

Daily Economic News Summary: 12 October 2017

1. IMF pares India's FY18 growth forecast but sees it regaining 'fastest-growing' title in FY19

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

The International Monetary Fund (IMF) has pared India's growth forecast for FY18, citing the lingering impact of demonetisation and disruption caused by the goods and services tax (GST) but expects a revival as structural reform bears fruit. That will help India win the title of fastest-growing economy back from China. The Indian economy will grow 6.7% in FY18 against 7.2% estimated earlier, according to the latest edition of the IMF's flagship World Economic Outlook. FY19 growth is pegged at 7.4% against 7.7% estimated earlier. This comes as global growth is set to pick up pace and China expands faster at 6.8%, marginally ahead of India.

2. Srei Group signs MoU with New Zealand based CBL Corporation

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

Srei Group, part of the Kanoria Foundation, has entered into a memorandum of understanding (MoU) with New Zealand's CBL Corporation to set up a 50:50 joint venture to offer surety and guarantee products in India. This first of its kind joint venture will offer performance guarantees and sureties to its customers in India for participating in projects in the infrastructure and allied sectors. This unique offering will reduce working capital needs of the players and facilitate project completions without delays, and allow them to grow their businesses.

3. India could provide universal basic income of Rs 2,600 a year: IMF

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

The International Monetary Fund (IMF) estimates India could provide a universal basic income (UBI) of Rs 2,600 a year to every person if it eliminates food and energy subsidies. In its 'Fiscal Monitor – Tackling Inequality', the IMF has discussed UBI, "a proposal that has been widely debated recently

and is being tested in several countries”, devoting extensive space to its case for India. The calculations are based on 2011-12 data and would therefore need to be adjusted for sharp decline in fuel subsidies under the NDA government and better targeting of other subsidies through Aadhaar that has reduced overall subsidies.

4. Demonetisation, GST have put economy on stronger track: Arun Jaitley

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

Finance minister Arun Jaitley has defended the government's decision to maintain secrecy over demonetisation, saying transparency in this case would have been the “greatest instrument of fraud”. Jaitley, on a week-long visit to the US to attend annual meetings of the International Monetary Fund and the World Bank, said the series of reforms like demonetisation and Goods and Services Tax (GST) has put Indian economy on a “far more stronger track”. “These are institutional reforms. These are structural changes. And these structural changes, I think have put the Indian economy on a far more sound track so that we can look forward for a much cleaner much bigger India economy in the days and years to come,” Jaitley said, addressing the students of Columbia University in New York.

5. Dhoot Transmission inks pact with US firm to make electronic switches for vehicles

Source: The Hindu Businessline ([Link](#))

Dhoot Transmission, an Aurangabad-based wiring harness firm, has entered into a joint venture agreement with Connecticut-based Carling Technologies to manufacture and sell electro-mechanical and electronic switches in India. The financial terms of the deal were not disclosed. Carling Technologies, a world leader in manufacturing of switches for commercial vehicles, off-roading and farming vehicles, has facilities in Mexico and China. “This is a new domain for us and this deal will help us move into the automobile space in India, which is currently being dominated by Mindas. We intend to supply to global through Carling’s marketing channels, while the JV will be supplying two-

wheeler switches directly to global OEMs,” said Rahul Dhoot, Managing Director, Dhoot Transmission.

6. Tata Steel buys Rio Tinto’s smelter technology to cut cost, emission

Source: The Hindu Businessline ([Link](#))

Tata Steel has acquired a new smelter technology and its intellectual property rights from Rio Tinto, one of the leading global iron ore mining companies, for an undisclosed amount. The newly acquired technology along with Tata Steel's existing innovative HIsarna technology has the potential to reduce use of energy and carbon emissions by at least 20 per cent and bring down steel-making cost through use of lower priced raw materials, including steel scrap. Tata Steel has tested the HIsarna technology at its IJmuiden steelworks in the Netherlands. HIsarna consists of a reactor into which iron ore is inserted from the top. The ore is liquefied in a high-temperature cyclone and drips to the bottom of the reactor. When powdered coal is injected into the reactor, it combines with the molten ore to produce pure liquid iron and CO₂ (carbon dioxide).

7. Ajay Narayan Jha will be the next Expenditure Secretary

Source: The Hindu Businessline ([Link](#))

The government on Wednesday shuffled 13 key bureaucrats at the Secretary and Additional Secretary ranks. An official statement said that 1982 batch IAS officer of the Manipur Cadre, Ajay Narayan Jha has been appointed as the Officer on Special duty in the Department of Expenditure, Ministry of Finance. Jha will take over as Secretary, Department of Expenditure after Ashok Lavasa retires, the statement added. Jha was holding the post of Secretary, Ministry of Environment, Forests and Climate Change. He will be replaced by CK Mishra, the current Secretary in the Ministry of Health and Family Welfare. Mishra will be replaced by 1983 batch IAS officer of the Andhra Pradesh cadre Preeti Sudan.

8. World Bank-aided skilling schemes get the green signal

Source: The Hindu Businessline ([Link](#))

Proposing to shift focus of its vocational education and training schemes from inputs to results, the Cabinet Committee on Economic Affairs has approved two new World Bank supported schemes with a total outlay of Rs. 6,655 crore for livelihood promotion and industrial value enhancement. Skills Acquisition and Knowledge Awareness for Livelihood Promotion or SANKALP is a Rs. 4,455- crore (approximately 669 million USD) Centrally Sponsored Scheme (CSS) including Rs. 3,300-crore loan (496 Million USD) support from World Bank while Skill Strengthening for Industrial Value Enhancement or STRIVE is a Rs. 2,200-crore (330 Million USD) CSS with half of it coming from World Bank as loan assistance, said Dharmendra Pradhan, Minister for Skill Development and Entrepreneurship, addressing a press conference after the CCEA meeting.

9. Direct tax collections jump 16% to Rs 3.86 lakh core in April-September

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

The government's net direct tax collections rose 15.8% to Rs 3.86 lakh crore for April-September, buoyed by healthy growth in advance tax mop-up, the finance ministry said. Personal advance tax climbed over 30%, according to provisional data. The net direct tax collections for the first six months of the financial year constituted 39.4% of the budget estimate of Rs 9.8 lakh crore, the finance ministry said in a statement on Wednesday. Advance tax collections till September stood at Rs 1.77 lakh crore, an increase of 11.5% over the corresponding period a year ago.

10. Suresh Prabhu seeks cut in large farm subsidies of developed countries at WTO meet

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

India has sought a cut in the huge farm subsidies given by developed countries in a move to reduce distortions in global agricultural trade and also raised the issue of protecting its poor farmers'

interests, end hunger and achieve food security at the two day mini ministerial meeting of the World Trade Organisation (WTO) in Marrakech on October 9-10. Commerce and industry minister Suresh Prabhu who led discussions on behalf of the developing world, also reiterated India's commitment to the Doha Round that seeks to put in place a global agreement to lower trade barriers.