

## Daily Economic News Summary: 14 March 2017

### 1. India to host Commonwealth SME summit

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

New Delhi will most probably host a Commonwealth SME (small and medium-sized enterprises) summit in May as the next stage in a bid by the 52-nation association to evolve an ease of trading accord, which is aimed to be formally announced at the Commonwealth Heads of Government Meeting (CHOGM) in London next year. The current Commonwealth trade turnover is in the region of \$700 billion, and the target is to increase this to \$1 trillion by 2020. The Indian High Commission in the United Kingdom estimates India's share of this to be roughly \$120 billion or a noteworthy 17 per cent. The conference will be co-hosted by the London-headquartered Commonwealth Secretariat and the Indian commerce ministry. The announcement was made by Rita Teatia, Union commerce secretary, who attended the two-day inaugural meet in London, which ended on Friday. Minister of State for Commerce Nirmala Sitharaman reportedly could not attend the meet because of the Parliament session. Dinesh Patnaik, India's deputy high commissioner to the UK, said: "The strength of the Commonwealth lies in its SMEs. So an accord as envisioned will give them access to investment and technology." He also tied in the 5 per cent corporation tax reduction granted to SMEs in India in the recent Budget proposals to India's interest in the Commonwealth proposal.

### 2. All cash withdrawals limits to be removed from today

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

All restrictions on cash withdrawals from savings bank accounts will be removed Monday, according to a Reserve Bank of India (RBI) notification that was issued on 8 February. The cash withdrawal limit was on 28 February increased to Rs50,000 per week from the earlier Rs24,000. RBI had on 1 February removed cash withdrawal limits from ATMs. **In a notification**, the RBI had also removed all limits on current account and overdraft accounts with immediate effect. The banking regulator had at that time said that "cash withdrawal limits on savings bank accounts will continue for the present and are under consideration for withdrawal in the near future."

**3. Export based on world demand, not domestic supply: Govt**

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

India needs to rethink on which export items it should focus, says a report authored by a senior advisor in the finance ministry. The author, H A C Prasad, senior economic advisor, says these are his views, not of the ministry. “In 2015, India’s export share in the top 100 world import items at four-digit HS level were more than five per cent in only five items,” says the report. In Value terms, only 1.6 per cent. These include petroleum oils, diamonds and jewellery, sensitive to small price rises in the production or distribution phases. “Similar is the case in different important markets like the US, EU, Japan, etc. Our focus (has been) on exporting what we can (or supply-based). We have to shift to items for which there is world demand and we also have basic competence,” says the report.

**4. Demonitisation had ‘little impact’ on India’s growth: Desai**

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

The government’s move to pull back high-value notes had “little impact” on India’s growth and the economy will continue to grow at 7-8 per cent, eminent economist Lord Meghnad Desai has said. “Demonetisation had small negative effect as the latest estimates show. I predicted this as a small impact... Indian economy will continue to grow at between 7-8 per cent,” the India-origin British politician told PTI. Desai claimed that he had supported demonetisation. “Indeed, I proposed it myself back in 2004. It will not by itself eliminate corruption, but if the government follows it through with action to make large anonymous cash transactions illegal and insist on PAN cards for all large purchases, corruption will be reduced,” the professor emeritus at the prestigious London School of Economics said. Asked if he would ever advise any other economy to undertake such a drastic step as replacing 86 per cent of its currency, Desai replied, “I would advise other economies to try demonetisation, but (go for) better arrangements for introduction of new currency.” The government had last month pegged GDP growth at a higher-than-expected 7.1 per cent for 2016-17 despite the note ban. The Central Statistics Office (CSO) had put the figures for October-December at 7 per cent compared with 7.4 per cent in the second quarter and 7.2 per cent in the first. India’s growth was higher than China’s 6.8 per cent in October-December, 2016.

### **5. India's gold recycling plan fails to tempt households**

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

India's ambitious plan to recycle thousands of tonnes of gold lying idle in temples and households looks to have foundered on concerns over high costs and slight returns, in a blow to the government's hopes of cutting imports of the metal. After 16 months, temples and households have turned over just seven tonnes of gold out of the 24,000 tonnes believed to be in private hands, two industry sources and a government official said, with almost all the gold coming from temples. Families that hold about 80 per cent of the idle gold have largely shunned the scheme, with some four dozen government-approved centres that opened to test purity still to process a single gram of household gold, said Harshad Ajmera, president of the Indian Association of Hallmarking Centres. "You hardly earn anything but you have to do so many things to deposit gold under the scheme. Why should I take all this pain?" said 54-year-old clerk Ganpat Shelke, who considered depositing 50 grams of gold. The struggling scheme was launched with much fanfare by Prime Minister Narendra Modi in November 2015, with India seeking ways to stem the spending of billions of dollars on a non-essential commodity that accounted for 27 per cent of its trade deficit in the year to March, 2016. The country is the world's second-biggest gold importer behind China, buying about 800 tonnes a year for wedding gifts, religious donations and as an investment.

### **5. Google to set up Cloud Region with Mumbai as HQ**

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

As adoption of public cloud increases in India, Google is setting up a Cloud Region in the country later this year. The Cloud Region, to be head-quartered in Mumbai, will have three zones, covering the whole of the country. Google, which lags behind Amazon and Microsoft in the cloud business, doesn't count its cloud footprint in datacentres. The firm calls its Cloud Regions, dividing a geography in zones. The Mumbai Cloud Region would have three zones. "Each of the Cloud Region would have multiple zones and each of the zones can have multiple zones," Mohit Pande, Country Manager (South East Asia and India) of Google Cloud, told *BusinessLine* on the sidelines of 'Google Next17' in San Francisco last week. During the three-day conference, Google spoke about its cloud strategy and how its investments in Artificial Intelligence and Machine Learning

could distinguish it from its competitors. Mumbai is one among the 17 Cloud Regions that the firm is building across the world to increase market share in the cloud business. Research firm Gartner recently pegged the global public cloud services market at \$246.8 billion in 2017, growing at 18 per cent over \$209.2 billion in the previous year. Mohit Pande said there was a growth in appetite for public cloud services in India. “The market is opening up for public cloud. “We have over seven products in the Google stable that has over one billion users. This differentiates us. Our customers can benefit from our AI First strategy,” he said.