

## Daily Economic News Summary: 12 July 2017

### **1. India becoming more attractive to foreign firms: Chinese daily**

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

India is becoming more attractive to foreign firms but its path of reforms, including the implementation of the GST, will not be easy, an article in a state-run Chinese daily said today. "As low-cost manufacturing is gradually moving away from China, it is now critical for India and even the world whether it can replace China as the next world's factory, an article in the Global Times said. The Indian government has rolled out "aggressive reforms" aimed at unifying the country's market, which is very attractive in the eyes of international investors, even though there are huge challenges such as poor infrastructure and difficulties in policy implementation across different states, the article opined. Referring to the commitment by Foxconn and Midea to invest in India, it said these investments are coming close on the heels of India's decision to implement the Goods and Services Tax (GST), the country's biggest tax reform since its independence in 1947.

### **2. India gets G20 praise on startup funding, derivative reforms**

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

Acknowledging steps being taken by India for sustainable and inclusive growth as well as support to global economy, the G20 has praised the initiatives in the country for promoting ease of doing business, startup funding and labour reforms. In its Hamburg Action Plan, adopted at the G20 Summit of leaders from the world's 20 largest economies, the group also noted that "in the financial sector, India is popularising a number of derivative instruments in exchanges or electronic trading platforms" as part of measures to enhance resilience of its economy. It further said India is facilitating external commercial borrowings (ECBs) by startups in order to encourage innovation and promote ease of doing business, as part of the efforts being taken by the G20 members this year for maintaining momentum on structural reforms and sustainable growth...The areas where India ranks poorly as per the World Bank ranking include starting a business, dealing with construction permits, registering property, paying taxes, trading across borders, enforcing contracts and resolving insolvency.

### **3. Lack of private participation hindering mineral exploration: Piyush Goyal**

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

Mineral exploration in India is currently constrained due to lack of private sector participation, Union minister Piyush Goyal said today. A public private partnership could be tried out to give a fillip to mineral exploration, Goyal, the Minister of State (Independent Charge) of Power, Coal, New & Renewable Energy and Mines, said...he said, "the time is ripe to reflect on where we had gone wrong" while suggesting setting up of a committee comprising young mining aspirants to develop a position paper to speed up exploration activities...Seeking to address industry concerns, Goyal said that high value, strategic and import substitution minerals were the priority for exploration for making India self-sufficient in minerals.

### **4. Despite policy support, green energy still faces regulatory issues: Icra**

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

Even as policy support and improving cost competitiveness provide strong outlooks for renewable energy in India, the sector continues to face regulatory challenges and viability concerns over falling tariffs, rating agency Icra said in a report on Tuesday. "The long-term demand outlook for renewable energy (RE) is strongly aided by favourable policy support from the Government of India and the state governments of key states; as well as an improving tariff competitiveness of wind and solar power," the report said. "On the flip side, the sector continues to face regulatory challenges related to renewable power obligations (RPO) norms and its compliance, continuing delays in payments from distribution utilities and risk of forced back down by the utilities in a few states," the report said. The report pointed out that delays in payments from state utilities remained significantly high, especially towards independent power producers (IPPs) from wind as seen in the case of Rajasthan, Tamil Nadu and Maharashtra.

### **5. Restrictions likely on import of items that hit local companies**

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

India is looking to impose restrictions and standards on products where imports have replaced domestic production, an attempt to give a push to 'Make in India' programme and reduce the widening trade gap. The commerce department has instructed various ministries to analyse data and compile lists of products which are being produced domestically but losing market share to imports. The Bureau of Indian Standards (BIS) has been assigned the task of setting standards that will have to be

met by imported goods as well as goods manufactured in the country. "We need to do an analysis of the deficit before putting any technical restrictions because there are certain areas where we do not have domestic production," said an official aware of the development. Medical devices, solar cells, ceramics, plastic wares and toys, among other products, may be subjected to mandatory standards in the future as the government attempts to control India's large trade deficit... Besides keeping the trade deficit in check, the move will help make the domestic industry more competitive since it will also have to comply with the same norms. "Consumers will benefit only if the domestic industry adopts those standards. The success of this exercise will depend on what standards are set and how much time companies take to abide by them," said an industry expert.

#### **6. India to become largest milk producer in 2026: Report**

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

India, projected to be the most populous country over the next decade, will be the world's largest milk producer by 2026 and will account for the biggest increase in wheat production globally, according to a report by the UN and OECD. The OECD-FAO Agricultural Outlook 2017-2026 said the world's population will increase from 7.3 to 8.2 billion over the course of the next decade with India and Sub-Saharan Africa accounting for 56 per cent of total population growth. India's population will grow from 1.3 billion to 1.5 billion, an increase of almost 150 million. India will overtake China and is projected to be the most populous country in the world by 2026. The report said that given their strong population growth, India and Sub-Saharan Africa will also drive a large share of global demand.

