to sell locally-produced non-food items worth 5% of the total FDI, along with the food items that must have been manufactured in the country.

#### **8. India to pump Rs 10,000 crore in Deep Sea Mission**

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

India has embarked on an ambitious Rs 10,000-crore Deep Sea Mission, likely to commence by the year end, to explore and mine mineral wealth beneath the ocean floor, a top government official said here today. Ministry of Earth Sciences secretary Madhavan Nair Rajeevan said here today that the Rs 10,000-crore project was an interministerial and interdisciplinarity project. "It is expected to begin from end of the year year," Nair said. Speaking on the sidelines of a programme to mark the commencement of ship building by Titagarh Wagons Ltd, he said that a cabinet note on the project was under preparation. Rajeevan said India was open for technical tie-ups with several countries in this regard. He said that the mission intended to harness the ocean's resources in a 'responsible way' and could turn out to be a transformative step for the prosperity and security of the nation. The project would have a huge impact for the benefit of the country's deep ocean energy, deep sea fishing and minerals among others, Rajeevan said. The sea water desalination project of Rs 2,000 crore at Chennai coast is also taken up under the mission that aims to eliminate potable water problem for the city.