#### **7. Procurement through e-market platform has cut prices by 20-30%: Sitharaman**

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

Procurement through the Government e-Market (GeM) platform has led to a 20-30 per cent reduction in prices compared to before, Commerce & Industry Minister Nirmala Sitharaman has said. The Central and state governments procure goods and services worth over ₹5 lakh crore annually, and the GeM could help in saving a considerable amount of tax payers' money, the Minister said at a national consultative workshop for states on Tuesday. "If that is the quantum of taxpayers money being spent on procurement of goods for the government, there needs to be an open and transparent process and, therefore, bringing it on board a platform like this (GeM) is absolutely important," she

said. Five states and a union territory, including Gujarat, Arunachal Pradesh and Telangana, inked MoUs with GeM on Tuesday for smart procurement of goods and services.

## **GST SPECIAL**

### **8. Government to keep an eye on price rise & GST glitches**

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

Keep an eye on price rise and shortage of any commodity, report immediately in case of software glitches and complaints from traders, and file weekly reports by Sunday – this is a fresh directive to all central ministries from cabinet secretary PK Sinha, who has initiated a mechanism to keep ground level checks on the implementation of the goods and services tax regime. Sinha has written to secretaries of all ministries to put in place a grassroots mechanism to report price rise post-GST, software glitches, trader complaints, shortage of commodities and stakeholders who still have not switched to the new taxation regime. “To make the transition smooth and painless for the general public as well as for the traders, it is essential that all the government functionaries constantly obtain and analyse feedback from ground level and take corrective steps wherever necessary,” the letter said...The government’s concern over price rise is evident in the detailed proforma circulated. It seeks minute details and poses specific questions such as the position of prices of the products of the sector pre-GST and post-GST.

### **9. Government ropes in Deloitte to rank states on logistics**

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

The commerce ministry has roped in Deloitte to rank states on their performance on logistics. The global consulting firm will formulate indicators which will reflect issues such as truck stoppages, anti-competitive practices and role of intermediaries affecting exports. Efficiency in processes, ease of arranging logistics, quality of infrastructure, adherence to timelines, competence and quality of logistic operators will be the key indicators. "The idea behind state-level logistics indicators is to look at the hinterland issues ... things like truck stoppages and detentions that goods face before reaching ports," a commerce department official said. In the next six months, Deloitte will survey production clusters and inland container depots and submit a report to the government..."Exporters will be surveyed to see if the check posts in 22 states have been removed," the official added. Post the roll

out of Goods and Services Tax, these states had abolished check posts which were used to scrutinise consignments, which often led to delays.

### 10. A quick assessment of first 9 days under GST

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

The first nine days of the Goods and Services Tax has been a mixed bag for industry: General optimism about the eventual gains from the reforms, some efficiency gains and worries about the transition, particular in industries which have scattered, unorganised sections in the value chain. GST has meant different things to different trades. In traditional industrial hubs like Bareilly where small and micro enterprises abound, entrepreneurs are looking for accountants to help them comply with GST on zari work and kite making, with some fearing that information about their wealth may leak to local goons. In India's biggest knitwear hub of Tirupur, which boasts of annual exports of Rs 25,000 crore, foreign buyers are asking for price cuts after GST but local suppliers say input costs would rise. Some even fear imports would become cheaper. The most fierce opposition is from the textiles trade in Gujarat, where traders have refused to register with GST authorities and clashed with police during protests. But in Malegaon, the textiles trade is remarkably silent and playing a wait-and-watch game although it is as upset with GST as the agitating traders of Surat.

### 11. Niti Aayog ranks states on socioeconomic parameters

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

**STATE OF STATES**

## PLAYING CATCH-UP

NITI Aayog presented rankings of states on various socioeconomic parameters at the conference of chief secretaries of states on Monday. Officials say this would give states a scorecard whereby the laggard states get to know the kind of catching up they need to do

Source: NITI Aayog  
Compiled by  
Indvijal Dhasmana

<p><b>EASE OF DOING BUSINESS</b></p> <table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"> <b>BEST PERFORMING</b></td> <td style="text-align: center;"> <b>WORST PERFORMING</b></td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>■ Andhra Pradesh</li> <li>■ Telangana</li> <li>■ Gujarat</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>■ Tamil Nadu</li> <li>■ Kerala</li> <li>■ Assam</li> </ul> </td> </tr> </table>	<b>BEST PERFORMING</b>	<b>WORST PERFORMING</b>	<ul style="list-style-type: none"> <li>■ Andhra Pradesh</li> <li>■ Telangana</li> <li>■ Gujarat</li> </ul>	<ul style="list-style-type: none"> <li>■ Tamil Nadu</li> <li>■ Kerala</li> <li>■ Assam</li> </ul>	<p><b>NUTRITION</b></p> <table border="0" style="width: 100%;"> <tr> <td style="text-align: center;"> <b>BEST PERFORMING</b></td> <td style="text-align: center;"> <b>WORST PERFORMING</b></td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>■ Kerala</li> <li>■ Goa</li> <li>■ Tripura</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>■ Meghalaya</li> <li>■ Jharkhand</li> <li>■ Bihar</li> </ul> </td> </tr> </table>	<b>BEST PERFORMING</b>	<b>WORST PERFORMING</b>	<ul style="list-style-type: none"> <li>■ Kerala</li> <li>■ Goa</li> <li>■ Tripura</li> </ul>	<ul style="list-style-type: none"> <li>■ Meghalaya</li> <li>■ Jharkhand</li> <li>■ Bihar</li> </ul>
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